

20 September 2011

Invista Real Estate Investment Management Holdings plc

Interim Results for the six months ended 30 June 2011

Invista Real Estate Investment Management Holdings plc (“Invista” or the “Company”) today announces its unaudited interim results for the six months ended 30 June 2011.

First half outcomes

- Return of £48 million, 18p per ordinary share, to shareholders in June 2011
- Completion of the sale of Invista Castle
- Early termination of HBOS Contracts agreed
- Residual stake in Invista Foundation Property Trust sold

	H1 2011	H1 2010
Key financial statistics		
▪ Revenue	£16.0m	£17.6m
▪ Profit before taxation	£1.7m	£5.3m
▪ Profit before tax and fair value adjustments	£2.1m	£6.1m
▪ (Loss) / Earnings per share	(0.16)p	1.3p
▪ Interim dividend per share	nil	0.7p

Douglas Ferrans, Executive Chairman, commented:

“Since October 2010, following notice received from Lloyds Banking Group that the HBOS Contracts managed by Invista were to be taken back in-house by Lloyds, we have made good progress in relation to our stated strategy of an orderly realisation of value from Invista’s assets and returning that value to shareholders. The £48 million returned to shareholders to date was delivered successfully against the backdrop of testing market conditions for assets under ownership. We will continue to execute our strategy and expect to make further capital payments to shareholders in due course.”

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EXECUTIVE CHAIRMAN'S STATEMENT

Invista continues to follow its strategy of an orderly realisation of value from its assets. The first half of 2011 has seen a number of asset sales executed and the planned contraction of Invista's asset management business as investment management mandates have been transferred to third parties.

As at 30 June 2011, Invista maintained cash balances of £35.5 million (excluding amounts held in escrow of £3.5 million) post the capital return of £48 million made earlier that same month. Assets under management reduced significantly following the transfer of the HBOS Funds to Lloyds Banking Group in May 2011. On 12 September 2011, the St James's Place funds were also transferred to a third party manager.

PROFIT AND LOSS ACCOUNT

Invista recorded an overall profit before taxation for six months to 30 June 2011 of £1.7 million (2010: £5.3 million). Discontinued activities represent the operations of the HI Tricomm Holdings Group, owner of the Castle residential portfolio, which was sold earlier this year.

Profit and loss account (for the six months ended)	30 June 2011 Continuing £m	30 June 2011 Discontinued £m	30 June Total 2011 £m	30 June Total 2010 £m
Management fees	10.5	-	10.5	12.3
Other fee income	4.8	-	4.8	1.3
Total fee income	15.3	-	15.3	13.6
Net rental income	-	0.7	0.7	4.0
Revenue	15.3	0.7	16.0	17.6
Administrative expenses	(13.2)	-	(13.2)	(9.3)
Net valuation gains/(losses) on investments	0.2	-	0.2	(0.1)
Share of joint venture losses	(0.4)	-	(0.4)	(0.5)
Operating profit	1.9	0.7	2.6	7.7
Net finance expense	(0.1)	(0.4)	(0.5)	(2.4)
Loss on sale of discontinued operation	-	(0.4)	(0.4)	-
Profit/(loss) before taxation	1.8	(0.1)	1.7	5.3
Taxation	(2.0)	(0.1)	(2.1)	(1.9)
(Loss)/profit after taxation	(0.2)	(0.2)	(0.4)	3.4
(Loss)/earnings per share	(0.09)p	(0.07)p	(0.16)p	1.30p

ASSETS UNDER MANAGEMENT

During the first half of the year, AUM decreased by 52% to £2,491 million, from £5,237 million. This decrease comprised net fund outflows of £2,814 million and positive valuation movements of £68 million.

Movements in AUM for the six month period to 30 June 2011 were as follows:

AUM £millions	AUM as at 31 December 2010	Net fund flows	Valuation movements	AUM as at 30 June 2011
HBOS Funds	2,566	(2,623)	57	nil
Separate Accounts	1,151	(73)	3	1,081
Collective Investor Funds	1,520	(118)	8	1,410
Total	£5,237m	£(2,814)m	£68m	£2,491m

REVENUE

Revenue by business area for the six month period ended 30 June 2011 is set out below:

Revenue £millions	Six months ended 30 June 11	% six months ended 30 June 11	Six months ended 30 June 10	% six months ended 30 June 10
HBOS Funds	6.6	41%	5.3	30%
Separate Accounts	2.4	15%	2.3	13%
Collective Investor Funds	6.3	39%	6.1	35%
Net Rental Income	0.7	5%	3.9	22%
Total Revenue	£16.0m	100%	£17.6m	100%

BUSINESS REVIEW

Invista's focus remains the orderly realisation of value from assets and the return of that value to shareholders. By the end of the first half, Invista had returned £48 million to shareholders and its asset management business had received notice of termination in respect of the majority of its remaining investment management contracts. Invista's asset management business no longer manages the HBOS Funds and, as noted above, in September 2011 mandates in respect of the St James's Place funds also transferred elsewhere.

In March 2011, notice of termination of investment management mandates was received from each of Invista Foundation Property Trust and Invista European Real Estate Trust.

HBOS Funds

Invista announced on 17 March 2011 that agreement had been reached in respect of early termination of the funds managed on behalf of Lloyds Banking Group (the "HBOS Funds"): notice of termination having previously been served on Invista by Lloyds Banking Group in October 2010.

In accordance with that agreement, £2.6 million was received in respect of termination fees during the first half of 2011 with the remaining £0.5 million still outstanding from Lloyds Banking Group pending the satisfaction of certain closing requirements. Invista expects these monies, included in total HBOS Funds revenues of £6.6 million above, to be received in full in due course. A total of 15 employees either transferred with the contracts or were made redundant as a result of this agreement.

Separate Accounts

As at 30 June 2011, Invista managed Separate Account mandates amounting to a total value of £1,081 million, representing 43% of AUM as at 30 June 2011.

Assets under management comprising in total £797 million at 30 June 2011 in relation to mandates in respect of the St James's Place funds were transferred to a new manager during September

2011, leaving proforma assets under management as at 30 June 2011 in respect of Separate Accounts of £284 million, all of which is represented by assets managed by Invista on behalf of The Equitable Life Assurance Society. A total of six employees have transferred as a result of the St James's Place transfer.

Collective Investor Funds

As at 30 June 2011, Invista managed Collective Investor Funds with a total value of £1,410 million, representing 57% of AUM as at 30 June 2011. The funds consist of four principal groupings:

1. Invista European Real Estate Trust ("IERET"): assets under management of £478 million

Invista received notice of termination of its investment management agreement with IERET on 18 March 2011, with termination effective on 18 September 2012. On 30 June 2011, IERET announced that it had selected a new manager, subject to the agreement of a definitive investment management agreement and various other required approvals. As also noted in that announcement, the appointment of the new manager is subject to IERET and Invista reaching agreement on early termination of the existing investment management contract between the two parties. Invista is presently in discussions with IERET concerning this matter and a further announcement will be made when appropriate.

2. Invista Foundation Property Trust ("IFPT"): assets under management of £376 million

Invista received notice of termination of its investment management agreement with IFPT on 21 March 2011, with termination effective on 21 March 2012. On 19 August 2011, IFPT announced that it had selected a new manager, subject to finalising the appropriate documentation and the receipt of necessary approvals, to manage IFPT with the transfer targeted to take effect from October 2011. At the same time, IFPT announced that it had received an approach from a third party in respect of a possible merger of the two entities.

In the meantime, Invista has continued to plan a smooth transition and seek to agree early termination of the existing investment management agreement between Invista and IFPT. A further announcement will be made when appropriate.

3. UK Residential: assets under management of £283 million

During the first half, the assets and business of Invista Castle were sold resulting in a reduction in assets under management of £92 million.

Invista has previously announced, on 29 October 2010, that notice of termination had been received in respect of the remaining residential assets under management, with that notice to take effect from 29 October 2011.

4. Opportunistic and other funds: assets under management of £273 million

Assets under management under this heading comprise:

Fund	£million
Celsius (French commercial property joint venture)	85
Invista Real Estate Opportunity Fund	56
Invista Real Estate International Fund	50
Invista Canmoor	46
Big Orange Self Storage Partnership 1 LP	27
Invista Property Portfolio Fund	9
Total	£273m

Further commentary on the strategy for the principal assets and funds under this heading is set out below.

BALANCE SHEET ASSETS

As at 30 June 2011, Invista held consolidated cash balances of £35.5 million, net of the £48 million returned to shareholders on 29 June 2011. Capital commitments outstanding to the Invista Real Estate International Fund ("IREIF") and the Invista Real Estate Opportunity Fund ("IREOF") totalled £23.3 million, in aggregate, at 30 June 2011. Excluded from cash balances of £35.5 million is an amount of £3.5 million that remains in escrow to cover potential warranty claims in relation to the sale of Invista Castle, which completed in February 2011.

Invista's net asset value at 30 June 2011 was £64.1 million, and comprises the following principal balance sheet investments:

Investment	30 June 2011 £million	31 December 2010 £million
Cash balances	35.5	77.4
IREIF	18.3	18.5
IREOF	10.0	10.2
Cash held in escrow	3.5	nil
Investment in IPD	1.3	1.8
Invista Castle Limited	nil	6.9
Shares held in IFPT	nil	1.2
Current tax liabilities	(4.5)	(2.8)
Other assets / (liabilities) net	nil	(0.9)
Consolidated net assets	£64.1m	£112.3m

IREIF & IREOF

Invista holds a 50% interest in IREIF and a 45% interest in IREOF. Neither fund has made any further investments in assets during the period under review.

Invista has been investigating the potential sale of each of its interests in IREIF and IREOF to third parties, but, to date, no definitive agreements have been entered into.

Other assets

On 14 September 2011, Invista announced that it had sold its 50% interest in the Celsius joint venture for a nominal cash consideration of €4 (four euros). Invista also received a payment of €250,000 to vary the current Investment Management Agreement to manage the Celsius assets. As at 30 June 2011, Invista had held this interest in its books at £nil (31 December 2010: £nil).

ADMINISTRATIVE EXPENSES

As expected, administration expenses have come under pressure in the first half as they have been significantly impacted by the level of advisor and other related activity in relation to the asset disposal programme and the termination and transfer of fund mandates.

Invista incurred restructuring, redundancy and other costs in relation to its value realisation strategy of £3.9 million in the first half of the year, representing 30% of total administration expenses of £13.2 million (H1 2010: £9.3 million). Included within the £3.9 million are £1.4 million of lease surrender and other related costs in connection with Invista's move in May 2011 from Exchequer Court in London EC3 to more flexible and cost efficient accommodation at 107 Cheapside, London EC2.

As at 30 June 2011, Invista's headcount totalled 92 full time equivalents (31 December 2010: 119).

FAIR VALUE ADJUSTMENTS

Fair value adjustments in the first half of the year had an adverse impact on profit before taxation of, in aggregate, £0.4 million. Of this, £0.5 million relates to an impairment in the fair value of Invista's minority interest in IPD. The balance of £0.1 million relates to aggregate fair value adjustments within IREIF and IREOF.

DIVIDEND

The Board's policy is to make any further distributions to shareholders by way of capital return and hence no interim dividend has been declared (H1 2010: 0.7p per ordinary share).

OUTLOOK

It remains the case, as stated in Invista's announcement of 7 December 2010, that ongoing discussions with third parties in relation to the realisation of value from a number of specific assets could realise value at a discount to net asset value and that cash proceeds ultimately returned to shareholders may be at a discount to net asset value as at 30 June 2011. Future capital distributions to shareholders are largely contingent on further asset sales (in particular Invista's interests in IREIF and IREOF). It is not currently clear that acceptable offers (compared with holding the interests) will be forthcoming.

Taking stock of the above, there is the clear continued possibility that the market environment for the execution of asset sales (in the sense of accepting the best price currently available) does not maximise the Company's ability to realise value for shareholders and is not consistent with the interests of shareholders and that therefore it is not clear that the remaining asset sales processes will achieve prices which will be acceptable to the Company. In that event, recognising further that shareholders will not wish the Company to sell assets at any price, a realistic possibility will be to execute the strategy over a longer time frame and for the time being to continue to own the remaining balance sheet assets and potentially the associated fund management capability.

However, given the reducing scale of operations of the Company going forward, the Board is to consider cancelling its AIM admission at an appropriate time and expects to put forward proposals to shareholders in this regard in due course.

Douglas Ferrans
Executive Chairman

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2011

	Note	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (restated see note 1) (unaudited) £000
Revenue		15,278	13,651
Administrative expenses		(13,160)	(9,331)
Share of losses of jointly controlled entities	9	(447)	(468)
Net valuation profits on investments	2	212	874
Operating profit		1,883	4,726
Net finance expense	3	(70)	(108)
Profit before tax		1,813	4,618
Income tax expense	7	(2,057)	(1,781)
(Loss)/ profit from continuing operations		(244)	2,837
Discontinued operation			
(Loss)/ profit from discontinued operation (net of income tax)	8	(185)	555
(Loss)/ profit for the period attributable to equity holders of the Parent Company		(429)	3,392
Earnings per share			
Basic (loss)/ earnings per share	4	(0.16p)	1.30p
Diluted (loss)/ earnings per share	4	(0.16p)	1.25p
Continuing operations			
Basic (loss)/ earnings per share	4	(0.09p)	1.09p
Diluted (loss)/ earnings per share	4	(0.09p)	1.05p
Dividend per share	6	-	0.7p

The notes on pages 12 to 20 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2011

	Note	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (unaudited) £000
(Loss)/ profit for the period		(429)	3,392
Other comprehensive income:			
Net change in fair value of available for sale investments		-	(891)
Net change in fair value of available for sale investments reclassified to profit or loss		(676)	-
Deferred tax on net change in fair value of available for sale investments		-	58
Movement on swaps		-	(4,460)
Deferred tax on movement on swaps		-	1,249
Movement in joint venture swaps	9	54	(79)
Deferred tax on movement in joint venture swaps		(78)	12
Foreign currency translation differences in respect of investments held by joint ventures	9	(102)	1,610
Foreign currency translation differences for foreign operations		(10)	-
Other comprehensive expense for the period, net of tax		(812)	(2,501)
Total comprehensive (expense)/ income for the period attributable to equity holders of the Parent Company		(1,241)	891

The notes on pages 12 to 20 form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET

At 30 June 2011

	30 June 2011 (unaudited) £000	31 December 2010 (audited) £000
Non-current assets		
Property, plant and equipment	116	380
Investments in jointly controlled entities	9 28,290	28,785
Other investments	10 1,341	3,018
Deferred tax assets	620	1,074
Other receivables	8 3,500	-
Total non-current assets	33,867	33,257
Current assets		
Trade and other receivables	4,913	3,549
Cash and cash equivalents	35,540	77,396
Assets classified as held for sale	11 -	103,932
Total current assets	40,453	184,877
Total assets	74,320	218,134
Current liabilities		
Interest bearing loans and borrowings	12 18	13,641
Derivatives used for hedging	-	296
Trade and other payables	5,623	6,061
Current tax liabilities	4,548	2,788
Liabilities classified as held for sale	11 -	82,782
Total current liabilities	10,189	105,568
Non-current liabilities		
Other payables	38	295
Total non-current liabilities	38	295
Total liabilities	10,227	105,863
Net assets	64,093	112,271
Equity		
Share capital	76	76
Share premium account	13 -	108,768
Capital contribution reserve	10 1,310	1,782
Hedge reserve	(273)	(8,066)
Retained earnings	62,980	9,711
Total shareholders' equity	64,093	112,271

Registered Number 05788425

The notes on pages 12 to 20 form part of these interim financial statements.

The financial statements were approved by the Board of Directors on 19 September 2011 and signed on its behalf by:

Guy Eastaugh
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2011

	Note	Share capital £000	Share premium £000	Capital contribution reserve £000	Hedge reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2010		76	108,768	1,782	(5,542)	34,021	139,105
Profit for the period		-	-	-	-	3,392	3,392
Net change in fair value of available for sale investments		-	-	-	-	(891)	(891)
Deferred tax on net change in fair value of available for sale investments		-	-	-	-	58	58
Movement on swaps		-	-	-	(4,460)	-	(4,460)
Deferred tax on movement on swaps		-	-	-	1,249	-	1,249
Movement in joint venture swaps		-	-	-	(79)	-	(79)
Deferred tax on movement in joint venture swaps		-	-	-	12	-	12
Foreign currency translation differences in respect of investments held by joint ventures		-	-	-	-	1,610	1,610
Total comprehensive income		-	-	-	(3,278)	4,169	891
Dividends paid		-	-	-	-	(4,209)	(4,209)
EBT share purchases		-	-	-	-	(927)	(927)
Employee share expense		-	-	-	-	757	757
Tax on employee share expense		-	-	-	-	(33)	(33)
Balance at 30 June 2010 (unaudited)		76	108,768	1,782	(8,820)	33,778	135,584
Balance at 1 January 2011		76	108,768	1,782	(8,066)	9,711	112,271
Loss for the period		-	-	-	-	(429)	(429)
Net change in fair value of available for sale investments		-	-	-	-	(676)	(676)
Movement in joint venture swaps	9	-	-	-	54	-	54
Deferred tax on movement in joint venture swaps		-	-	-	(78)	-	(78)
Foreign currency translation differences in respect of investments held by joint ventures	9	-	-	-	-	(102)	(102)
Foreign currency translation differences for foreign operations		-	-	-	-	(10)	(10)
Total comprehensive expense		-	-	-	(24)	(1,217)	(1,241)
Employee share expense		-	-	-	-	701	701
Transfer Castle hedge reserve following sale		-	-	-	7,817	(7,817)	-
Cancellation of share premium account	13	-	(108,768)	-	-	108,768	-
Capital distribution	13	-	-	-	-	(47,638)	(47,638)
Transfer capital contribution reserve following impairment to IPD investment	10	-	-	(472)	-	472	-
Balance at 30 June 2011 (unaudited)		76	-	1,310	(273)	62,980	64,093

The notes on pages 12 to 20 form part of these interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (unaudited) £000
Cash flows from operating activities		
(Loss)/ profit for the period	(429)	3,392
Adjustments for:		
Tax	2,122	1,882
Investment income	(247)	(485)
Finance expense	704	2,852
Employee share awards	701	757
Depreciation/ amortisation	261	776
Loss on disposal of property, plant and equipment	-	1
Net loss/(gain) on sale of investments	217	(874)
Share of losses of jointly controlled entities	447	468
Change in fair value of investment properties	-	1,000
Change in fair value of other investments	-	3
Changes in working capital:		
Decrease/ (increase) in trade and other receivables	105	(893)
Decrease in trade and other payables	(1,501)	(605)
	2,380	8,274
Income taxes paid	(1,662)	(3,934)
Net cash from operating activities	718	4,340
Cash flows from investing activities		
Investment income	247	485
Acquisition of property, plant and equipment	-	(209)
Acquisition of investments in joint ventures	-	(2,341)
Acquisition of other investments	-	(4,832)
Disposal of discontinued operation, net of cash disposed of	8,804	-
Disposal of other investments	1,373	4,800
Net cash flows from investing activities	10,424	(2,097)
Cash flows from financing activities		
Dividends paid	-	(4,209)
Capital distribution	(47,638)	-
EBT share purchases	-	(927)
Repayments of loans	(13,638)	(671)
Interest paid	(446)	(2,777)
Net cash flows from financing activities	(61,722)	(8,584)
Net decrease in cash and cash equivalents	(50,580)	(6,341)
Opening cash and cash equivalents	86,120	73,663
Closing cash and cash equivalents	35,540	67,322

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

Invista Real Estate Investment Management Holdings plc ('the Company') is a company domiciled in the United Kingdom. The consolidated interim financial statements of the Company for the six months ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

The interim financial statements were authorised for issue by the Directors on 19 September 2011. The interim financial statements are unaudited but have been reviewed by KPMG Audit Plc.

The interim financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the EU.

The interim financial statements have been prepared on a basis consistent with the accounting policies adopted for the year ended 31 December 2010. These policies are set out in the Group's Annual Report and Accounts 2010.

On 4 February 2011 the Group completed the sale of 100% of the share capital of HI Tricomm Holdings Limited. At 31 December 2010 the Group's investment in HI Tricomm Holdings Limited was classified as held for sale and a discontinued operation. At 30 June 2010 the Group's investment in HI Tricomm Holdings Limited was not a discontinued operation and therefore the 2010 comparative income statement and related notes in these interim financial statements have been re-presented to show the discontinued operation separately from continuing operations.

The interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures for the half years ended 30 June 2011 and 30 June 2010 are unaudited. The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

No adjustments have been made for any changes in estimates made at the time of approval of the 2010 statutory accounts.

2. Net valuation profits on investments

	Note	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (unaudited) £000
Continuing operations			
Net realised profit on available for sale investments		684	874
Impairment of investment	10	(472)	-
Net valuation profits on investments		<u>212</u>	<u>874</u>

For discontinued operations see note 8.

3. Net finance expense

Continuing operations	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (unaudited) £000
Interest income on bank deposits	246	169
Interest income on available for sale investments	-	10
Total interest income	246	179
Dividend income on available for sale investments	1	306
Net foreign exchange loss	(53)	(38)
Finance expense	(264)	(555)
Net finance expense	(70)	(108)

For discontinued operations see note 8.

4. Earnings per share

Basic and diluted earnings per ordinary share are based upon the Group profit attributable to ordinary shareholders as follows:

(Loss)/ Profit	30 June 2011 £000 (unaudited)	30 June 2010 £000 (unaudited)
Continuing operations	(244)	2,837
Discontinued operation	(185)	555
Total	(429)	3,392

The number of shares used for the calculation of basic and diluted earnings per share is as follows:

Number of shares	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	262,373,535	261,405,903
Effect of dilutive potential ordinary shares: Share options	8,548,228	10,068,034
Weighted average number of ordinary shares for the purposes of diluted earnings per share	270,921,763	271,473,937

5. Segmental information

The Group's operating segments, based on the Group's management and reporting structure, are the Investment Management, Residential Property and Other Investing Activities business segments. HBOS funds (those managed until 6 May 2011 on behalf of Lloyds Banking Group), Collective Investor Funds and Separate Accounts are grouped under Investment Management as the nature of these relationships is that of property investment management and therefore deemed by the Directors to relate to one defined operating segment, that of Investment Management.

On 4 February 2011 the Group completed the sale of 100% of the share capital of HI Tricomm Holdings Limited and thus the sale of its entire interest in the portfolio of residential properties held by that company. Previously this part of the business had formed part of the Residential Property segment. This discontinued segment has been separately disclosed in the table below and the comparative results for the period to 30 June 2010 have been re-presented accordingly. In the balance sheet at 31 December 2010 the Group's investment in HI Tricomm Holdings Limited was classified as held for sale as a marketing process to sell the asset was well underway at that time. Following the sale of the entire interest in the portfolio of residential properties and repayment of loans by Invista Castle the operating segment of Residential Property is no longer applicable and therefore has been removed from the continuing 2011 reported results and the 2010 comparatives for continuing operations have been re-stated as necessary to reflect this.

The Directors consider there to be only one material geographical segment being the United Kingdom and, as such, have not disclosed the revenue from other regions.

The results analysed by the business segments both continuing and discontinued are shown below:

Six months ended 30 June 2011 (unaudited)	Investment Management	Residential Property (discontinued)	Other Investing Activities	Elimination of discontinued operation	Group total
	£000	£000	£000	£000	£000
Revenue	14,751	752	527	(752)	15,278
Administrative expenses	(10,206)	(3)	(2,954)	3	(13,160)
Share of losses of jointly controlled entities	-	-	(447)	-	(447)
Loss on disposal	-	(429)	-	429	-
Net valuation profits on investments	-	-	212	-	212
Operating profit	4,545	320	(2,662)	(320)	1,883
Finance income	35	-	159	-	194
Finance expense	-	(440)	(264)	440	(264)
Net finance (expense)/ income	35	(440)	(105)	440	(70)
Profit/ (loss) before tax	4,580	(120)	(2,767)	120	1,813
Income tax expense	(2,029)	(65)	(28)	65	(2,057)
(Loss)/ profit after tax	2,551	(185)	(2,795)	185	(244)
Loss from discontinued operation net of tax					(185)
Loss after tax					(429)

Six months ended 30 June 2010 (unaudited)	Investment Management	Residential Property (discontinued)	Other Investing Activities	Elimination of discontinued operation	Group total
	£000		£000	£000	£000
Revenue	13,241	3,966	410	(3,966)	13,651
Administrative expenses	(8,759)	(10)	(572)	10	(9,331)
Share of losses of jointly controlled entities	-	-	(468)	-	(468)
Net valuation profits/ (losses) on investments	-	(1,000)	874	1,000	874
Operating profit/ (loss)	4,482	2,956	244	(2,956)	4,726
Finance income	8	(3)	439	3	447
Finance expense	-	(2,297)	(555)	2,297	(555)
Net finance (expense)/ income	8	(2,300)	(116)	2,300	(108)
Profit/ (loss) before tax	4,490	656	128	(656)	4,618
Income tax (expense)/ credit	(1,462)	(101)	(319)	101	(1,781)
Profit/ (loss) after tax	3,028	555	(191)	(555)	2,837
Profit from discontinued operation net of tax					555
Profit after tax					3,392

At 30 June 2011 (unaudited)	Investment Management	Other Investing Activities	Group total
	£000	£000	£000
Depreciation	240	21	261
Total assets	19,630	54,690	74,320
Total liabilities	8,589	1,638	10,227
Non-current assets	700	33,167	33,867
Interest bearing loans and borrowings	-	18	18

At 31 December 2010 (audited)	Investment Management	Residential Property (discontinued/held for sale)	Other Investing Activities	Group total
	£000	£000	£000	£000
Depreciation	991	-	-	991
Total assets	20,488	103,932	93,714	218,134
Total liabilities	7,374	82,782	15,707	105,863
Non-current assets	1,239	-	32,018	33,257
Interest bearing loans and borrowings	-	67,544	13,641	81,185

6. Dividends

No interim dividend payment for 2011 has been proposed (2010: 0.7 pence per ordinary share and 0.875 per preferred ordinary share).

7. Taxation

Current tax

Current tax expense is the expected tax payable on the taxable income for the interim period presented, calculated using an average corporation tax rate of 26.5%. The current effective rate of taxation has been impacted in the period to 30 June 2011 by the level of disallowable expenses associated with restructuring of the business.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

8. Discontinued operation

On 4 February 2011 the Group completed the sale of 100% of the share capital of HI Tricomm Holdings Limited and its subsidiaries and thus the sale of its entire interest in the portfolio of residential properties held by that group of companies.

As at 31 December 2010 the Group's investment in HI Tricomm Holdings Limited was classified as held for sale as a marketing process to sell the asset was well underway at that time (see note 11 for further details). The investment was not a discontinued operation or classified as held for sale as at 30 June 2010 and the comparative 2010 income statement and related notes in these interim financial statements have been re-presented to show the discontinued operation separately from continuing operations.

	Note	Six months ended 30 June 2011 (unaudited) £000	Six months ended 30 June 2010 (unaudited) £000
Results of discontinued operation			
Revenue		752	3,966
Administrative expenses		(3)	(10)
Net valuation loss on investment		-	(1,000)
Operating profit		749	2,956
Finance expense		(440)	(2,300)
Profit before tax		309	656
Income tax expense		(65)	(101)
Profit for the period		244	555
Loss on sale of discontinued operation		(429)	-
(Loss)/ profit for the period		(185)	555
Basic (loss)/ earnings per share	4	(0.07p)	0.21p
Diluted (loss)/ earnings per share	4	(0.07p)	0.20p

Consideration received net of costs		17,710
Cash and cash equivalents disposed of		(5,406)
Cash transferred to escrow		(3,500)
Net cash inflow		8,804

The cash balance held in escrow at 30 June 2011, shown as non-current other receivables on the balance sheet, is held to cover potential warranty claims, the period for valid claims to be received expires on 4 August 2012.

9. Investments in jointly controlled entities

The following table sets out the Group's carrying value in each of its joint ventures as at 30 June 2011:

	Invista Real Estate Opportunity Fund Limited Partnership £000	Invista Real Estate International Fund Limited Partnership £000	Total £000
Cost and carrying amount			
Balance at 31 December 2010 (audited)	10,249	18,536	28,785
Foreign exchange movement	170	(272)	(102)
Share of losses	(434)	(13)	(447)
Joint venture swap movements	48	6	54
Balance at 30 June 2011 (unaudited)	10,033	18,257	28,290

The carrying value at 30 June 2011 in Invista Real Estate Opportunity Fund Limited Partnership ("IREOF") and Invista Real Estate International Fund Limited Partnership ("IREIF") represents Invista's percentage in

the net asset value of each fund at 30 June 2011 and has been accounted for on a consistent basis to 31 December 2010.

Both IREIF and IREOF are managed by Invista with each fund comprising a number of assets in various jurisdictions and with each asset at varying stages of development. Both funds are leveraged.

Invista has a 50% interest in IREIF. IREIF's principal asset is a 50% interest in BOSS Partnership I L.P (the "BOSS Fund"). The BOSS Fund is a leveraged entity and has a number of debt facilities secured on investment properties in both Hong Kong and Singapore. Maturity profile of the debt ranges from 2012 to 2015. One significant debt facility totalling £16.7 million has a maturity date of 30 April 2012. Invista, as asset manager to the BOSS Fund, is currently in discussions regarding the refinancing of this facility. Invista presently believes that appropriate facilities will be secured going forward.

At 30 June 2011 the Group continues to hold its investment in Celsius European Holdings S.à.r.l. at £nil. This investment was subsequently sold on 14 September 2011 for €4 to a subsidiary of Kaupthing Bank hf, who are the debt provider to Celsius. Invista's share in the joint venture companies Cave Pearls S.à.r.l., and Ramsay Finance S.à.r.l., which were written down to £nil at 31 December 2010, were sold on 21 January 2011 to Celsius European Holdings S.à.r.l. for a purchase consideration of €1 per investment.

10. Other investments

Available for sale

	£000
Cost and carrying amount	
Balance at 31 December 2010 (audited)	3,018
Disposals	(1,205)
Impairments	(472)
Balance at 30 June 2011 (unaudited)	<u>1,341</u>

The disposals in the period relate to the sale of the Group's remaining holding of 3,110,340 shares in Invista Foundation Property Trust (IFPT) in January 2011 which realised a gain on sale of £684,000 (see note 2).

The impairment of £472,000 in the period relates to Invista's holding of 5% of the ordinary shares in Investment Property Databank (IPD). The impairment has been made to reflect the Board's current expectation of value. This impairment has reduced the carrying value of Invista's interest in IPD to £1,310,000 (31 December 2010: £1,782,000).

The shares in IPD were originally transferred to Invista from Insight Investment Management Limited for nil consideration and the difference between the book value of £1,782,000 and the consideration of £nil was credited to reserves as a capital contribution. Therefore a transfer has also been made equal to the impairment value of £472,000 from the capital contribution reserve to retained earnings, leaving a balance of £1,310,000 in the capital contribution reserve.

11. Assets and liabilities held for sale

At 31 December 2010 the Group's investment in HI Tricomm Holdings Limited and its subsidiary companies was presented as a disposal group held for sale given that a sales process was well advanced at the year end. At 31 December 2010 the disposal group comprised assets of £103.9 million less liabilities of £82.8 million.

On 4 February 2011 the Group completed the sale of 100% of the share capital of HI Tricomm Holdings Limited. See note 8 for more details.

No assets or liabilities were classified as held for sale at 30 June 2011.

	Note	30 June 2011 (unaudited) £000	31 December 2010 (audited) £000
Assets classified as held for sale			
Investment properties		-	92,400
Deferred tax assets		-	1,174
Trade and other receivables		-	1,634
Cash and cash equivalents		-	8,724
Balance at period end		-	103,932
Liabilities classified as held for sale			
Interest-bearing loans and borrowings	12	-	67,544
Derivatives used for hedging		-	11,651
Trade and other payables		-	1,298
Current tax liabilities		-	2,289
Balance at period end		-	82,782

12. Interest bearing loans and borrowings

	30 June 2011 (unaudited) £000	31 December 2010 (audited) £000
Current liabilities		
Bank loan - acquisition	-	13,638
Amount loaned from other related company	18	18
	18	13,656
Less: arrangement costs	-	(15)
Balance at period end	18	13,641

The amount loaned from other related company shown above is a loan taken out by Invista European Celsius Holdings S.à.r.l. in October 2008 for €19,000 at a fixed interest rate of 7.7% pa from one of the Celsius joint venture companies Mondeville AP1 S.à.r.l. The original maturity date of the loan was 13 October 2010 but during 2010 this was extended to 12 October 2011.

The bank loan at 31 December 2010 was an interest bearing loan held within the Invista Castle group of companies. This loan was repaid on 4 February 2011 out of the sales proceeds of the sale of HI Tricomm Holdings Limited by Invista Castle Limited.

At 31 December 2010 the senior debt within the Invista Castle group of companies became part of the disposal group classified as held for sale as shown in note 11 and was transferred as part of the sale of the Group's investment in HI Tricomm Holdings Limited and its subsidiary companies on 4 February 2011. As at 31 December 2010 this bank loan was secured by way of a fixed and floating charge over the underlying residential property portfolio of the Invista Castle Group.

The breakdown of the interest-bearing loans and borrowings total included within liabilities classified as held for sale at 31 December 2010 is as follows:

Liabilities classified as held for sale	31 December 2010 (audited) £000
	Note
Bank loan - senior debt – non-current portion	68,265
Less: arrangement costs	<u>(1,461)</u>
Balance at period end	66,804
Bank loan - senior debt – current portion	827
Less: arrangement costs	<u>(87)</u>
Balance at period end	740
Total interest-bearing loans and borrowings classified as held for sale	11 <u>67,544</u>

13. Capital reduction

On 22 June 2011 the cancellation of the Company's share premium account in order to effect a return of cash to shareholders was approved by the High Court. This resulted in a payment of 18 pence per ordinary share to shareholders on the register as at close of business on 24 June 2011. The capital return totalled £47,638,395 and was paid on 29 June 2011.

**Independent Review Report to Invista Real Estate Investment Management Holdings plc
(Registered No. 05788425)**

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2011 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

WEJ Holland

for and on behalf of KPMG Audit Plc

Chartered Accountants

15 Canada Square, London, E14 5GL

19 September 2011