

26 June 2009

Invista Real Estate Investment Management Holdings plc **TRADING UPDATE**

Invista Real Estate Investment Management Holdings plc (“Invista” or the “Company”) is today issuing an update on current trading in advance of its interim results announcement on 30 July 2009.

The business remains on course to report results in line with management’s expectations for the half year. Despite the continuing deterioration in global property markets, Invista has still been able to continue to develop the business and, in doing so, increase the geographic spread of its operations.

In April 2009, Invista’s Invista Real Estate International Fund completed the acquisition of the Big Orange Self Storage Fund (“BOSS”). The acquisition provides Invista with a fund management platform comprising a small team of experienced fund managers based in new offices in Hong Kong and Singapore.

Invista continues to look for new opportunities for growth across the other regions in which it has traditionally operated, in particular the UK and Western Continental Europe.

Assets Under Management

As at 31 May 2009, assets under management (“AUM”) were £5.5 billion, having decreased by 13% since 31 December 2008.

Movements in AUM for the five month period to 31 May 2009 were:

£millions	AUM as at 31 December 2008	Net fund flows	Valuation movements	AUM as at 31 May 2009
HBOS Funds	3,025	(160)	(352)	2,513
Separate Accounts	1,481	(34)	(97)	1,350
Collective Investor Funds	1,816	-	(189)	1,627
Total	6,322	(194)	(638)	5,490

AUM in the period to 31 May 2009 have reduced as a result of a combination of net outflows from open-ended funds totalling £133 million, other fund flows of £61 million and revaluations across all the funds totalling £638 million.

The open-ended funds that Invista manages are well placed with good cash balances. Although the open-ended funds are still experiencing some outflows, the volume during the course of the five months to 31 May 2009 has reduced significantly in comparison to net outflows experienced in the last five months of 2008.

Invista's strategic objectives remain as follows:

Investment Performance

Maximising the investment performance through the active management of funds remains a key priority for Invista. Investment performance for the first quarter of 2009 relative to benchmarks for approximately half of Invista's funds where relevant benchmarking data is available has been good with some 68% of those funds under management meeting or exceeding benchmarks. The Global Securities Fund has performed particularly well, outperforming its benchmark by over 2,000 basis points since its inception to 31 May 2009.

Business Performance

Invista continues to focus on growing recurring management fees and increasing the number of opportunities to earn performance related fees. The Company has achieved this through the launch of funds during 2008 at higher margins than the average fee rate across its existing range of funds. In addition to the expansion of the International Fund's portfolio as noted above, the Invista Real Estate Opportunity Fund launched in 2007 has continued to look for acquisitions and further progress can be expected over the next 12 months as some pockets of the market are expected to bottom out. The Opportunity Fund and the new International Fund both have the ability to earn performance fees.

Underlying this strategy is Invista's continued commitment to managing its cost base, which is of increasing importance against a backdrop of falling market values and AUM. Including the acquisition of the Asian business platform, by the half year we will have reduced the total headcount at Invista by 8% since the end of 2008.

Balance Sheet Investments

Invista's principal balance sheet investment, the residential portfolio held by Invista Castle Limited remains resilient due to the nature of the underlying long term contractual arrangements with the Ministry of Defence. Invista expects to write down the value of the underlying portfolio by £2 million (-2%) at the half year. The recently acquired BOSS assets will first be revalued by the International Fund at the year end.

As at 31 May 2009, Invista held cash balances of £71.5m and had outstanding capital commitments to the International Fund and the Opportunity Fund of £32.6 million, in aggregate. Capital discipline remains a priority for the business in these uncertain markets, although the Company is also mindful that adverse market conditions will also present opportunities for the International Fund and the Opportunity Fund to make asset acquisitions at prices that will help drive future balance sheet performance.

Invista continues to investigate the options for recycling its investment in Invista Castle Limited. Discussions with our JV partner and the lender to the French Celsius portfolio in order to find an optimal solution for the portfolio are ongoing. In the meantime, Invista continues to manage the Celsius portfolio.

Diversification

We continue to seek to diversify our business by fund and client type, such as property securities and opportunistic funds, as well as geographic spread across European and Asian markets. We are confident that the Asian fund management platform, for which no consideration was paid, will help both to drive the growth of the portfolios we manage in Asia and to develop our local skill set alongside Invista's existing operations. These new offices provide Invista with a strategic platform from which it can grow its operations internationally and attract clients to invest across an increasingly diverse range of property markets.

Outlook

As noted at the time of Invista's AGM, the outlook for the UK commercial property market remains extremely challenging and this could continue to impact negatively on some of Invista's funds under management. Across Continental Europe, commercial property valuations are also falling although the picture varies considerably by individual market.

There are some signs, however, that yields may be stabilising, especially for better quality prime assets. Indeed, some transactions are taking place at levels above independent valuations. Despite this, we remain cautious, particularly in relation to the occupier market where we anticipate that the recession will impact negatively on future rental income and therefore capital values.

Against this background, we will continue to manage our funds and their underlying assets actively and seek new opportunities to underpin future growth.

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