



INVISTA
REAL ESTATE
INVESTMENT MANAGEMENT

Invista
Real Estate
Investment
Management
Holdings plc

Interim Report for
six months ended
30 June 2009

www.invistarealestate.com

Invista Real Estate Investment Management is the largest UK listed real estate fund management group. The Group manages both commercial and residential property across the UK, Continental Europe and Asia Pacific.

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Operational Highlights

- Acquisition of Big Orange Self Storage Fund by International Fund.
- New fund management platforms established in Hong Kong and Singapore.
- Resilient investment performance across funds.
- Strong balance sheet with £75.6 million in cash.
- Assets under management of £5.4 billion.

Financial Highlights

	H1 2009	H1 2008
Revenue	£17.9m	£23.8m
Administrative expenses	£8.4m	£11.6m
Profit pre fair value adjustments ("FVA") and exceptional charge*	£6.4m	£13.5m
Profit margin*	36%	57%
Earnings per share pre FVA and exceptional charge	1.7p	3.6p
Interim dividend per share	0.7p	0.7p

*Before taxation, fair value adjustments and £3.8 million non-cash exceptional charge

Chairman's and Chief Executive's Statement



Douglas Ferrans
Chairman



Duncan Owen
Chief Executive

The first half of 2009 has been a period of continued development for Invista, despite significant challenges from the economy and the continued downturn witnessed in commercial property markets. During the period, Invista generated profit before taxation of £6.4 million (pre fair value adjustments and exceptional items) yielding a profit margin of 36%.

Invista has been able to diversify and expand the business in the first half. In April 2009, we announced that the Invista Real Estate International Fund completed the acquisition of the Big Orange Self Storage Fund ("BOSS"). This acquisition provides Invista with a fund management platform comprising a small team of experienced fund managers based in two new offices in Hong Kong and Singapore. The establishment of an Asian platform in Hong Kong and Singapore is in line with the core objectives announced at the time of IPO and it will complement the current European platforms, based in London and Paris. Invista continues to look for new opportunities for growth across these other regions in which it has traditionally operated, in particular the UK and Western Continental Europe.

The investment performance of our funds remains key to our success and this continues to be good, with 68% of assets under management meeting or exceeding their benchmark during the first quarter of 2009, where relevant benchmark data is available. Where no relevant benchmark data is available, investment performance continues to meet expectations and we expect to comment on this fully at the year end.

Invista's balance sheet has also retained healthy cash balances, currently standing at £75.6 million (£43.0 million net of commitments to funds) which places Invista in a sound position for the future.

Assets under management

During the first half of the year, assets under management have fallen by £972 million, from £6.3 billion to £5.4 billion.

As at 30 June 2009, assets under management were £5.4 billion, having decreased by 15% since 31 December 2008. This has largely been due to valuation falls with some modest net fund outflows resulting from planned sales in certain of the HBOS Funds, rather than redemptions from open-ended funds. Whilst the open-ended funds are still experiencing net outflows, monthly outflows during the course of the six months to 30 June 2009 were significantly lower than those experienced in the last six months of 2008. Even with pressure on assets under management, the funds have retained good cash balances which position the client portfolios well for opportunities over the next period.

Movements in assets under management for the six month period to 30 June 2009 were:

AUM	AUM as at 31 Dec 08 £m	Net fund flows £m	Valuation movements £m	AUM as at 30 Jun 09 £m
HBOS Funds	3,025	(187)	(353)	2,485
Separate Accounts	1,481	(37)	(155)	1,289
Collective Investor Funds	1,816	–	(240)	1,576
Total	6,322	(224)	(748)	5,350

Revenue

Revenue by business area for the six month period ended 30 June 2009 is set out below.

	Six months ended 30 Jun 09 £m	Six months ended 30 Jun 09	Six months ended 30 Jun 08 £m	Six months ended 30 Jun 08
Total unaudited revenue	6.0	33%	8.1	34%
HBOS Funds	2.1	12%	4.0	17%
Separate Accounts	5.9	33%	10.1	42%
Collective Investor Funds	3.9	22%	1.6	7%
Net rental income	17.9	100%	23.8	100%
Total revenue	17.9	100%	23.8	100%

Chairman's and Chief Executive's Statement

Business updates

Invista continues to focus on growing recurring management fees and increasing the number of opportunities to earn performance related fees. The Company has achieved an average management fee rate of 46.9 basis points in the first half of the year across its range of funds.

HBOS Funds

As at 30 June 2009, Invista managed HBOS Funds with a total value of £2.5 billion representing 46% of assets under management.

During the first half of the year, we have continued to see modest net outflows from open-ended funds, although this has been at a significantly reduced monthly rate from that witnessed in the latter part of 2008. Some open-ended funds have actually experienced some inflows during the second quarter.

Strategically, we have completed a number of disposal initiatives to strengthen the liquidity position in the funds.

Separate Accounts

As at 30 June 2009, Invista managed Separate Account mandates with a total value of £1.3 billion representing 24% of assets under management. Net fund flows witnessed in Separate Accounts have been low. Valuation adjustments across all funds have been broadly in line with the market.

Collective Investor Funds

As at 30 June 2009, Invista managed Collective Investor Funds with a total value of £1.6 billion representing 30% of assets under management. The funds are in four principal groups:

- 1. UK Trusts** – Invista Foundation Property Trust (“IFPT”) had property assets of £305 million as at 31 March 2009. In response to trading conditions, IFPT, over the past year, has announced a basket of measures aimed at addressing the challenges posed by harsh market conditions. Following these actions, IFPT continues to focus on capital and liquidity and its cash position leaves IFPT well positioned to examine expansion opportunities when markets recover.
- 2. European Trusts** – Invista European Real Estate Trust (“IERET”) had property assets of €564 million (£486 million) as at 31 March 2009. Notwithstanding the Trust's high quality property portfolio, conditions for IERET remain challenging. IERET continues to focus on strengthening its balance sheet, maximising cash flow and re-setting its capital structure with a view to realising long-term performance for its shareholders.
- 3. UK residential** – Residential remains an important potential growth area for our business and we remain one of the largest managers of residential property assets in the UK, with over £400 million of residential property assets under management. Invista continues to investigate the options for recycling its investment in Invista Castle Limited.
- 4. Opportunistic Funds** – In addition to the expansion of the International Fund's portfolio as noted above, the Invista Real Estate Opportunity Fund, which was 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.

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 has written down the value of the underlying portfolio by £2.0 million (-2%) at the half year.

As at 30 June 2009, Invista held cash balances of £75.6 million 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 (as witnessed with the BOSS acquisition) and the Opportunity Fund to make asset acquisitions at prices that will help drive future balance sheet returns, growth in funds under management and develop further the investment performance record.

Discussions also continue with our JV partner and the lender to the French Celsius portfolio in order to find an optimal solution for the Company regarding this investment. In the meantime, Invista continues to manage the Celsius portfolio.

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 Invista Global Property Securities Fund continues to build on its good early track record, currently standing at £9.5 million in size and with the fund having outperformed its benchmark by over 2,300 basis points since its inception in September 2008 to 30 June 2009.

Diversification

We continue to seek to diversify our business by fund and client type, such as property securities and opportunistic funds, as well as by 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.

Chairman's and Chief Executive's Statement

Fair value adjustments

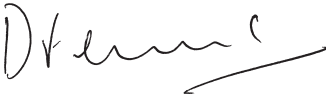
Fair value adjustments in the first half of the year had an adverse impact on profit and loss of, in aggregate, £2.5 million. Of this, £2.0 million relates to the adjustment in the fair value of the residential portfolio owned by Invista Castle Limited. The remaining £0.5 million relates to fair value adjustments within the Opportunity Fund.

Exceptional item

Invista has booked an exceptional charge of £3.8 million in the first half in relation to the vesting of various of the Company's employee share schemes where change of control clauses were triggered when Invista's majority shareholder, HBOS plc, was acquired by Lloyds TSB Group plc (now renamed Lloyds Banking Group plc) in January 2009.

Dividend

The Board has declared an unchanged interim dividend of 0.7 pence net per ordinary share payable on 28 August 2009 to holders of ordinary shares on the register at the close of business on 7 August 2009.



Douglas Ferrans
Chairman



Duncan Owen
Chief Executive

Consolidated Income Statement

for the period ended 30 June 2009

	Note	Six months ended 30 Jun 09 (unaudited) £000	Six months ended 30 Jun 08 (unaudited) £000	Year ended 31 Dec 08 (audited) £000
Fee income		13,973	22,183	39,963
Net rental and related income		3,895	1,590	5,665
Revenue		17,868	23,773	45,628
Administrative expenses		(8,439)	(11,612)	(21,368)
Share of losses of jointly controlled entities	8	(1,183)	(4,578)	(22,247)
Net valuation (losses)/gains on investments	3	(2,181)	636	(10,560)
Operating profit/(loss) before exceptional charge		6,065	8,219	(8,547)
Exceptional charge	2	(3,766)	–	–
Operating profit/(loss) after exceptional charge		2,299	8,219	(8,547)
Net finance (expense)/income	4	(2,165)	2,827	4,889
Profit/(loss) before tax		134	11,046	(3,658)
Income tax expense	7	(666)	(4,427)	(6,725)
(Loss)/profit for the period/year attributable to equity holders of the Parent Company		(532)	6,619	(10,383)
Earnings per share				
Basic (loss)/earnings per share	5	(0.20p)	2.52p	(3.96p)
Diluted (loss)/earnings per share	5	(0.20p)	2.44p	(3.96p)
Dividend per share	6	0.7p	0.7 p	2.3p

All results relate to continuing operations.

The notes on pages 13 to 18 form part of these interim financial statements.

Consolidated Statement of Comprehensive Income

for the period ended 30 June 2009

	Six months ended 30 Jun 09 (unaudited) £000	Six months ended 30 Jun 08 (unaudited) £000	Year ended 31 Dec 08 (audited) £000
(Loss)/profit for the period/year	(532)	6,619	(10,383)
Other comprehensive income:			
Net change in fair value of available for sale investments	1,381	(2,797)	(278)
Deferred tax on net change in fair value of available for sale investments	(100)	783	(47)
Movement on swaps	6,161	2,611	(12,310)
Deferred tax on movement on swaps	(1,725)	(731)	3,481
Movement in joint venture swaps	25	637	250
Deferred tax on movement in joint venture swaps	(7)	(178)	(150)
Foreign currency translation adjustment on available for sale investments	(15)	–	–
Foreign currency translation differences in respect of investments held by joint ventures	(397)	–	–
Other comprehensive income/(expense) for the period/year, net of tax	5,323	325	(9,054)
Total comprehensive income/(expense) for the period/year attributable to equity holders of the Parent Company	4,791	6,944	(19,437)

Consolidated Balance Sheet

at 30 June 2009

	Note	30 Jun 09 (unaudited) £000	31 Dec 08 (audited) £000	30 Jun 08 (unaudited) £000
Non-current assets				
Investment properties	9	120,000	122,000	128,500
Property, plant and equipment		1,107	1,254	1,552
Investments in jointly controlled entities	8	15,462	5,222	17,491
Investments	10	13,418	11,566	4,623
Derivatives used for hedging		–	–	470
Deferred tax assets	7	1,588	2,739	–
Total non-current assets		151,575	142,781	152,636
Current assets				
Trade and other receivables		5,417	6,388	9,519
Cash and cash equivalents		75,616	87,484	93,155
Total current assets		81,033	93,872	102,674
Total assets		232,608	236,653	255,310
Current liabilities				
Interest bearing loans and borrowings	11	1,271	1,287	1,358
Trade and other payables		5,377	8,981	10,467
Current tax liabilities	7	5,055	3,740	4,624
Total current liabilities		11,703	14,008	16,449
Non-current liabilities				
Interest bearing loans and borrowings	11	81,696	82,301	85,209
Derivatives used for hedging		8,326	14,500	17
Deferred tax	7	–	–	787
Other payables		1,285	687	523
Total non-current liabilities		91,307	97,488	86,536
Total liabilities		103,010	111,496	102,985
Net assets		129,598	125,157	152,325
Equity				
Share capital		76	76	76
Share premium account		108,768	108,768	108,768
Capital contribution reserve		1,782	1,782	1,782
Hedge reserve		(5,302)	(9,756)	1,312
Retained earnings		24,274	24,287	40,387
Total shareholders' equity		129,598	125,157	152,325

The financial statements were approved by the Board of Directors on 29 July 2009 and signed on its behalf by:



Duncan Owen
Chief Executive

The notes on pages 13 to 18 form part of these interim financial statements.

Consolidated Statement of Changes in Equity

for the period ended 30 June 2009

	Share capital £000	Share premium £000	Capital contribution reserve £000	Hedge reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2008	76	108,768	1,782	(1,027)	38,402	148,001
Profit for the period	-	-	-	-	6,619	6,619
Net change in fair value of available for sale investments	-	-	-	-	(2,797)	(2,797)
Deferred tax on net change in fair value of available for sale investments	-	-	-	-	783	783
Movement on swaps	-	-	-	2,611	-	2,611
Deferred tax on movement on swaps	-	-	-	(731)	-	(731)
Movement in joint venture swaps	-	-	-	637	-	637
Deferred tax on movement in joint venture swaps	-	-	-	(178)	-	(178)
Total comprehensive income	-	-	-	2,339	4,605	6,944
Dividends paid	-	-	-	-	(4,203)	(4,203)
EBT share purchases	-	-	-	-	(153)	(153)
Employee share expense	-	-	-	-	1,736	1,736
Balance at 30 June 2008 (unaudited)	76	108,768	1,782	1,312	40,387	152,325
Loss for the period	-	-	-	-	(17,002)	(17,002)
Net change in fair value of available for sale investments	-	-	-	-	2,519	2,519
Deferred tax on net change in fair value of available for sale investments	-	-	-	-	(830)	(830)
Movement on swaps	-	-	-	(14,921)	-	(14,921)
Deferred tax on movement on swaps	-	-	-	4,212	-	4,212
Movement in joint venture swaps	-	-	-	(387)	-	(387)
Deferred tax on movement in joint venture swaps	-	-	-	28	-	28
Total comprehensive expense	-	-	-	(11,068)	(15,313)	(26,381)
Dividends paid	-	-	-	-	(1,839)	(1,839)
EBT share purchases	-	-	-	-	(321)	(321)
Employee share expense	-	-	-	-	1,373	1,373
Balance at 31 December 2008 (audited)	76	108,768	1,782	(9,756)	24,287	125,157

Consolidated Statement of Changes in Equity continued

for the period ended 30 June 2009

	Share capital £000	Share premium £000	Capital contribution reserve £000	Hedge reserve £000	Retained earnings £000	Total £000
Balance at 31 December 2008 (audited)	76	108,768	1,782	(9,756)	24,287	125,157
Loss for the period	-	-	-	-	(532)	(532)
Net change in fair value of available for sale investments	-	-	-	-	1,381	1,381
Deferred tax on net change in fair value of available for sale investments	-	-	-	-	(100)	(100)
Movement on swaps	-	-	-	6,161	-	6,161
Deferred tax on movement on swaps	-	-	-	(1,725)	-	(1,725)
Movement in joint venture swaps	-	-	-	25	-	25
Deferred tax on movement in joint venture swaps	-	-	-	(7)	-	(7)
Foreign currency translation adjustment on available for sale investments	-	-	-	-	(15)	(15)
Foreign currency translation differences in respect of investments held by joint ventures	-	-	-	-	(397)	(397)
Total comprehensive income	-	-	-	4,454	337	4,791
Dividends paid	-	-	-	-	(4,216)	(4,216)
EBT share purchases	-	-	-	-	(994)	(994)
Employee share expense	-	-	-	-	4,860	4,860
Balance at 30 June 2009 (unaudited)	76	108,768	1,782	(5,302)	24,274	129,598

Consolidated Cash Flow Statement

for the period ended 30 June 2009

	Six months ended 30 Jun 09 (unaudited) £000	Six months ended 30 Jun 08 (unaudited) £000	Year ended 31 Dec 08 (audited) £000
Cash flows from operating activities			
(Loss)/profit for the period/year	(532)	6,619	(10,383)
Adjustments for:			
Tax	666	4,427	6,725
Investment income	(687)	(4,431)	(6,180)
Net finance expense	2,855	–	4,678
Employee share awards	4,860	1,736	3,109
Depreciation/amortisation	168	210	495
Net loss on sale of investments	–	–	264
Share of losses of jointly controlled entities	1,183	4,578	17,279
Fair value adjustment on asset acquisition	–	(636)	10,916
Change in fair value of investment properties	2,000	–	–
Change in fair value of other assets	4	–	–
(Decrease)/increase in provisions	–	(46)	45
Changes in working capital:			
Decrease/(increase) in trade and other receivables	1,116	(1,172)	2,880
(Decrease)/increase in trade and other payables	(3,231)	2,186	(4,154)
	8,402	13,471	25,674
Income taxes paid	(33)	(16,280)	(19,273)
Net cash from operating activities	8,369	(2,809)	6,401
Cash flows from investing activities			
Investment income	687	4,317	6,645
Acquisition of property, plant and equipment	(21)	(149)	(184)
Acquisition of investment properties	–	(57,968)	(57,968)
Acquisition of investments in joint ventures	(11,795)	(16,252)	(17,467)
Acquisition of other investments	(7,220)	(5,001)	(31,128)
Disposal of other investments	6,798	–	16,772
Net cash flows from investing activities	(11,551)	(75,053)	(83,330)
Cash flows from financing activities			
Dividends paid	(4,216)	(4,203)	(6,042)
EBT share purchases	(994)	(155)	(474)
Increase in loans	–	65,633	65,633
Repayments of loans	(687)	(25,019)	(28,158)
Interest paid	(2,789)	(2,251)	(3,558)
Net cash flows from financing activities	(8,686)	34,005	27,401
Net decrease in cash and cash equivalents	(11,868)	(43,857)	(49,528)
Opening cash and cash equivalents	87,484	137,012	137,012
Closing cash and cash equivalents	75,616	93,155	87,484

Notes to the Consolidated Interim Financial Statements

for the period ended 30 June 2009

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 2009 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 29 July 2009. 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 2008. These policies are set out in the Group’s Annual Report and Accounts 2008.

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 2009 and 30 June 2008 are unaudited. The comparative figures for the financial year ended 31 December 2008 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 237 (2) or (3) of the Companies Act 1985.

No adjustments have been made for any changes in estimates made at the time of approval of the 2008 statutory accounts.

2. Exceptional charge

The exceptional charge of £3,766,000 in the period to 30 June 2009 results from the accelerated vesting of certain of the Group’s employee share schemes as a consequence of the change of control that occurred in January 2009 when Invista’s parent, HBOS plc, was acquired by Lloyds TSB Group plc (now renamed Lloyds Banking Group plc).

Notes to the Consolidated Interim Financial Statements

3. Net valuation losses on investments

	Note	Six months ended 30 Jun 09 £000	Six months ended 30 Jun 08 £000	Year ended 31 Dec 08 £000
Revaluation of investment properties	9	(2,000)	636	(5,864)
Impairment of investment in IFPT shares		–	–	(4,420)
Impairment of investment in IPPF		(18)	–	(12)
Total impairment of investments	10	(18)	–	(4,432)
Net realised loss on available for sale investments		(163)	–	(264)
Net valuation (losses)/gains on investments		(2,181)	636	(10,560)

4. Net finance expense

	Six months ended 30 Jun 09 £000	Six months ended 30 Jun 08 £000	Year ended 31 Dec 08 £000
Interest income on loans to joint ventures	–	443	443
Interest income on bank deposits	376	3,296	5,214
Interest income on available for sale investments	51	–	26
Total interest income	427	3,739	5,683
Dividend income on available for sale investments	260	152	497
Net change in fair value of ineffective cash flow hedge	14	–	16
Net foreign exchange gain on loans to joint ventures	–	540	4,968
Other foreign exchange losses	(10)	(29)	(1,597)
Net foreign exchange (loss)/gain	(10)	511	3,371
Finance expense	(2,856)	(1,575)	(4,678)
Net finance (expense)/income	(2,165)	2,827	4,889

5. Earnings per share

Basic and diluted earnings per ordinary share are based upon the Group loss attributable to ordinary shareholders at 30 June 2009 of £532,000 (30 June 2008: profit of £6,619,000; 31 December 2008: loss of £10,383,000).

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

Number of shares

	30 Jun 09 (unaudited)	31 Dec 08 (audited)	30 Jun 08 (unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	261,684,619	261,986,358	262,233,463
Effect of dilutive potential ordinary shares: Share options	13,213,848	8,737,351	8,592,986
Weighted average number of ordinary shares for the purposes of diluted earnings per share	274,898,467	270,723,709	270,826,449

6. Dividends

An interim dividend for ordinary shares in respect of 2009 of 0.7 pence per share (2008: 0.7 pence), amounting to a total interim dividend of £1,845,027 (2008: £1,838,575) based on shares in issue as at 30 June 2009, has been proposed for approval by the Board in July 2009. It is proposed that the holders of the preferred ordinary shares receive 0.875 pence per share (2008: 0.875 pence), amounting to a total interim dividend of £438 (2008: £438).

This interim dividend will be paid on 28 August 2009 to shareholders on the register at close of business on 7 August 2009. This dividend has not been recognised as a liability at the balance sheet date.

7. Taxation

Current tax

Current tax expense for the interim period presented is the expected tax payable on the taxable income for the period, calculated using a corporation tax rate of 28%. (For periods prior to April 2008 a rate of 30% applied.)

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.

Notes to the Consolidated Interim Financial Statements

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.

Deferred tax assets on the revaluation of investment properties have not been recognised.

8. Investments in jointly controlled entities

Further investments were made in the period into the Invista Real Estate Opportunity Fund Limited Partnership and the Invista Real Estate International Fund Limited Partnership.

The following table sets out the Group's carrying value in each of its joint ventures as at 30 June 2009:

	Invista Real Estate Opportunity Fund Limited Partnership £000	Invista Real Estate International Fund Limited Partnership £000	Cave Pearls Sarl £000	Ramsay Finance Sarl £000	Total £000
Cost and carrying amount					
Balance at 31 December 2008 (audited)	5,163	41	9	9	5,222
Additions	1,065	10,730	–	–	11,795
Foreign exchange movement	(397)	–	–	–	(397)
Share of losses	(733)	(450)	–	–	(1,183)
Joint venture hedge movements	25	–	–	–	25
Balance at 30 June 2009 (unaudited)	5,123	10,321	9	9	15,462

The Group continues to hold its investment in Celsius European Holdings Sarl at £nil.

9. Investment properties

	£000
Closing balance at 31 December 2008 – at valuation (audited)	122,000
Revaluation of investment properties at 30 June 2009	(2,000)
Closing balance at 30 June 2009 – at valuation (unaudited)	120,000

The Directors have valued the investment properties held within the Invista Castle Group of companies at 30 June 2009 at £120,000,000 on the basis of market value using discounted cash flow projections.

10. Investments

Available for sale

	£000
Cost and carrying amount	
Balance at 31 December 2008 (audited)	11,566
Additions	7,491
Disposals	(7,002)
Impairment of available for sale investments	(18)
Net change in fair value of available for sale investments	1,381
Balance at 30 June 2009 (unaudited)	13,418

The additions and disposals numbers in the table above include all the purchases and sales made by the Invista Global Property Securities Fund Limited Partnership in the period to 30 June 2009.

At 30 June 2009 an increase of £111,000 in the fair value of the securities held by the fund was taken through reserves.

During the period to 30 June 2009 the Group acquired 3,427,898 shares in Invista European Real Estate Trust ("IERET") at a cost of £240,000. At 30 June 2009 an increase in the fair value of £360,000 reflecting an increase in the share price was taken through reserves.

At 30 June 2009 an increase in fair value in the Group's investment in Invista Foundation Property Trust ("IFPT") of £910,000 attributable to an increase in the IFPT share price since the year end was taken through reserves.

A decrease in the fair value of the Group's investment in the Invista Property Portfolio Fund, a Guernsey domiciled fund, based on the returns to members of the fund since acquisition has been taken as an impairment of £18,000 through the income statement at 30 June 2009.

11. Interest bearing loans and borrowings

	30 Jun 09 (unaudited) £000	31 Dec 08 (audited) £000
Non-current liabilities		
Bank loan – acquisition	13,638	13,638
Bank loans – senior debt	69,717	70,388
Amount loaned from other related company	18	18
	83,373	84,044
Less: arrangement costs	(1,677)	(1,743)
Balance at period end	81,696	82,301
Current liabilities		
Bank loans – senior debt	1,358	1,374
Less: arrangement costs	(87)	(87)
Balance at period end	1,271	1,287

The bank loans above are interest bearing loans held within the Invista Castle group of companies which were taken on to the Group balance sheet from 10 April 2008 when the Group acquired 100% of the share capital of Invista Castle Limited.

The senior debt is fully repayable by 31 October 2028. Invista Castle Limited also has a bank loan with an outstanding balance of £13,638,000 which matures on 30 April 2011.

Both the bank loans are secured by way of a fixed and floating charge over the underlying residential property portfolio of the Invista Castle Group. Interest is fixed on both loans by way of swap instruments at a weighted average interest rate of 6.6% per annum.

The amount loaned from other related company shown above is a loan taken out by Invista European Celsius Holdings Sarl in October 2008 for €19,000 with a maturity date of 13 October 2010 at a fixed interest rate of 7.7% per annum from one of the Celsius joint venture companies Mondeville AP1 Sarl.

Independent Review Report by KPMG Audit Plc

to Invista Real Estate Investment Management Holdings plc

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 2009 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 2009 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.

W E J Holland

For and on behalf of KPMG Audit Plc, Chartered Accountants, London
29 July 2009

Contact Information

Registered office

Exchequer Court
33 St Mary Axe
London
EC3A 8AA

Tel: +44 (0)20 7153 9300

Email: info@investarealestate.com

Web address: www.investarealestate.com

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The FSC (Forest Steward Council) managed forests have been independently inspected and comply with internationally agreed environmental, social and economic standards.

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