

25 June 2010

Invista Real Estate Investment Management Holdings plc TRADING UPDATE

Invista Real Estate Investment Management Holdings plc (“Invista” or the “Company”) today issues an update on current trading in advance of the announcement of its interim results on 30 July 2010.

The business continues on course to report results in line with the Board’s expectations for the first half. Invista has benefited from recovery in the UK’s commercial property values, a return to more positive sentiment towards the sector and good investment performance of assets under management.

Assets Under Management

As at 31 May 2010, assets under management (“AUM”) were £5.4 billion, having increased by 1% since 31 December 2009.

Movements in AUM for the five month period to 31 May 2010 were:

£millions	AUM as at 31 December 2009	Net fund flows	Valuation movements	AUM as at 31 May 2010
HBOS Funds	2,387	(111)	170	2,446
Separate Accounts	1,288	64	39	1,391
Collective Investor Funds	1,664	(95)	(13)	1,556
Total	5,339	(142)	196	5,393

AUM in the period to 31 May 2010 increased as a result of a combination of inflows to the open-ended funds totalling £140 million, valuation movements of £196 million and other outflows of £282 million. Fund outflows included £187 million relating to sales from the With Profits Life Funds.

The open-ended funds which experienced net outflows of £93 million over the course of 2009 have seen net inflows now for each consecutive month since September 2009. Although future flows cannot be predicted, the reversal in the trend from net outflows to net inflows is encouraging.

Business Update

Investment Performance

Maximising investment performance through the active management of funds remains a key priority for Invista. Investment performance for 2009 relative to benchmarks, where relevant benchmarking data is available, has been good with some 72% of assets under management meeting or exceeding benchmarks.

The Global Securities Fund continues to perform well and has outperformed its EPRA-NAREIT global developed benchmark by 940 basis points for the twelve months to 31 May 2010.

Business Performance

Invista continues to focus on growing recurring management fees and increasing the number of opportunities to earn performance related fees. Despite the continued reduction in the size of the With Profits Life Funds and their portfolios, AUM remains resilient and is showing signs of growing, both in terms of net inflows and performance, which is having a corresponding positive impact on Invista's business. The listed trusts, Invista European Real Estate Trust and the Invista Foundation Property Trust have recorded increases in NAV for the six months to 31 March 2010 of 13% and 22%, respectively, which is encouraging as Invista's management fees are related to this metric.

Cost control has continued to be a priority and this discipline should enable the Company to invest more into the business and develop its capabilities and staff to further enhance its market position.

Distribution Strategy

Invista is taking the opportunity offered by its investment performance track record and the improved market outlook to invest in the growth and development of its distribution capability. A number of new hires are expected to be made in the second half of the year to support this activity as both new product launches are investigated and the Company continues to focus on growing existing property funds. A consequence of this investment in the business will be that second half costs are likely to rise (in relation to the first half) as headcount and associated product development costs increase.

Balance Sheet

As at 31 May 2010, Invista held cash balances of £66 million (£58 million net of monies held within the Invista Castle Limited group of companies). Capital commitments outstanding to the International Fund and the Opportunity Fund totalled £28 million, in aggregate, at the same date.

The Invista Real Estate International Fund has been quickly developing the Big Orange Self Storage business following the introduction of new capital in December 2009 with the recent acquisition of a further facility in Singapore. Other acquisitions are being actively assessed and pursued in both Singapore and Hong Kong.

The Invista Real Estate Opportunity Fund completed one acquisition at the outset of the year and expects to secure another in the UK, shortly. The fund continues to look for acquisitions and further progress is anticipated over the next six to twelve months. The Opportunity Fund and the new International Fund both have the ability over time to earn performance fees for the Company.

Invista continues to investigate the full range of options for recycling its investment in Invista Castle Limited. The underlying Castle residential portfolio is not independently valued at the half year but values have remained volatile in the market for large assets and sentiment is varied over the direction of the residential property market. Invista has a policy of only holding assets for either co-investment or seeding of new funds and we intend to maintain this position on all investments, including Invista Castle. In the meantime, Invista also continues to manage the Celsius French portfolio.

Outlook

Trading in the first five months of 2010 has been satisfactory and in line with the Board's expectations. However, we would highlight a note of caution as it remains to be seen whether the positive momentum witnessed in capital values in the UK commercial property market in the first

part of the year remains sustainable in the current uncertain UK and continental European economic environment.

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