

Invista Real Estate Investment Management Limited

Directors' Report and Financial Statements

31 December 2012

Registered No 4459443

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Contents

Company Information	3
Directors' Report	4
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14-32

Company Information

Directors

R Palmer

A Price

R Sheldon

Auditor

**KPMG Audit Plc
15 Canada Square
London
E14 5GL**

Registered Office

**Time & Life Building
1 Bruton Street
London
W1J 6TL**

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2012

Principal activities

The Company manages real estate assets on behalf of third party clients

Business review

Overview

Revenue in 2012 was £1.9 million, down from £19.3 million in 2011, as a result of the significant scaling down of the business. Assets under management ("AUM") began the year at £743 million and had reduced to £112 million at the year end.

The Company made a loss before taxation in 2012 of £2.6 million (2011 profit of £3.1 million)

The results for the year are shown in the Statement of Comprehensive Income on page 10

Principal 2012 events

During the year further investment management mandates were impacted by the continuing value realisation strategy of the Company's immediate parent undertaking Invista Real Estate Investment Management Holdings Limited (formerly plc)

- Investment management mandates in respect of Invista Foundation Property Trust Limited and The Equitable Life Assurance Society were transferred to a new manager in January 2012
- The Invista Canmoor properties were sold on 31 October 2012 bringing to an end the Company's investment management mandate for these properties and leaving the Company to effect, in return for a winding up fee, the liquidation of the Invista Canmoor Active Industrial Limited Partnership and return of residual funds to its investors

On 10 August 2012 the entire issued and to be issued share capital of the Company's immediate parent undertaking Invista Real Estate Investment Management Holdings plc was acquired by Palmer Capital Investors (India) Limited, a wholly owned subsidiary of Palmer Capital Investors Limited, by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The scheme of arrangement resulted in the cancellation of admission to trading on AIM on 13 August 2012 of the shares of Invista Real Estate Investment Management Holdings plc which then became a private company Invista Real Estate Investment Management Holdings Limited.

Principal lines of business

As at 31 December 2012 the funds managed by the Company were

	31 December 2012 £m
Fund	
Invista Real Estate Opportunity Fund LP	36
Invista Real Estate International Fund LP/ BOSS Partnership I LP	76
Total	112

Risks & Uncertainties

Details of the principal risks and uncertainties that the Company is likely to face over the forthcoming year are outlined below

These risks will continue to be subject to regular scrutiny by the Board during the course of 2013

Litigation risk

This includes the risk of potential claims from clients, employees, and other parties and the failure to properly deal with any claims arising

External legal advice will continue to be taken as appropriate to reduce the likelihood of the Company's actions causing future claims and litigation.

Any actual and potential claims are promptly reported to the Directors who ensure that expert legal support is obtained. The Directors closely oversee the progression of such claims until they are satisfactorily resolved.

The Directors have ensured that appropriate corporate insurance cover has been taken out and regularly review corporate insurance arrangements to ensure that they remain satisfactory. As with all insurances however, there is a risk that claims against insurance policies are ultimately not successful.

Market conditions

The current unstable conditions in world financial markets, including real estate markets and debt markets, could lead to deterioration in the Company's remaining assets under management which could adversely impact the investment management fees the Company earns from these assets.

Client risk

The Company has three principal remaining clients

Compliance against client mandates is overseen by the relevant Investment Committee

In relation to client credit risk, i.e. the risk of clients defaulting on their contractual obligations, the Company has credit control procedures in force to monitor and chase outstanding payments. Where amounts remain outstanding, the Company will consider, as appropriate, the legal and other measures available to it to secure payment.

Regulatory, legal and taxation risk

The risk of failing to fulfil regulatory obligations and/or non-compliance with legal requirements, including UK and international taxation law.

The Company receives in-house support from Palmer Capital's General Counsel on legal and regulatory matters.

The company uses external legal advisers and obtains specialist UK taxation advice from KPMG and advice from Deloitte LLP and KPMG in relation to international taxation matters.

Property specific risk

There are a number of risks which are generic to property as an asset class and remain relevant to Invista's remaining funds under management. These include the following:

- tenancy risk – tenant failure or default and excessive void rates,
- covenant risk – the breach of covenants set out in finance and loan agreements leading to the potential recall of debt, and
- insurance risk – the failure to insure a property properly

Specific fund managers are responsible for actively managing each individual property overseen by the relevant Investment Committee.

Dividends

Dividends totalling £1,100,000 were paid to the parent company Invista Real Estate Investment Management Holdings Limited during 2012

The Directors do not recommend the payment of a further dividend for the year ended 31 December 2012 (2011 £3,500,000)

Directors

The Directors of the Company during the year were as follows

Douglas Ferrans (Executive Chairman) –resigned 10 August 2012
Duncan Owen (Chief Executive) – resigned 13 January 2012
Philip Gadsden (Deputy Chief Executive) – resigned 1 March 2012
Guy Eastaugh (Chief Financial Officer) – resigned 10 August 2012
Olivia Dickson (Non-Executive Director) – resigned 10 August 2012
Steve Colsell (Non-Executive Director) – resigned 10 August 2012
Douglas Gardner (Non-Executive Director) – resigned 10 August 2012
Ray Palmer (Director) – appointed 10 August 2012
Alex Price (Director) – appointed 10 August 2012
Rupert Sheldon (Director) – appointed 10 August 2012
Christopher Digby-Bell (Director) – appointed 10 August 2012, resigned 13 September 2012

Supplier payment policy

It is the Company's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers

The Company had trade creditors outstanding for the year ended 31 December 2012 representing 6 days of purchases

Charitable and political contributions

No charitable donations were made by the Company during the year (2011 £100) No political donations were made in the current or prior year It is the Company's policy not to make donations to political parties

International Financial Reporting Standards

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union

Going concern

Notwithstanding the loss of a number of investment management contracts during the year, the Directors consider that the Company has the ability to continue in business for the foreseeable future, albeit that this would be on a significantly reduced scale of operations It is for this reason that the Directors believe the going concern basis of accounting under IAS 1 is the appropriate basis for this set of financial statements

Availability of audit information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

In accordance with section 487 of the Companies Act 2006, no other auditor having been appointed before the end of the last period for appointing auditors, the Company's existing auditor, KPMG Audit Plc, will be deemed to be re-appointed as the auditor of the Company for the current financial year

By order of the Board



Alex Price

Director

23 April 2013

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Invista Real Estate Investment Management Limited (Registered Number 4459443)

We have audited the financial statements of Invista Real Estate Investment Management Limited for the year ended 31 December 2012 set out on pages 10 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

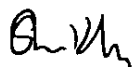
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Shaun Kirby (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
23 April 2013

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 £000	2011 £000
Revenue	3	1,928	19,336
Administrative expenses	4	(4,569)	(16,336)
Operating (loss)/ profit	6	(2,641)	3,000
Investment income	7	42	53
(Loss)/ profit before tax		(2,599)	3,053
Income tax expense	8	(25)	(1,885)
(Loss)/ profit for the year		(2,624)	1,168

All results relate to continuing operations

The notes on pages 14 to 32 form part of these financial statements.

BALANCE SHEET

At 31 December 2012

	Note	2012 £000	2011 £000
Non-current assets			
Deferred tax assets	9	-	498
Total non-current assets		<u>-</u>	<u>498</u>
Current assets			
Trade and other receivables	10	882	2,249
Cash and cash equivalents		5,183	12,697
Total current assets		<u>6,065</u>	<u>14,946</u>
Total assets		<u>6,065</u>	<u>15,444</u>
Current liabilities			
Trade and other payables	11	2,689	4,736
Current tax liabilities		-	1,467
Total current liabilities		<u>2,689</u>	<u>6,203</u>
Non-current liabilities			
Other payables	11	-	34
Total non-current liabilities		<u>-</u>	<u>34</u>
Total liabilities		<u>2,689</u>	<u>6,237</u>
Net assets		<u>3,376</u>	<u>9,207</u>
Equity			
Share capital	17	.*	10,000
Retained earnings/ (loss)		3,376	(793)
Total shareholders' equity		<u>3,376</u>	<u>9,207</u>

* less than £1,000

The financial statements were approved by the Board of Directors on 23 April 2013 and signed on its behalf by

Alex Price
Director

The notes on pages 14 to 32 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	Share capital £000	Retained earnings/ (loss) £000	Total £000
Balance at 1 January 2011		10,000	1,452	11,452
Profit for the year		-	1,168	1,168
Total comprehensive income		-	1,168	1,168
Dividends paid		-	(3,500)	(3,500)
Employee share expense		-	87	87
Balance at 31 December 2011		10,000	(793)	9,207
Loss for the year		-	(2,624)	(2,624)
Total comprehensive expense		-	(2,624)	(2,624)
Dividends paid		-	(1,100)	(1,100)
Employee share expense		-	(2,107)	(2,107)
Share capital reduction	17	(10,000)	10,000	-
Balance at 31 December 2012		-*	3,376	3,376

* less than £1,000

The notes on pages 14 to 32 form part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2012

	2012 £000	2011 £000
(Loss)/ profit for the year	(2,624)	1,168
Adjustments for		
Tax	25	1,885
Interest income	(60)	(95)
Employee share awards	(2,107)	87
Depreciation	-	320
Changes in working capital		
Decrease in trade and other receivables	1,367	1,179
Decrease in trade and other payables	(2,081)	(570)
Cash flows from operating activities	(5,480)	3,974
Income taxes paid	(994)	(2,197)
Net cash from operating activities	(6,474)	1,777
Cash flows from investing activities		
Interest income	60	95
Net cash flows from investing activities	60	95
Cash flows from financing activities		
Dividends paid	(1,100)	(3,500)
Net cash flows from financing activities	(1,100)	(3,500)
Decrease in cash and cash equivalents	(7,514)	(1,628)
Opening cash and cash equivalents	12,697	14,325
Cash and cash equivalents at 31 December	5,183	12,697

Notes to the Financial Statements

1. Basis of preparation

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the EU ('Adopted IFRS') that are effective at 31 December 2012 and comply with article 4 of the EU IAS regulation

Notwithstanding the loss of a number of investment management contracts during the year, the Directors consider that the Company has the ability to continue in business for the foreseeable future, albeit that this would be on a significantly reduced scale of operations. It is for this reason that the Directors believe the going concern basis of accounting under IAS 1 is the appropriate basis for this set of financial statements

The application of the following IFRS pronouncement which became effective for annual periods beginning on or after 1 July 2011 has had no material impact on these financial statements:

- Amendments to IFRS 7 'Financial Instruments: Disclosures – Enhanced De-recognition Disclosure Requirements'. The amendment promotes transparency as it requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements to understand the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

The following new standards, amendments to standards and interpretations have been adopted by the EU but are not yet effective for the year ended 31 December 2012 and have not been applied by the Company in preparing these financial statements. The full impact of these accounting changes is being assessed by the Company. Their adoption is not expected to have a material effect on the financial statements

- Amendments to IAS 1 'Presentation of Financial Statements – Presentation of items of Other Comprehensive Income'. The amendments retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented, requiring separate subtotals for those elements which may be 'recycled' to profit and loss and those elements that will not be reclassified. The amendments are effective for annual periods beginning on or after 1 July 2012.
- Amendments to IAS 12 'Income taxes – Deferred taxes: Recovery of Underlying Assets'. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale of the property. As a result of the amendment SIC-21 'Income Taxes-Recovery of Revalued Non-depreciable Assets' has been superseded and withdrawn. The amendment is effective for annual periods beginning on or after 1 January 2013.
- IAS 27 'Separate Financial Statements' (as revised in 2011). As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The revised standard is effective for annual periods beginning on or after 1 January 2014.
- IAS 28 'Investments in Associates and Joint Ventures' (as revised in 2011). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed and describes

the application of the equity method to investments in joint ventures in addition to associates. The standard defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The revised standard is effective for annual periods beginning on or after 1 January 2014.

- IFRS 10 'Consolidated Financial Statements' Supersedes IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities' and establishes principles for the preparation of consolidated financial statements when an entity controls one or more entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 'Joint Arrangements'. IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly-controlled Entities - Non-monetary Contributions by Ventures'. This standard provides for a more consistent reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements, joint operations and joint ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 'Disclosure of Interests in Other Entities'. Requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in subsidiaries, joint ventures, joint arrangements, associates and structured entities and the effects of those interests on its financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 'Fair Value Measurement'. The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements. The standard is effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 19 'Employee Benefits'. Prescribes the accounting and disclosure by employers for employee benefits. Actuarial gains and losses (re-measurements) in respect of defined benefit pension schemes are no longer deferred using the corridor approach and are recognised immediately in other comprehensive income. The amendments are effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 7 'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities'. Amendments to provide clarifications on the application of the offsetting rules. The amendments are effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities'. Amendments to provide clarifications on the application of the offsetting rules. The amendments are effective for annual periods beginning on or after 1 January 2014.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on the historical cost basis, except for valuation of certain financial instruments.

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Key judgements management have taken relate to valuation, in most instances, of share awards. The Company uses external professional valuations to assist in this judgement. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Significant accounting policies

(a) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Management and administration fees are recognised in the income statement as they are earned.

Transaction fees are accounted for once the relevant investment transaction has been completed.

Termination fees are accounted for once the relevant transfer has been completed.

Bank interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the year.

(c) Trade and other receivables

Trade and other receivables are stated at their face value as reduced by appropriate allowances for estimated irrecoverable amounts.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term bank deposits held by the Company with an original maturity of three months or less. Cash is held for the purpose of meeting short term commitments as well as for meeting future investment needs.

(e) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and, where appropriate, the risks specific to the liability

(f) Trade and other payables

Trade and other payables are stated at their face value

(g) Taxation

The tax expense represents the sum of the current tax payable and deferred tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 at the balance sheet date.

(h) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(i) Share-based payments

The Company has applied the requirements of IFRS 2 'Share-based Payments'. Certain of the Company's employees received equity-settled share-based rewards in shares of the parent company. These are measured at fair value at the date of grant, and expensed on a straight line basis over the vesting period, and if applicable, performance period, based on the Company's estimate of shares that will eventually vest. As at 31 December 2012 the Company no longer has any share-based payment arrangements in place.

(j) Share capital

Ordinary shares are classed as equity.

(k) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

3. Revenue

	2012	2011
	£000	£000
Investment management fees	2,089	14,264
Termination fees	(228)	3,601
Transaction fees	19	690
Administration fees and other income	48	781
Total	1,928	19,336

In 2012 a reversal of an accrual for termination fees made in the year ending 31 December 2011 has resulted in a net debit for termination fees of £228,000.

4. Administrative expenses

	2012 £000	2011 £000
Employee costs		
Wages and salaries	3,018	8,318
Share based payments	(2,107)	87
Social security costs	225	647
Other pension costs	108	564
Total (including Directors)	1,244	9,616
Occupancy costs	153	1,098
Other administrative costs	3,172	5,622
Total administrative expenses	4,569	16,336

Expenditure in 2012 includes £1 6 million redundancy related costs (2011 £1 1 million) and £1 4 million reorganisation costs (2011 £3 1 million) which together total costs of £3 0 million (2011 £4 2 million) incurred by the Company on activity relating to the termination and transfer of fund mandates and following the acquisition of the Invista Group by Palmer Capital.

In 2011 included within the £3 1 million reorganisation costs shown in other administrative costs are costs of £1 4 million associated with the lease surrender of the office at Exchequer Court and the move to the office at 107 Cheapside See note 6 for further details

The credit of £2,107,000 for share-based payments in 2012 results from the write back of costs previously charged for share awards under the 2010 Long-Term Incentive Plan for the Executives and share awards previously granted to two Senior Executives under the 2008 Deferred Matching Plan See note 15 for further details

The average number of persons employed by the Company (including Directors) during the year was 9 (2011 65), of which 6 (2011 25) were investment professionals At 31 December 2012 the Company had 3 employees (2011 33)

5. Remuneration of Directors

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows

	2012 £000	2011 £000
Emoluments	359	1,216
Company contributions to pension schemes	33	139
Compensation for loss of office	410	-
Total	802	1,355

Emoluments in 2011 included payments to Directors totalling £382,000 representing 18 pence per share paid on the vested share awards in the Deferred Matching Plan which plan participants had been unable to exercise at the date of the capital return made by Invista Real Estate Investment Management Holdings plc in June 2011 due to Invista Real Estate Investment Management Holdings plc being in a prohibited period for the purposes of share dealing

Highest paid Director

	2012	2011
	£000	£000
Emoluments	160	541
Company contributions to pension schemes	24	63
Compensation for loss of office	166	-
Total	350	604

The full £24,000 of the company contributions to pension schemes for the highest paid Director was paid during 2012 and none was accrued as at 31 December 2012.

	2012	2011
	No. of Directors	No. of Directors
Retirement benefits are accruing to the following number of Directors under defined contribution schemes	3*	3

* All Directors had left the Group by 31 December 2012

6. Operating (loss)/ profit

Operating (loss)/ profit has been arrived at after charging

	2012	2011
	£000	£000
Depreciation of property, plant and equipment	-	320
Operating lease rentals	190	894
Auditor's remuneration for		
- Statutory audit	15	12
- Audit-related regulatory reporting	4	4
- Tax advisory services	3	3

There was no further depreciation charge in 2012 as the Company disposed of its fixed assets during 2011 at the time of the office move in May 2011 from the Company's leasehold premises at Exchequer Court in London and in December 2011 on termination of the lease for the Company's French office

Operating lease rentals relate to the Company's office premises in London and Hong Kong and additionally in 2011 Paris. The lease costs have been spread evenly over the lease terms

From 22 March 2010 the Company occupied leasehold premises in London on the 6th Floor Exchequer Court, 33 St Mary Axe, London EC3A 8AA under a lease originally due to expire in July 2017. On 8 March 2011 the Company entered into an agreement for the surrender of the 6th Floor lease and the surrender was completed on 31 May 2011 with the payment of a lease surrender cost of £1,155,000. This cost is in addition to the £894,000 operating lease rentals figure for 2011 shown above which reflects the regular monthly office lease costs for the year.

From 16 May 2011 the Company moved to new offices at 107 Cheapside, London, EC2V 6DN under a more flexible agreement. The leases were retained at these offices until 30 September 2012. From 17 September 2012 the remaining UK operations of the Company were relocated to Palmer Capital's offices, following their acquisition of the Invista Group on 10 August 2012, and no further lease rentals for UK office space were payable by the Company.

The Company's office in Hong Kong at Unit 820, 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong was under a 19 month lease which began in July 2009 and was due to expire in January 2011. This lease was extended until January 2012. With effect from 1 February 2012 the Hong Kong office moved to Unit 832 at the same address on a three month lease which expired on 30 April 2012. From May to October 2012 the Hong Kong office relocated to another smaller unit at the same address during which time Invista's Hong Kong branch was closed and no further lease rentals for Hong Kong office space were payable by the Company.

Also included in the 2011 operating lease rentals total was rental of the Company's office in France at 21, rue des Pyramides – 75001 Paris which was under a nine year lease which began in January 2008 and was due to expire in 2017. On 17 January 2012 the Company signed a termination deed in respect of this lease with an effective date of 31 December 2011.

Note 13 provides details of future lease payment commitments.

In addition to the amounts for auditor's remuneration shown above the Company bore the costs of auditor's remuneration for other companies in the Invista Group totalling £36,000 (2011: £88,000).

7. Investment income

	2012 £000	2011 £000
Interest income on bank deposits	60	95
Net foreign exchange loss	(18)	(42)
Total investment income	42	53

8. Income tax expense

a) Analysis of tax expense

	2012 £000	2011 £000
Current tax:		
Corporation tax charge for the year at an average rate of 24.5% (2011: 26.5%)	-	1,467
Deferred tax:		
Deferred tax charge	498	388
Deferred tax change in tax rates	-	30
Adjustment for prior periods	(473)	-
Total income tax expense	25	1,885

b) Reconciliation of effective tax rate

The standard corporation tax rate in the UK changed from 26% to 24% on 1 April 2012, resulting in an average corporation tax rate for 2012 of 24.5%.

The tax assessed for the year is higher than the average standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	2012	2011
	£000	£000
(Loss)/ profit before taxation	(2,599)	3,053
Profit multiplied by the average standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(637)	809
Non-deductible expenses	900	1,046
Non-utilisation of tax losses	235	-
Change in tax rate	-	30
Adjustment for prior periods	(473)	-
Income tax expense	25	1,885

The current effective rate of taxation has been impacted in the year to 31 December 2012 by the level of disallowable expenses associated with the reorganisation of the business

9. Deferred tax assets

The movement for the year in deferred tax assets was as follows

	2012	2011
	£000	£000
Balance at 1 January	498	916
Charge to the income statement	(498)	(388)
Change in tax rate to the income statement	-	(30)
Balance carried forward at 31 December	-	498

The elements of the deferred tax assets are as follows

	2012	2011
	£000	£000
Accelerated capital allowances	-	366
Deferred tax on share schemes	-	132
Balance carried forward at 31 December	-	498

10. Trade and other receivables

	2012	2011
	£000	£000
Trade receivables	67	355
Amounts owed by Invista Group undertakings	322	279
Other receivables	83	216
Prepayments and accrued income	410	1,399
Balance at 31 December	882	2,249

11. Trade and other payables

	2012 £000	2011 £000
Current liabilities		
Trade payables	8	3
Amounts owed to Palmer Capital Group undertakings	5	-
Amounts owed to Invista Group undertakings	723	2,319
Amounts owed to Lloyds Banking Group undertakings	775	92
Other tax and social security costs	102	617
Other payables	81	25
Accruals and deferred income	995	1,680
Balance at 31 December	2,689	4,736
Non-current liabilities		
Other payables	-	34
Balance at 31 December	-	34

Non-current liabilities for the Company in 2011 related to a provision for National Insurance payable on share scheme awards

12. Financial instruments

Financial risk management

The management of the Company's financial risks are documented within the Invista Group financial risk management framework. The document and underlying policies are the responsibility of the General Counsel and are approved by the Board.

With regard to its use of financial instruments the Company has exposure to the risks set out below

a) Credit risk

Credit risk is the risk of financial loss to the Company if another party to a financial instrument fails to discharge its obligations, and arises principally from the Company's receivables related to investment management fees.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each client or fund. During 2012 the investment management mandates of three further ceased with the result that credit risk as at 31 December 2012 only relates to three principal remaining clients.

The Company has credit control procedures in place including

Aged debt reports are produced directly from the accounting system. A fully documented credit control process exists, whereby outstanding debts are pursued on a regular basis, with a formal escalation procedure in place. It is the Company's policy to establish appropriate allowances for estimated irrecoverable amounts of trade receivables.

Where amounts remain outstanding the Company will consider, as appropriate, the legal measures available to it to secure payment.

Cash and cash equivalents

Cash balances are invested in short-term deposits.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

Carrying amount	2012 £000	2011 £000
Trade receivables	67	355
Amounts owed by Invista Group undertakings	322	279
Accrued income	398	1,115
Other receivables	83	216
Cash and cash equivalents	5,183	12,697
Total exposure to credit risk	6,053	14,662

The largest balances within the trade receivables carrying amount at 31 December 2012 were £14,000 for each of the months of July and August 2012 for investment management fees for one of the Company's clients

The largest balance within the trade receivables carrying amount at 31 December 2011 was £167,000 relating to investment management fees and fund accounting fees for the month of November for one of the Company's clients

The ageing of trade receivables for the Company at the reporting date was

	2012 £000	2011 £000
0-30 days (not past due)	-	345
31-60 days	-	-
61-90 days	12	-
91-120 days	27	-
More than 120 days	28	10
Total	67	355

No other financial assets were past due.

All trade receivables relate to clients that have a good track record with the Company

No allowance for impairment in respect of trade receivables was made during the year

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains sufficient surplus liquid resources to meet the FSA's liquid capital test. The regulatory capital is monitored on a continuous basis.

The Company currently has no committed overdraft facilities.

The contractual maturity of financial liabilities is as follows

	Carrying amount £000	Contractual cash flows £000	Up to 1 month £000	1- 3 months £000	4-12 months £000	Over 12 months £000
Trade & other payables						
31 December 2012	2,689	(2,689)	(1,922)	(739)	(28)	-
31 December 2011	4,770	(4,770)	(3,413)	(1,257)	(66)	(34)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

i) Currency risk

The Company is exposed to currency risk, where fluctuating exchange rates may give rise to a loss, on revenue and expenditure that are denominated in a currency other than sterling (GBP), its functional currency.

Following the transfer of client mandates to new fund managers during 2011 and the withdrawal of operations from Invista's Paris branch at the end of 2011, the Company no longer has any material exposure to either revenue or expenditure in euros.

Similarly since the closure of the Company's Hong Kong branch in September 2012 the Company no longer has any material exposure to expenditure in Hong Kong dollars (HKD) or Singapore dollars (SGD).

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows

	2012 £000	2011 £000
Trade receivables/ accrued income	-	121
Cash and cash equivalents	-	180
Trade payables/ accruals	-	177

Sensitivity analysis for currency risk

A 10% strengthening of sterling against the following currencies at the reporting date would have increased/ (decreased) equity and profit or loss for the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant

Effect in '£000	Equity	Profit or (loss)
31 December 2012		
Euro	-	3
USD	-	(27)
HKD	-	36
SGD	-	5
31 December 2011		
Euro	(8)	(235)
USD	-	(27)
HKD	(3)	71
SGD	-	-

A 10% weakening of sterling against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant

ii) Interest rate risk

The Company has net cash balances at present and no debt

At the reporting date the profile of the Company's interest-bearing financial instruments was

Carrying amount	2012 £000	2011 £000
Variable rate instruments		
Cash and cash equivalents	5,183	12,697
Total	5,183	12,697

Sensitivity analysis for interest rate risk

A change of 100 basis points in interest rates over a 12 month period based on the financial instruments included at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant

£000	Effect on profit or loss 100bps change	Effect on equity 100bps change
31 December 2012	+/- 52	-
31 December 2011	+/- 127	-

d) Capital management

The Board has a policy in place to monitor its capital base

The Company is not subject to externally imposed capital requirements, other than the FSA liquid capital test as previously mentioned in part b) of this note. During the year ended 31 December 2012 the Company was in full compliance with regulatory requirements

e) Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows

	Carrying amount 2012 £000	Fair value 2012 £000	Carrying amount 2011 £000	Fair value 2011 £000
Trade and other receivables*	869	869	1,966	1,966
Cash and cash equivalents	5,183	5,183	12,697	12,697
Trade and other payables	2,689	2,689	4,770	4,770

* receivables totals shown above exclude prepayments

The major methods and assumptions used in estimating the fair values of financial assets and liabilities are as follows.

Cash and cash equivalents

These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Trade and other receivables / payables

Receivables/ payables are mainly balances with a remaining life of less than one year and therefore the fair value is considered to be materially equal to their carrying value

13. Other financial commitments

Future minimum rental costs payable under non-cancellable operating leases at the reporting date were as follows

	2012 £000	2011 £000
Not later than one year	-	62
After one year but not more than five years	-	-
After five years	-	-
	<u>-</u>	<u>62</u>

The operating leases as at 31 December 2011 were for the Company's office premises at 107 Cheapside, London, EC2V 6DN under two leases, one expiring on 31 March 2012 and the other expiring on 31 May 2012, and the Company's office in Hong Kong at Unit 820, 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, under a lease which had been extended until January 2012

The leases at 107 Cheapside were subsequently extended until 30 September 2012 (the additional costs of which are not included in the table above). From 17 September 2012 the remaining UK operations of the Company were relocated to Palmer Capital's offices following their acquisition of the Invista Group on 10 August 2012

With effect from 1 February 2012 the Hong Kong office moved to Unit 832 at the same address on a three month lease which expired on 30 April 2012, the costs of which are also not included in the table above. From May to October 2012 the Hong Kong office relocated to another smaller unit at the same address during which time Invista's Hong Kong branch was closed

As a result the Company has no operating leases remaining at 31 December 2012

14. Retirement benefit schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. Pension costs for the scheme amounts to £108,000 for the year ended 31 December 2012 (2011 £564,000)

All death-in-service and benefits for incapacity arising during employment are wholly insured. No post retirement benefits other than pensions are made available to employees

15. Share-based payments

In 2012, until the acquisition of the Invista Group by Palmer Capital on 10 August 2012 and the subsequent cancellation of admission to trading on AIM of Invista's shares, the Group had the following share-based payment arrangements in place which are equity settled

- Annual Incentive Plan – awards granted as deferred shares to be released three years from the date of grant. Awards made in the form of nil cost options
- Long Term Incentive Plan – awards granted based on multiples of salary up to a maximum of 400% and released depending on the Group meeting targets for return on capital employed (ROCE). Awards made in the form of nil cost options
- Sharekicker Plan – provides employees with the opportunity to purchase shares with a proportion of their gross annual bonus. For every share purchased two matching shares are awarded after three years. No awards have been made under this scheme since 2010

No share-based payment awards were granted during 2012

The table below summarises the share-based payment award schemes that vested in 2012 prior to the acquisition of the Invista Group or on acquisition of the Invista Group

Award	Number of options vesting	Exercise price
Annual Incentive Plan – Deferred Shares 2009 & 2010	2,553,234	Nil
Sharekicker Plan 2009 & 2010	143,075*	Nil

* This is the number of matching shares vesting

On acquisition of the Group on 10 August 2012 the 2,885,294 options granted under the Long-Term Incentive Plan award for the Executive Directors on 5 March 2010 lapsed as the performance conditions attached to the awards based on ROCE targets for the three year performance period ended 31 December 2012 were not met

Financial assumptions underlying the calculation of fair value

The expense has been based on the fair value of the instruments granted, as calculated using appropriate derivative pricing models.

For the share plans, apart from Sharekicker and Free Shares, as the awards are not subject to any market based performance conditions, and any dividends payable during the vesting period are payable on vesting, the fair value of each award is equal to the face value. For Sharekicker and Free Shares, as dividends payable during the vesting period are payable in cash, the fair value of each award is 100% of the face value less the expected value of the dividends

Share scheme	Fair value £
Annual Incentive Plan 2010 – Deferred Shares	0.51
Sharekicker Plan 2010	0.48

Movements in options

The table below shows the total number of options outstanding at the year end

	Number of options 2012	Number of options 2011
Outstanding at 1 January	5,640,427	15,193,089
Vested during the year	-	(5,420,917)
Vested and exercised during the year	(2,696,309)	(640,860)
Forfeited during the year	(58,824)	(28,532)
Expired during the year	(2,885,294)	(3,462,353)
Outstanding at 31 December	-	5,640,427
Exercisable at 31 December	-	-

The options that expired in 2012 and 2011 relate to the awards for the 2010 Long-Term Incentive Plan and 2009 Long-Term Incentive Plan respectively as the attached performance conditions were not met

The weighted average share price at the date of exercise for share options exercised in 2012 was £0.12 (2011 £0.46)

The options outstanding at 31 December 2011 were all nil cost options with a weighted average contractual life of 0.8 years. No options were outstanding at 31 December 2012

Charge to income statement

The total charge to the income statement in respect of the share-based payment awards made during the year ended 31 December 2012 is credit of £2,107,000 (2011 charge of £87,000)

The credit in 2012 results from the write back of costs previously charged for the 2010 Long-Term Incentive Plan for the Executives which lapsed as the attached performance conditions were not met and also the write back of share awards previously granted to two Senior Executives under the 2008 Deferred Matching Plan which were replaced with cash bonus payments in 2012

The 2011 charge includes a credit resulting from the write back of costs previously charged for the 2009 Long-Term Incentive Plan for the Executives which lapsed as the attached performance conditions were not met

For the year ended 31 December 2012 no provision has been made for the grant of any further share awards related to 2012

16. Related parties

Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is Invista Real Estate Investment Management Holdings Limited (formerly plc), a company incorporated in England and Wales, which is the parent undertaking of the smallest group into which the accounts of the Company are consolidated

Following the acquisition of the Invista Group by Palmer Capital Investors (India) Limited on 10 August 2012, the largest group in which the results of the Company are consolidated is that headed by Palmer Capital Partners Limited, a company incorporated in England and Wales, with its registered office at Time & Life Building, 1 Bruton Street, London, W1J 6TL. The first set of consolidated accounts that will include the results of the Company will be as at 31 March 2013. The consolidated financial statements of this group are not available to the public.

Prior to 10 August 2012 the Company's ultimate parent company was Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which was also the parent undertaking of the largest group of undertakings for which group accounts were drawn up and of which the Company was a member. Copies of the group accounts for Lloyds Banking Group plc are available to the public.

Transactions with key management personnel

In addition to their salaries, the Company also provides non-cash benefits to Executive Directors and other Senior Managers (together "the Senior Executives") and contributes to a post-employment defined contribution plan on their behalf. Senior Executives also participated in the Company's share option schemes (see note 15) until the schemes vested on acquisition of the Invista Group by Palmer Capital on 10 August 2012.

Key management personnel* compensation comprised

	2012 £000	2011 £000
Short-term employee benefits	966	3,049
Post-employment benefits	73	258
Termination payments	877	400
Share-based payments	(2,111)	19
Total	(195)	3,726

*Senior Executives and Non-Executive Directors

In March 2011 the remaining share awards under the Deferred Matching Plan vested but the participants, who were all Senior Executives, were unable to exercise these awards at this date due to Invista Real Estate Investment Management Holdings plc being in a prohibited period for the purposes of share dealing. Following the capital return received by all shareholders of Invista Real Estate Investment Management Holdings plc in June 2011, payments equivalent to the capital return at 18.0 pence per share were made to plan participants. These payments totalled £850,000 and are included in the short-term employee benefits total for 2011 shown above.

The net credit to share-based payments in 2012 arises from the write back of costs previously charged for the 2010 Long-Term Incentive Plan for the Executives which lapsed as the attached performance conditions were not met. In addition share awards previously granted to two Senior Executives under the 2008 Deferred Matching Plan were replaced with cash bonus payments resulting in a further credit to share-based payments. The replacement cash bonus payments amounting to £255,000 are included in the short-term employee benefits total for 2012 shown above.

Other related party transactions

Transactions with Lloyds Banking Group undertakings are considered related party transactions until 10 August 2012 in the analysis below

Transactions with Invista Group joint venture companies are considered related party transactions until August 2012 when Invista's holdings in its joint ventures the Invista Real Estate Opportunity Fund Limited Partnership and the Invista Real Estate International Fund Limited Partnership were transferred to vehicles established on behalf of clients of the Townsend Group

Balances with related parties at 31 December 2012 were as follows

		2012	2011
		£000	£000
<u>Receivables *</u>			
Lloyds Banking Group undertakings	(a)	-	546
Invista Group undertakings	(b)	322	279
Invista Group joint venture companies	(c)	-	370
<u>Payables **</u>			
Palmer Capital Group undertakings		5	-
Lloyds Banking Group undertakings	(d)	-	92
Invista Group undertakings	(e)	723	2,319

* Receivables include trade receivables and accrued income with related parties

** Payables include accruals for amounts due to related parties

- (a) The receivables balance with Lloyds Banking Group undertakings at 31 December 2011 represented accruals related to termination fees due on various Lloyds Banking Group funds
- (b) The receivables balance with Invista Group undertakings at both 31 December 2012 and 31 December 2011 includes £271,000 for corporation tax paid by the Company on behalf of another subsidiary in the Group
- (c) The 2010 receivables balance with joint venture companies represents investment management fees due from the Invista Real Estate Opportunity Fund Limited Partnership and the Invista Real Estate International Fund Limited Partnership of £221,000 and £149,000 in respect of VAT paid by the Company on behalf of joint venture companies
- (d) The Company's payables balance with Lloyds Banking Group undertakings at 31 December 2011 represented the amount owed for the provision of taxation services for 2011 by the Lloyds Banking Group tax team
- (e) The payables balance with Invista Group undertakings at 31 December 2012 includes a recharge of reorganisation costs of £365,000 (2011 £2,110,000) from Invista Real Estate Investment Management Holdings Limited and £358,000 (2011 £209,000) for VAT reclaimed and corporation tax group relief settled with the Company on behalf of other subsidiaries in the Group

The balance of remaining intra group receivables and payables relates to outstanding amounts of expenses that have been incurred by one entity but are rechargeable to another entity

During the year the Company received the following income from related parties for the provision of investment management services:

		2012	2011
		£000	£000
Lloyds Banking Group undertakings	(a)	19	8,718
Invista Group undertakings	(b)	3	758
Invista Group joint venture companies	(c)	1,278	2,255

- (a) Revenue shown above from Lloyds Banking Group undertakings in 2012 represents residual transaction fees from the St James's Place funds which were transferred to a new manager in September 2011
- (b) The income received from Invista Group undertakings represents investment advisory fees paid to the Company by Invista Real Estate Investment Management (CI) Limited
- (c) Revenue shown above from Invista Group joint venture companies represents investment management fees for the period to August 2012

From the date of the acquisition of the Group by Palmer Capital on 10 August 2012 the Company has paid investment sub-advisory fees totalling £78,000 to Palmer Capital Asia for the provision of investment management services to the Invista Real Estate International Fund Limited Partnership and BOSS Partnership I Limited Partnership

No bad debt provisions in respect of related parties were made during 2012 (2011 nil)

Since 10 August 2012 the Company has paid £291,000 to Palmer Capital Partner Limited for the provision of services. The Company has recharged Palmer Capital Partner Limited £189,000 for staff services in the period from 10 August to 31 December 2012

Following receipt on 12 October 2010 of one year's notice of termination from Lloyds Banking Group on the investment management agreements for the HBOS Funds, an early termination agreement was reached and in accordance with that agreement the Company was to receive a total of £3.1 million termination fees of which £2.6 million were received in the first half of 2011. The remaining £0.5 million is the subject of a formal legal dispute between the parties. On 20 January 2012, in response to the Company's claim, Lloyds Banking Group served a counter-claim. This counter-claim has not been fully quantified but is estimated by Lloyds Banking Group to be at least £4.2 million. As at 31 December 2012 both the claim and the defence of the counter-claim were on-going. See note 19 for further details.

Some of the Company's corporate insurance policies remained under the Lloyds Banking Group programme until 10 August 2012 from which point all policies were placed with an external insurer.

17. Share capital

On 17 August 2012, following the acquisition of the Invista Group by Palmer Capital, the Company's share capital was reduced to one ordinary share of £1

Number of shares	2012	2011
Balance at 1 January	10,000,001	10,000,001
Capital reduction	(10,000,000)	-
Balance at 31 December	1	10,000,001

	2012 £	2011 £
Issued capital		
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	10,000,001

The Company has one class of ordinary shares which carry no right to fixed income

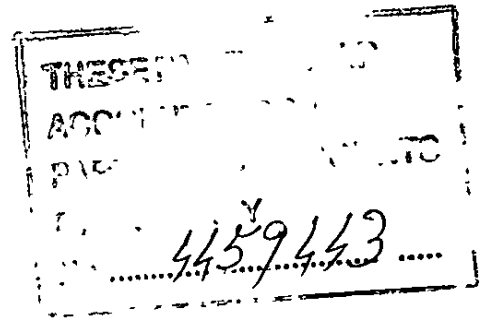
18. Provisions

As at 31 December 2012 a provision of £300,000 has been made for the potential settlement of an on-going litigation claim. This has been included within other administrative costs in the income statement – see note 4

19. Contingent liabilities

On 23 November 2011 Invista Real Estate Investment Management Holdings Limited (formerly plc), the Company's immediate parent undertaking, announced that legal proceedings had been commenced against certain subsidiaries of Lloyds Banking Group plc (previously Invista's ultimate parent company) in respect of an early termination agreement. On 20 January 2012, in response to Invista's claim, certain subsidiaries of Lloyds Banking Group served a counter-claim. This counter-claim has not been fully quantified but is estimated by Lloyds Banking Group to be at least £4.2 million

As at 31 December 2012 both the claim and the defence of the counter-claim were on-going



**Invista Real Estate Opportunity Fund Limited
Partnership**

Consolidated & Partnership Financial Statements

Registered Number LP012487

For the year ended 31 December 2012

WEDNESDAY

COMPANIES HOUSE

Contents	Pages
General Partner, Administrator and Professional Advisors	3
Report of the General Partner	4-5
Statement of the General Partner's Responsibilities	6
Investment Manager's Report	7-9
Independent Auditor's Report to the Partners of Invista Real Estate Opportunity Fund Limited Partnership	10-11
Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Consolidated Cash Flow Statement	15
Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests	16
Notes to the Consolidated Financial Statements	17-36
Partnership Balance Sheet	37
Partnership Cash Flow Statement	38
Partnership Reconciliation of Movements in Partners' Funds	39
Partnership Notes to the Financial Statements	40-45

General Partner, Administrator and Professional Advisors

General Partner

**INVISTA REAL ESTATE OPPORTUNITY FUND
GENERAL PARTNER LIMITED** (Registered
number 06362720) whose registered office is at
1 Bruton Street, London, W1J 6TL, United Kingdom

Directors of the General Partner

ALEX PRICE

1 Bruton Street, London, W1J 6TL, United Kingdom

RAY PALMER

1 Bruton Street, London, W1J 6TL, United Kingdom

RUPERT SHELDON

1 Bruton Street, London, W1J 6TL, United Kingdom

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1 Bruton Street, London, W1J 6TL, United Kingdom

Investment Manager

**INVISTA REAL ESTATE INVESTMENT
MANAGEMENT HOLDINGS LIMITED** 1 Bruton Street,
London, W1T 6AL

Administrator

CAPITA SINCLAIR HENDERSON Beaufort House,
51 New North Road, Exeter, EX4 4EP, United
Kingdom

Auditor

KPMG LLP 15 Canada Square, Canary Wharf,
London, E14 5GL, United Kingdom

Report of the General Partner year ended 31 December 2012

The General Partner submits its report and the Partnership financial statements for the year ended 31 December 2012

1. Business of the Limited Partnership

Invista Real Estate Opportunity Limited Partnership is an English limited partnership managed by Invista Real Estate Investment Management Holdings Limited ("the Investment Manager") with the aim of investing in opportunistic real estate investments

The investment objective is to achieve superior returns for Investors through the realisation of capital gains. The target compound annual internal rate of return is 15% over the life of the Fund.

The Partnership was established on 5 October 2007. Throughout the financial statements the Limited Partnership and its subsidiaries are, together referred to as "the Group".

In August 2012 Palmer Capital Investors (India) Limited acquired the entire issued and to be issued share capital of Invista Real Estate Investment Management Holdings Limited (formerly PLC). Palmer Capital Investors (India) Limited is a wholly-owned subsidiary of Palmer Capital Investors Limited.

2. Organisation

The Partnership was established on 26 September (and reinstated on 5 October 2007), registered on 27 September 2007 and is registered as a Limited Partnership in England under Invista Real Estate Opportunity Fund L.P. (LP012487). The first closing acceptance of committed contributions took place on 5 October 2007. Under the terms of the Limited Partnership Agreement, the Partnership will terminate on the fifth anniversary of the first closing date. Notwithstanding the foregoing, the Investment Manager may, in its absolute discretion and with the consent of the Advisory Committee, extend the term of the Partnership for up to two further one year periods.

The principal activity of the Partnership is to carry on the business of making investments in accordance with the investment objective and engaging in such activities as the General Partner (or the Investment Manager) consider to be necessary, preparatory, incidental, preliminary or ancillary thereto and to engage in any other lawful act or activity for which limited partnerships may be formed under the laws of England and Wales.

The General Partner of the Partnership is a company incorporated under the Companies Act 1985 as a private company and that the company is limited and is responsible for ensuring that the Partnership is always operated and administered by a suitably qualified operator appropriately authorised under the Financial Services and Markets Act 2000 ("FSMA").

The General Partner on behalf of the Limited Partnership has entered into an agreement with the Investment Manager such that the Investment Manager shall be solely responsible for the operation of the Partnership as a collective investment scheme under Section 235 FSMA and in accordance with the provisions of this agreement, the Limited Partnership Act, FSMA and the FSA Rules.

3. Results

The Group made a loss for the year ended 31 December 2012 of £2,387,000 (for the year ended 31 December 2011 £2,381,000 loss). The net assets of the Group at 31 December 2012 were £24,446,000 (2011 £21,672,000).

At 31 December 2012, the Group owned six investment properties, five of which are in the United Kingdom and one in Switzerland.

Report of the General Partner year ended 31 December 2012 (continued)

4. Partners

Invista Real Estate Opportunity Fund General Partner Limited acts as general partner to the Partnership

The following entities are the Limited Partners

- Invista Opportunity LP Holdings Limited
- Friends First Managed Pension Funds Limited

In August 2012 Invista Real Estate Opportunity Fund Investing Partner Limited transferred its interest to Invista Opportunity LP Holdings Limited

5. Disclosure of Information to Auditors

The directors of the General Partner who held office at the date of approval of this report of the General Partner confirm that, so far as they are aware, there is no relevant audit information of which the Partnership's auditors are not aware, and each director has taken all steps that ought to have taken as a director to make them aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

6. Auditors

KPMG LLP have indicated their willingness to continue in office

A handwritten signature in black ink, consisting of a large, stylized 'H' or 'K' shape with a long horizontal stroke extending to the right.

For and on behalf of the General Partner
2 April 2013

Statement of General Partner's responsibilities in respect of the Group and Partnership's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the group and partnership financial statements in accordance with applicable law and regulations

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare group and partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the group's financial statements in accordance with IFRSs as adopted by the EU and applicable law and the Partnership's financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the partnership and of the profit or loss of the group for that period. In preparing each of the group and partnership financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether the group's financial statements have been prepared in accordance with IFRSs as adopted by the EU and whether the partnership's financial statement have been prepared in accordance with applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the partnership will continue in business

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and partnership and to prevent and detect fraud and other irregularities

Investment Manager's Report

Results

As at 31 December 2012, the net assets attributable to the Partners were £23.78 million (2011: £20.9 million). A drawdown of £5 million was received from Partners in November 2012 (2011: £nil).

The Fund has waived its rights to drawdown the remaining undrawn £24 million from Partners.

Activity

The value of the property portfolio (as reported by CBRE) was £27.89 million on 31st December 2012 (2011: £35.87 million). During the year, Ashleigh Commercial Estate and Penhall Road, Woolwich, both comprising The Woolwich Portfolio, was sold for a total price of £6.25 million. A further property, Greenford, was sold in February 2013.

Part of number 9 Kinnear Road, Edinburgh was sold for £1.4 million in January 2012. Marketing of the remaining property holding commenced in Q1 2013, whilst marketing of Romford is expected to commence in H1 2013.

Progress was made to some business plans during 2012. Together with further progress expected during 2013, this should enable further sales of the remaining five assets ahead of the Fund's expiry in November 2014.

Financing

Details of each of the debt facilities are outlined in the tables below. These facilities are non-recourse to the Fund.

Property	Acquisition price (date)	Value at 31 December 2012	Loan at 31 December 2012	Loan to value ('LTV')	LTV covenant	Interest cover ratio ('ICR')	ICR covenant
Witney	£3.9m (April 2008)	£5.45m	£2.0m	36.7%	50%	N/A	N/A

The loan is provided by Lloyds Banking Group ("LBG") and is fully hedged to maturity in March 2013. All interest and exit fees are deposited with LBG in a blocked account. Given the likelihood that the option agreement shall become unconditional prior to the 2013 year end, this facility is to be repaid on maturity and no new debt shall be secured against the asset.

Property	Acquisition price (date)	Value at 31 December 2012	Loan at 31 December 2012	Loan to value ('LTV')	LTV covenant	Interest cover ratio ('ICR')	ICR covenant
Etoy	CHF 10.8m (March 2008 & March 2009)	CHF 9.6m	CHF 4.88m	50.8%	N/A	N/A	N/A

The loan is provided by a regional Swiss bank. There is no LTV or ICR covenant and no maturity date, albeit the debt is repayable on three months' notice by the bank. There is amortisation of 5% per annum and the interest rate is determined quarterly at the bank's discretion. Cash is available to repay this loan should the interest terms become penal.

Investment Manager's Report (continued)

Property	Acquisition price (date)	Value at 31 December 2012	Loan at 31 December 2012	Loan to value ('LTV')	LTV covenant	Interest cover ratio ('ICR')	ICR covenant
Aladdin Industrial Estate and Romford Industrial Estate	£7.63 (Jan 2010)	£9.375m (note Greenford sold after year end)	£5m	53.3%	72%	2.76 times	1.15 times

Close Brothers Limited ("Close") is the lender under the facility. The Aladdin Industrial Estate and Romford Industrial Estate are cross-collateralised as security for the facility. As part of the sale of Greenford, Close received credit approval to retain £2.4 million secured against the asset at Romford (a 60% Loan-to-Value) with the balance being repaid.

Asset management

Woolwich

The remaining holding was successfully disposed of in November 2012 following an open market sales campaign for £3 million, reflecting £45.50 per sq ft capital value. This sale allowed the outstanding £1.655 million of debt to be repaid.

Aladdin Industrial Estate, Greenford

Aladdin Industrial Estate is located in a well-established industrial area of Greenford, approximately 11 miles west of central London and 6 miles north east of Heathrow Airport.

The property was acquired in January 2010 as part of the establishment of a joint venture with a specialist industrial asset manager, Thorneycroft Asset Management. The Fund owns 85% of the JV, with Thorneycroft having invested the other 15% equity and being responsible for the day-to-day property management.

An unsolicited approach was received during 2012 and a sale completed on 28th February 2013 at a price of £5.615 million, a premium of 6.3% over the December 2012 valuation.

Seedbed Centre, Romford

Acquired as part of a package with Aladdin Industrial Estate when the joint venture was established with Thorneycroft, the property is located approximately 15 miles north-east of central London and forms an industrial estate built in 1988 and comprising 43 light industrial units totalling approximately 31,576 sq ft.

The vacancy rate has decreased during the year to a nominal level, increasing income by around 15% to approximately £460,000. With the nominal vacancy rate at the property, this should create competitive tension to maintain rental levels whilst providing liquidity ahead of any sale which is expected to occur during 2013.

Witney

The Fund owns around 47 acres of farmland which it acquired in March 2008. This is subject to an option agreement with a third party, the terms of which likely to be fulfilled during 2013 resulting in an unconditional purchase contract. The sale price is linked to 'Greenfield' land regional index.

Planning permission was submitted to West Oxfordshire District Council on 16 January 2012 and a resolution to grant was received in March 2013 subject to the applicant entering into a section 106 / 278 agreement. These terms are expected to be agreed in the first half of 2013 with completion near the end of 2013.

Investment Manager's Report (continued)

During the year the land index has increased and as such the value of the property has risen from £5.3 million in December 2011 to £5.45 million

Etoy

In March 2008 the Fund acquired from liquidation a 96,000 sq ft multi-let industrial building adjacent to a retail park and near the main highway from Lausanne to Geneva. A planning application for retail development and subsequent appeal were both rejected.

The potential for retail development is now deemed highly unlikely and a letting strategy in line with its existing industrial use is being pursued in order to exit the asset. This is likely to require some capital expenditure at the asset.

Former Edinburgh Academy Boarding Houses, Edinburgh

Located on the north western edge of Edinburgh in a prime residential area approximately two miles from the city centre, the investment comprises three substantial Victorian villas and 1960's link blocks which were formerly used as the boarding houses for the Edinburgh Academy. The Fund acquired the property in August 2010 for £4.25 million from the administrators of Herritor's property company before partially disposing of part in January 2012 for £1.4 million.

A resolution to grant full planning consent was received in August 2012 for three period villas, six apartments and five duplex and one penthouse units.

Marketing of the property commenced in Q1 2013 and it is anticipated that a sale will conclude during the remaining part of the year.

The Pavillion, Epsom, Surrey

In August 2010 the Fund acquired the freehold of a multi-let office building in Epsom, an affluent town in Surrey approximately 17 miles south west of central London. The property provides approximately 32,535 sq ft of office accommodation across two floors on a 1.82 acre site and was constructed in the late 1980's.

There are a number of car dealerships that surround the property and a change in use to this use class is a possibility. However there seems to be currently limited demand and as such the business plan is to maximise the rental income into the asset ahead of a sale. The vacancy rate is projected to be in the region of 15% by April 2013 based on two lettings currently under offer completing. This is on top of four other lettings that completed during 2012 / early 2013.

Future Strategy

The Fund expires in November 2014 and as such the Investment Committee has ratified the Fund Strategy to oversee an orderly disposal programme over the residual of the Funds' life.

The £5 million partners' drawdown in November 2012 ensured that the Fund remains solvent and able to meet its short-term debt repayment liabilities. At the year end, the Loan-to-Value ratio was 37% and the Fund had around £7.8 million of cash or cash equivalents.

It is expected that Edinburgh, Witney and Romford could be sold during 2013 whilst Epsom and Etoy to follow in 2014. Distributions of capital back to Partners will be targeted, but only when prudent to do so.

Chris Button
Fund Manager

Independent Auditor's Report to the Partners of Invista Real Estate Opportunity Fund Limited Partnership

We have audited the Group and Partnership financial statements of Invista Real Estate Opportunity Fund Limited Partnership for the year ended 31 December 2012 set out on pages 12 to 45. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the qualifying partnership financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditor's 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the qualifying partnership's affairs as at 31 December 2012 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the qualifying partnership financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- the Partnership financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Independent Auditor's Report to the Partners of Invista Real Estate Opportunity Fund Limited Partnership (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Shaun Kirby (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

2 April 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Note	2012 £000	2011 £000
Revenue			
Rental income		1,140	1,864
Other income		102	11
Property operating expenses	3	(846)	(984)
Net rental and related income		396	891
Net valuation losses on investment property	7	(1,544)	(746)
Gains/(losses) on the disposal of investment property		1,104	(71)
Expenses			
Investment management fees	2	(840)	(840)
Administrative expenses		(249)	(247)
Auditor's fees	4	(42)	(83)
Legal and professional fees		(57)	(44)
Other expenses		(60)	(78)
Total expenses		(1,248)	(1,292)
Operating loss		(1,292)	(1,218)
Financial income	5	4	6
Financial expenses	5	(1,034)	(1,204)
Net financing expense		(1,030)	(1,198)
Loss before tax		(2,322)	(2,416)
Income tax (charge)/credit	6	(65)	35
Loss for the year		(2,387)	(2,381)
Attributable to:			
Partners		(2,343)	(2,413)
Minority interest		(44)	32
Loss for the year		(2,387)	(2,381)

All items in the above statement are derived from continuing operations

The accompanying notes 1 to 19 form an integrated part of the consolidated financial statements

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	2012 £000	2011 £000
Loss for the year	(2,387)	(2,381)
Other comprehensive income/(expense):		
Movement in the fair value of cash flow hedge	334	291
(Losses)/gains from foreign currency translation arising on consolidation	(98)	4
	236	295
Total comprehensive expense for the year	(2,151)	(2,086)
Attributable to:		
Partners	(2,121)	(2,131)
Minority interest	(30)	45
Total comprehensive expense for the year	(2,151)	(2,086)

All items in the above statement are derived from continuing operations
The accompanying notes 1 to 19 form an integrated part of the consolidated financial statements

Consolidated Balance Sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Non-current assets			
Investment property	7	27,885	35,876
		<u>27,885</u>	<u>35,876</u>
Current assets			
Trade and other receivables	8	313	681
Cash and cash equivalents	9	7,824	2,142
		<u>8,137</u>	<u>2,823</u>
Total assets		<u>36,022</u>	<u>38,699</u>
Current liabilities			
Trade and other payables	10	1,255	1,499
Interest-bearing loans and borrowings	11	10,274	4,851
Other financial liabilities	12	47	256
		<u>11,576</u>	<u>6,606</u>
Non-current liabilities			
Interest-bearing loans and borrowings	11	-	10,296
Other financial liabilities	12	-	125
		<u>-</u>	<u>10,421</u>
Total liabilities		<u>11,576</u>	<u>17,027</u>
Net assets attributable to the partners and minority interests		<u>24,446</u>	<u>21,672</u>
Partners' interest			
Partners' capital	14	6	6
Partners' advance account	14	32,009	27,009
Partners' current accounts		(8,928)	(6,585)
Hedge reserve		(47)	(367)
Foreign currency translation reserve		741	839
Total partners' interests		<u>23,781</u>	<u>20,902</u>
Minority interest		665	770
		<u>24,446</u>	<u>21,672</u>

These financial statements were approved by the board of directors of the General Partner on 2 April 2013

and were signed on its behalf by

For and on behalf of the General Partner

All items in the above statement are derived from continuing operations

The accompanying notes 1 to 19 form an integrated part of the consolidated financial statements

Consolidated Cash Flow Statement
For the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Cash flows from operating activities			
Loss for the year		(2,387)	(2,381)
Adjustments for			
Change in value of investment property		1,544	746
Realised (gains)/loss on disposals		(1,104)	71
Financial income		(4)	(6)
Financial expense		1,034	1,204
Taxation		65	(35)
		(852)	(401)
Arising from foreign currency translation recognised in equity		(11)	(2)
Decrease in trade and other receivables		375	330
(Decrease)/increase in trade and other payables		(213)	22
Tax paid		(99)	(25)
Net cash used in operating activities		(800)	(76)
Cash flows from investing activities			
Interest received		4	6
Disposal of investment property		7,503	3,004
Acquisition of investment property		(125)	(160)
Net cash generated from investing activities		7,382	2,850
Cash flows from financing activities			
Repayment of loan		(4,867)	(1,998)
Interest paid		(958)	(1,186)
Partners' capital and advanced contributions		5,000	-
Payment to minority interest		(75)	(334)
Net cash used in financing activities		(900)	(3,518)
Net increase/(decrease) in cash and cash equivalents		5,682	(744)
Cash and cash equivalents at start of year	9	2,142	2,886
Cash and cash equivalents at 31 December		7,824	2,142

All items in the above statement are derived from continuing operations
The accompanying notes 1 to 19 form an integrated part of the consolidated financial statements

Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests

For the year ended 31 December 2012

1 January 2012

Advanced capital contributions
Payment to Minority Interest
Decrease in net assets attributable to the
Partners from operations
Movement in the fair value of cash flow hedge
Losses from foreign currency translation
arising on consolidation

	Partners' capital £000	Partners' advance accounts £000	Partners' current accounts £000	Hedge reserve £000	Foreign currency translation reserve £000	Total partners' interests £000	Minority interest £000	Total £000
	6	27,009	(6,585)	(367)	839	20,902	770	21,672
	-	5,000	-	-	-	5,000	-	5,000
	-	-	-	-	-	-	(75)	(75)
	-	-	(2,343)	-	-	(2,343)	(44)	(2,387)
	-	-	-	320	-	320	14	334
	-	-	-	-	(98)	(98)	-	(98)
	6	32,009	(8,928)	(47)	741	23,781	665	24,446

Net assets attributable to the Partners and minority interests at 31 December 2012

For the year ended 31 December 2011

1 January 2011

Payment to Minority Interest
Decrease in net assets attributable to the
Partners from operations
Movement in the fair value of cash flow hedge
Gains from foreign currency translation
arising on consolidation

	Partners' capital £000	Partners' advance accounts £000	Partners' current accounts £000	Hedge reserve £000	Foreign currency translation reserve £000	Total partners' interests £000	Minority interest £000	Total £000
	6	27,009	(4,172)	(645)	835	23,033	1,059	24,092
	-	-	-	-	-	-	(334)	(334)
	-	-	(2,413)	-	-	(2,413)	32	(2,381)
	-	-	-	278	-	278	13	291
	-	-	-	-	4	4	-	4
	6	27,009	(6,585)	(367)	839	20,902	770	21,672

Net assets attributable to the Partners and minority interests at 31 December 2011

Notes to the Consolidated Financial Statements *(forming part of the financial statements)*

1 Accounting policies

These Group consolidated financial statements have been prepared and approved by the board of directors of the General Partner in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU ("Adopted IFRS") that are effective at 31 December 2012 and comply with article 4 of the EU IAS regulation. The Partnership has elected to prepare its Partnership financial statements in accordance with UK GAAP, these are presented on pages 39 to 47.

The accounting policies adopted are consistent with those of the previous financial year.

Basis of preparation

The financial statements are presented in Sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except for investment property and derivative financial instruments which are stated at their fair value. The accounting policies have been consistently applied to the results, assets, liabilities and cash flows of the entities included in the financial statements.

The preparation of financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of Adopted IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in next year are disclosed in note 18.

Going concern

The General Partner is satisfied that the Group has and will maintain sufficient financial resources to enable it to continue operating for the foreseeable future whilst meeting its commitments.

Existing cash balances combined with the sale of Greenford site in February 2013 provide sufficient cash resources to meet the existing loan maturity profile, in addition to supporting the operational running costs of the fund. In Q1 2013 £4.6m of the loan balances outstanding at 31 December 2012 will have been repaid. In Q1 2013 the fund has started actively marketing Romford and Edinburgh. The debt facility of £2.4m on Romford is in the process of being extended having received credit committee approval. The remaining debt facility on Etoy of £3.3m is repayable on demand with a three month notice consistent with last year. Should repayment be requested the fund has sufficient funds to satisfy this requirement. However, in the interim cash will be maintained within the fund structure to maintain flexibility. As described in the Investment Managers Report good progress has also been made with business plans for all the assets supporting the view that further sales of the remaining assets will be made ahead of the Funds expiry in November 2014.

It is for this reason that the Directors believe the going concern basis of accounting under IAS 1 is the appropriate basis for this set of financial statements.

Basis of consolidation

The financial statements consolidate an underlying property structure comprising Invista Real Estate Opportunity Fund LP and entities controlled by it (together the "Group") drawn up to 31 December each year.

Subsidiaries are those entities, including special purpose entities controlled by the Group. Control exists when the Group has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Consolidated Financial Statements (continued)

1 Accounting policies (continued)

Basis of consolidation (continued)

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make additional investment to cover losses.

Foreign currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Sterling which is the Group's functional and presentational currency.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Not all the Group entities have the same functional currency as that of the parent thus translation gains and losses on consolidation are recognised in the Group's consolidated income statement. Exchange differences that arise on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in equity in the consolidated financial statements.

Investment property

Investment property is land and buildings held to earn rental income together with potential for capital growth.

Investment properties are initially recognised on unconditional exchange of contracts at cost, being the fair value of the consideration given, including transaction costs associated with the investment property.

After initial recognition, investment properties are measured at fair value with unrealised gains and losses recognised in the Income Statement. Fair value is based on the open market valuations of the properties as provided by a firm of independent chartered surveyors, at the year end balance sheet date. Market valuations are carried out on an annual basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables/payables

Receivables and payables deemed to be due within one year and as such, the notional amount is considered to reflect the fair value. Otherwise the fair value of trade and other payables/receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Notes to the Consolidated Financial Statements (continued)

1 Accounting policies (continued)

Non-derivative financial instruments (continued)

Loans and borrowings

Borrowings negotiated on an arm's length basis are recognised initially at fair value of the consideration received, less attributable transaction costs. Subsequent to initial recognition, these external interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment.

Derivative financial instruments and hedging

Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The Group uses derivative financial instruments to hedge its exposure to interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments.

Partners' capital

Each Partner admitted to the Partnership shall contribute its Capital Contribution on the date of its admission to the Partnership. Partners' capital is stated at its nominal value.

Partners' advance account

Each Partner shall from time to time, determined by the Investment Manager, be required to advance Advances to the Partnership up to an aggregate equal to its Undrawn Commitment. Partners' advance account is stated at its nominal value.

Allocation of profits and losses

Allocation of profits and losses is determined by the Partner's Capital Contribution (excluding the Founder Partner's Partnership Interest).

Revenue

Rental income

Rental income from investment properties is accounted for on a straight line basis over the term of ongoing leases. Any material lease incentives are spread evenly over the lease term.

Other income

Other income from investment properties is accounted for on an accruals basis.

Notes to the Consolidated Financial Statements (continued)

1 Accounting policies (continued)

Interest receivable

Interest receivable derives from cash monies held in current and deposit accounts throughout the period and is accounted for on an accruals basis

Expenses

All expenses are accounted for on an accruals basis. The investment management and administration fees, finance costs (including interest on the long term borrowings) and all other expenses are charged through the Income Statement

Attributable transaction costs incurred in establishing credit facilities are deducted from the fair value of borrowings on initial recognition and are amortised over the lifetime of the facilities through the Income Statement. Finance expenses are accounted for on an effective interest basis

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis

Taxation

Any tax liability arising on the activity of the Partnership is borne by the individual partners. The tax charge in the financial statements represents the corporate taxation charge borne by a foreign subsidiary, being the only non-tax transparent trading entity within the Group

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 substantively enacted at the balance sheet date. The deferred income tax rates applied in calculating the provision for deferred income tax is 22.52% which is the effective tax rate in Switzerland

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

Notes to the Consolidated Financial Statements (continued)

1 Accounting policies (*continued*)

Standards not yet applied

The following accounting standards and their amendments were in issue at the year end but will not be in effect until after this financial year. They are not expected to significantly impact the financial statements.

- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
- IFRS 7 Financial Instruments Disclosures – amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods)
- IAS 12 Income Taxes (effective for annual periods beginning on or after 1 January 2013)
- IAS 27 Separate Financial Statements (as amended in 2011) – previously IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 Jan 2014)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) – previously IAS 28 Investments in Associates (effective for annual periods beginning on or after 1 Jan 2014)
- IFRS 10 Consolidated Financial Statements – amended by Investment entities (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities – amended by Investment entities (effective for annual periods beginning on or after 1 January 2014)
- IAS 27 Separate Financial Statements (as amended in 2011) – amended by Investment entities (effective for annual periods beginning on or after 1 January 2014)
- IAS 32 Financial Instruments Presentation – amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
- IFRS 9 Financial Instruments – Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)
- IFRS 9 Financial Instruments – Accounting for financial liabilities and de-recognition (effective for annual periods beginning on or after 1 January 2015)
- IFRS 7 Financial Instruments Disclosures – amendments requiring disclosures about the initial application of IFRS 9 (effective for annual periods beginning on or after 1 January 2015 or otherwise when IFRS 9 is first applied)

Notes to the Consolidated Financial Statements (continued)

2 Material agreements

The Limited Partnership has entered into an Investment Management Agreement with Invista Real Estate Investment Management Holdings Limited (“the Investment Manager”) to act as investment manager to the Fund. The Investment Manager shall be solely responsible for the operation of the Partnership as a collective investment scheme under Section 235 FSMA and in accordance with the provisions of this agreement, the UK Limited Partnership Act, FSMA and the FSA Rules.

The Investment Manager is entitled to a base fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The annual base fee is equal to the greater of

- 150 basis points on the aggregate commitments of the limited partners, and
- 85 basis points on gross asset value of the Group

The total charge to the Income Statement during the year was £840,000 (2011: £840,000) for the base management fee.

Under the terms of an administration agreement, the Limited Partnership appointed Capita Sinclair Henderson Limited to act as administrators of the Group and under the terms of additional agreements the administration of subsidiary companies and entities the Capita Sinclair Henderson Limited appointed Active Services Limited and Carey SA.

3 Property operating expenses

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<i>Service charges and void rates payable</i>	<i>346</i>	<i>358</i>
<i>Property maintenance</i>	<i>328</i>	<i>512</i>
<i>Management commissions</i>	<i>54</i>	<i>64</i>
<i>Other professional fees</i>	<i>38</i>	<i>50</i>
<i>Bad debt expense</i>	<i>80</i>	<i>-</i>
	<hr/> <i>846</i> <hr/>	<hr/> <i>984</i> <hr/>
<i>Split between</i>		
<i>Income generating property expenses</i>	<i>242</i>	<i>297</i>
<i>Vacant property expenses</i>	<i>524</i>	<i>687</i>
<i>Bad debt expense</i>	<i>80</i>	<i>-</i>
	<hr/> <i>846</i> <hr/>	<hr/> <i>984</i> <hr/>

Notes to the Consolidated Financial Statements (continued)

4 Auditor's fees

	2012 £000	2011 £000
<i>Auditor's remuneration for</i>		
<i>Audit of these financial statements</i>	25	63
<i>Audit of financial statements of subsidiaries</i>	17	20
	<u>42</u>	<u>83</u>

5 Finance income and expense

	2012 £000	2011 £000
<i>Finance income</i>		
<i>Interest income on unimpaired financial assets</i>	4	6
	<u>4</u>	<u>6</u>

	2012 £000	2011 £000
<i>Finance expense</i>		
<i>Bank charges</i>	7	7
<i>Interest expense on financial liabilities</i>	1,027	1,197
	<u>1,034</u>	<u>1,204</u>

Notes to the Consolidated Financial Statements (continued)

6 Income tax expense

	2012 £000	2011 £000
<i>Current tax expense</i>		
<i>Current year</i>	65	27
<i>Current tax expense</i>	<u>65</u>	<u>27</u>
<i>Deferred tax expense</i>		
<i>Origination and reversal of temporary differences</i>	-	(62)
<i>Deferred tax credit</i>	-	(62)
<i>Total income tax credit</i>	<u>65</u>	<u>(35)</u>

Reconciliation of effective tax rate

	2012 £000	2011 £000
<i>Loss before tax</i>	<u>(2,322)</u>	<u>(2,416)</u>
<i>Expected tax on profits at 0%</i>	-	-
<i>Income tax on profits of non-resident landlords within the Group</i>	65	27
<i>On movement in unrealised revaluation gains</i>	-	(62)
<i>Total income tax credit</i>	<u>65</u>	<u>(35)</u>

Invista Real Estate Opportunity Fund LP is a tax transparent vehicle however a number of the businesses within the Group are classified for UK tax purposes as Non-Resident Landlords and pay income tax at 20% on rental profits. Liabilities for these amounts have been recognised.

Invista Real Estate Opportunity Fund Etoy Sàrl has an unrealised loss on the revaluation of investment property therefore no deferred tax liability has been recognised in the current year, as further disclosed in note 13.

Notes to the Consolidated Financial Statements (continued)

7 Investment property

<i>Group</i>	<i>2012 £000</i>	<i>2011 £000</i>
<i>At 1 January</i>	<i>35,876</i>	<i>37,334</i>
<i>Additions/acquisitions</i>	<i>111</i>	<i>123</i>
<i>Disposals</i>	<i>(7,503)</i>	<i>(774)</i>
<i>Realised gains on disposals</i>	<i>1,104</i>	<i>(71)</i>
<i>Net exchange differences arising on the translation from foreign currency to the functional currency</i>	<i>(159)</i>	<i>10</i>
<i>Fair value adjustments</i>	<i>(1,544)</i>	<i>(746)</i>
	<hr/>	<hr/>
<i>Balance at 31 December</i>	<i>27,885</i>	<i>35,876</i>
	<hr/>	<hr/>

Investment property comprises of four commercial properties that are leased to third parties with varying lease lengths. No contingent rents are charged.

In addition the Group has two non-income generating property being freehold farm-land held in Witney, Oxfordshire, England and a residential property in Edinburgh, Scotland.

The carrying amount of investment property is the fair value of the property as determined by independent chartered surveyors, who are registered independent appraisers. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Partnership's investment property.

Disposal of Ashleigh Commercial Estate and Penhall Road –both forming part of Woolwich property, was completed in 2012 and proceeds were utilised to fully repay debt and swap break costs.

The offer for sale of Jeffrey House, forming part of Edinburgh Academy Boarding Houses was accepted and sale completed in January 2012.

8 Trade and other receivables

	<i>2012 £000</i>	<i>2011 £000</i>
<i>Trade receivables</i>	<i>299</i>	<i>674</i>
<i>Income tax prepaid</i>	<i>7</i>	<i>-</i>
<i>Deposits</i>	<i>7</i>	<i>7</i>
	<hr/>	<hr/>
	<i>313</i>	<i>681</i>
	<hr/>	<hr/>

9 Cash and cash equivalents

	<i>2012 £000</i>	<i>2011 £000</i>
<i>Bank balances</i>	<i>7,824</i>	<i>2,142</i>
	<hr/>	<hr/>
<i>Cash and cash equivalents per cash flow statement</i>	<i>7,824</i>	<i>2,142</i>
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)

9 Cash and cash equivalents (continued)

Restrictions on the use of cash balances are as follows

A sum of £100,000 (2011 £243,000) is held on deposit with the Lloyds Banking Group plc, equal to the sum of the interest payments due over the life of the loan and repayment fee with the Lloyds Banking Group plc. The bank has legal charge over this asset.

In addition £195,000 is held in an escrow deposit account with BCV in respect of Etoy.

10 Trade and other payables

	2012 £000	2011 £000
<i>Trade payables and accrued expenses</i>	668	808
<i>Deferred rental income</i>	78	159
<i>Deposits refundable</i>	345	351
<i>Interest payable</i>	164	154
<i>Taxation</i>	-	27
	<u>1,255</u>	<u>1,499</u>

11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 15.

	2012 £000	2011 £000
<i>Current liabilities</i>		
<i>Secured bank loans</i>	10,282	4,872
<i>Less: Finance costs incurred</i>	(286)	(85)
<i>Add: Amortised financed costs</i>	278	64
	<u>10,274</u>	<u>4,851</u>
<i>Non-current liabilities</i>		
<i>Secured bank loans</i>	-	10,348
<i>Less: Finance costs incurred</i>	-	(201)
<i>Add: Amortised financed costs</i>	-	149
	<u>-</u>	<u>10,296</u>
<i>Total</i>	<u>10,274</u>	<u>15,147</u>

During the year disposal of land at Woolwich took place and the proceeds were utilised to repay the IBRC loan.

All loans and borrowings were reclassified from non-current to current liabilities during the year to reflect the current maturity date.

There is an agreement in place with loan provider Banque Cantonale Vaudoise that 2.5% of the loan will be repaid each half year. More information relating to the financing arrangements of the partnership are contained within the Investment Managers Report.

Notes to the Consolidated Financial Statements (continued)

11 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2012 £000	Face value 2011 £000	Carrying amount 2012 £000	Carrying amount 2011 £000
Secured bank loan - BCV	CHF	LIBOR	2013	3,282	3,528	3,282	3,528
Secured bank loan - LBG	GBP	LIBOR + 2%	2013	2,000	2,000	1,993	1,966
Secured bank loan - IBRC	GBP	LIBOR+1.75%	2013	-	4,692	-	4,671
Secured bank loan - CBL	GBP	LIBOR+4%	2013	5,000	5,000	4,999	4,982
				<u>10,282</u>	<u>15,220</u>	<u>10,274</u>	<u>15,147</u>

Interest-bearing loans are secured by debentures incorporating floating charges over the assets of the borrowing entities and an unlimited first legal charge in respect of the properties including an equitable assignment over the rental income derived from the properties and legal charge over the cash deposits disclosed in note 9

12 Other financial liabilities

	2012 £000	2011 £000
Fair value of interest rate swaps	<u>47</u>	<u>381</u>

The Group has one interest rate swap which is used to mitigate risk to fluctuating interest rates on its Sterling loans. The Group has entered into interest rate swap agreements of £2,000,000 with Lloyds Banking Group at 5.25%. A second interest rate swap of £4,680,000 with IBRC at 5.33% was closed out during the year on repayment of its associated bank loan. Break costs of £150,500 were incurred.

13 Deferred tax liabilities

	2012 £000	2011 £000
Deferred tax	<u>-</u>	<u>-</u>

A deferred tax liability arises on the revaluation gain on the revaluation of investment property owned by Invista Real Estate Opportunity Fund Etoy Sàrl which is located in Switzerland. As at 31 December 2012 and 2011 there was a revaluation loss on this investment property, so no provision for deferred tax liability was made.

Movement in deferred tax during the year

	2012 £000	2011 £000
Balance at 1 January	-	62
Recognised in income statement	-	(62)
Balance at 31 December	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements (continued)

14 Capital and reserves

Partners' capital and other interests

During the year to 31 December 2012, the following movements took place

	<i>IOLPH</i> 2012 £	<i>Friends Firs</i> 2012 £	<i>Total</i> 2012 £
<i>Partners' capital</i>			
<i>Balance at 1 January 2012 and 31 December 2012</i>	2,600	3,100	5,700

Partners' advance accounts

<i>Balance at 1 January</i>	12,057,498	14,951,298	27,008,796
<i>Advanced capital contributions</i>	2,232,000	2,768,000	5,000,000
<i>Balance at 31 December 2012</i>	14,289,498	17,719,298	32,008,796

During the year to 31 December 2011, the following movements took place

	<i>IOLPH</i> 2011 £	<i>Friends Firs</i> 2011 £	<i>Total</i> 2011 £
<i>Partners' capital</i>			
<i>Balance at 1 January 2011 and 31 December 2011</i>	2,600	3,100	5,700

Partners' advance accounts

<i>Balance at 1 January 2011 and 31 December 2011</i>	12,057,498	14,951,298	27,008,796
	12,057,498	14,951,298	27,008,796

In August 2012 Invista Real Estate Opportunity Fund Investing Partner Limited transferred its interest to Invista Opportunity LP Holdings Limited

Partners' capital

This represents the aggregate amount that has been contributed by each Partner to the capital of the Partnership and in the case of a Limited Partner, 0.01% of its Commitments. In addition, the Founder Partner Partnership Capital of £100 was contributed by Invista Real Estate Opportunity Fund Investing Partner in return for the interest in and right to receive Carried Interest.

Partners' advance account

This represents in respect of each Limited Partner, the aggregate amount of the interest-free subordinated advances advanced to the Partnership by such Limited Partner.

Partners' current account

This represents profits and losses of the Partnership, any amount paid by or refunded to the Partnership on behalf of the Partners. Movement on this reserve is shown in the Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests.

Notes to the Consolidated Financial Statements (continued)

14 Capital and reserves (continued)

Other reserves

Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Movement on this reserve is shown in the Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests.

Foreign currency translation reserve

Not all the Group entities have the same functional currency as that of the parent, thus translation gains and losses on consolidation arise. This equity reserve contains exchange differences that arise on monetary items that forms part of the Group's net investment in foreign operations. Movement on this reserve is shown in the Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests.

Minority interests

This reserve represents minority interest in the net assets of consolidated subsidiaries. Movement on this reserve is shown in the Consolidated Statement of Changes in Net Assets Attributable to the Partners and Minority Interests.

15 Financial Instruments

15(a) Financial risk management and objectives

The Group holds cash and liquid resources as well as having debtors and creditors which arise directly from its operations. The Group has entered into interest rate swap contracts which are used to limit exposure to interest rates but does not have any other derivatives instruments.

15(b) Fair values of financial instruments

The fair values of financial assets and liabilities are not materially different from their carrying value in the financial statements.

The following summarised the main methods and assumptions used in estimating the fair values of financial instruments and investment property.

Derivatives

Fair value for the interest rate swaps uses the broker quote. This is then tested using pricing models or discounted cash flow techniques.

Trade and other receivables/payables

Receivables and payables deemed to be due within one year and as such, the notional amount is considered to reflect the fair value. Otherwise the fair value of trade and other payables/receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand.

Interest-bearing borrowings

Fair value, are based on the amounts which are to be repaid, less any costs incurred in obtaining the borrowings. These costs are then amortised over the period of the borrowings.

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15(b) Fair values of financial instruments (continued)

In order to improve the disclosure of how entities measure the fair value of their financial instruments, the disclosure requirements in IFRS 7 have been extended to introduce a fair value hierarchy and enhanced liquidity risk disclosures. The fair value hierarchy consists of the following three levels:

- level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2012 Carrying amount £'000	2011 Carrying amount £'000
Assets and liabilities carried at amortised cost		
Trade and other receivables	313	681
Cash and cash equivalents	7,824	2,142
Trade and other payables *	(1,177)	(1,340)
Interest bearing borrowings	(10,274)	(15,147)
	<u>(3,314)</u>	<u>(13,664)</u>
Assets and liabilities carried at fair value		
Derivatives – level 2	<u>(47)</u>	<u>(381)</u>

*Excludes deferred rental income

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate risk. The General Partner regularly reviews and agrees policies for managing each of these risks and these are summarised below:

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15(c) Credit risk

Credit risk is the risk of financial loss to the Group due to an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Group

In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The Manager reviews reports prepared by Experian, or other sources to assess the credit quality of the Group's tenants and aims to ensure there are no excessive concentration of risk and that the impact of any default by a tenant is minimised.

In respect of credit risk arising from other financial assets, which comprise cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks cash is maintained with major financial institutions. During the period and at the balance sheet date the Group maintained relationships with branches and subsidiaries of Lloyds Banking Group plc, Irish Bank Resolution Corporation Limited "IBRC" (formerly Anglo Irish Bank), Close Brothers Property Finance and Banque Cantonale Vaudoise and Groupe Societe Generale.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £313,000 (2011: £681,000) being the total of the carrying amount of receivables.

Credit quality of financial assets and impairment

As at 31 December 2012

	Carrying amount 2012 £000	Of which neither impaired nor past due 2012 £000	Of which neither impaired nor past due 31-120 days 2012 £000
Trade receivables	306	268	38
Deposits	7	7	-
	<u>313</u>	<u>275</u>	<u>38</u>

As at 31 December 2011

	Carrying amount 2011 £000	Of which neither impaired nor past due 2011 £000	Of which neither impaired nor past due 31-120 days 2011 £000
Trade receivables	674	641	33
Deposits	7	7	-
	<u>681</u>	<u>648</u>	<u>33</u>

Rent collection agencies are employed to collect rent from tenants.

During the year bad debts totalling £80,000 (2011: £1,000) was written off. This amount includes £50,000 for a bad debt in relation to a property sold during a year.

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15 (d) Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet its financial obligations as they fall due

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements

As at 31 December 2012

	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000
Non-derivative financial liabilities					
Secured bank loans	10,274	10,570	10,570	-	-
Trade and other payables*	1,177	1,177	1,177	-	-
Derivative financial liabilities					
Interest rate swaps used for hedging	47	23	23	-	-
	<u>11,498</u>	<u>11,770</u>	<u>11,770</u>	<u>-</u>	<u>-</u>

*Excludes deferred rental income

As at 31 December 2011

	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000
Non-derivative financial liabilities					
Secured bank loans	15,147	16,111	675	15,436	-
Trade and other payables*	1,340	1,340	1,340	-	-
Derivative financial liabilities					
Interest rate swaps used for hedging	381	330	290	40	-
	<u>16,868</u>	<u>17,781</u>	<u>2,305</u>	<u>15,476</u>	<u>-</u>

*Excludes deferred rental income

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15 (e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Market risk – Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK Sterling, the Euro and the Swiss Franc. Foreign exchange risk arises from recognised monetary assets and liabilities.

The Group is prepared to tolerate some degree of currency risk as being inherent part of the investment model. The Group's policy is to only enter into currency hedging transactions where the management felt that the currency exposure was material.

The Group's exposure to foreign currency risk is as follows:

31 December 2012

	Sterling £'000	Euro £'000	CH Franc £'000	Total £'000
<i>Cash and cash equivalents</i>	5,722	103	1,999	7,824
<i>Trade receivables</i>	297	-	16	313
<i>Secured bank loans</i>	(6,992)	-	(3,282)	(10,274)
<i>Trade payables and other creditors</i>	(868)	(24)	(18)	(910)
<i>Other creditors</i>	-	-	(345)	(345)
<i>Interest rate swaps</i>	(47)	-	-	(47)
Balance sheet exposure	(1,888)	79	(1,630)	(3,439)

31 December 2011

	Sterling £'000	Euro £'000	CH Franc £'000	Total £'000
<i>Cash and cash equivalents</i>	1,900	16	226	2,142
<i>Trade receivables</i>	662	-	19	681
<i>Secured bank loans</i>	(11,619)	-	(3,528)	(15,147)
<i>Trade payables and other creditors</i>	(1,105)	(4)	(39)	(1,148)
<i>Other creditors</i>	-	-	(351)	(351)
<i>Interest rate swaps</i>	(381)	-	-	(381)
Balance sheet exposure	(10,543)	12	(3,673)	(14,204)

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15 (e) Market risk (continued)

Market risk – Foreign currency risk (continued)

Sensitivity analysis

A 10% strengthening of sterling against the following currencies at the reporting date would have increased (decreased) net assets and profit or loss for the Group by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in '£000	Net assets £'000	Profit or (loss) £'000
31 December 2012		
Euro	5	3
CHF	(150)	173

Effect in '£000	Net assets £'000	Profit or (loss) £'000
31 December 2011		
Euro	1	3
CHF	(334)	23

A 10% weakening of sterling against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

Exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

As described in note 12 the Group has entered into interest rate swap contracts whereby £2,000,000 of borrowings have an effective fixed interest rate of 7.25% per annum until maturity of debt.

The remainder of the Group's borrowings are subject to fluctuations in interest rates.

In respect of income-earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

	Repricing Period	Effective Interest rate	2012 £'000	Effective Interest rate	2011 £'000
Fixed rate instruments					
Financial liabilities	-	7.25%	(2,000)	9.93%	(6,680)
			<u>(2,000)</u>		<u>(6,680)</u>
Variable rate instruments					
Financial assets	Quarterly	0.05%	7,824	0.28%	2,142
Financial liabilities	Quarterly	5.15%	(8,274)	3.53%	(8,467)
			<u>(450)</u>		<u>(6,325)</u>

Notes to the Consolidated Financial Statements (continued)

15 Financial instruments (continued)

15(e) Market risk (continued)

Sensitivity analysis

A change of 100 basis points in interest rates over a 12 month period on the variable rate financial instruments held at the reporting date, excluding hedged bank loans, would have increased/ decreased equity and profit or loss by £5,000 (2011 £64,000) by way of changes to interest expense on un-hedged loans. This change would also have an effect on the fair value of interest rate swaps, which has not been calculated, which would affect net assets. This analysis assumes that all other variables remain constant. The hedged bank loans are excluded from this sensitivity analysis only to the extent that their interest rate fixed by swaps agreements.

15 (f) Capital management

The Group's capital comprises partners' capital accounts, current accounts and bank debt. In order to manage capital efficiently and effectively, partners' funds are drawn down as and when they are needed.

16 Lease rental income

The Group leases out its investment property under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<i>Within one year</i>	<i>398</i>	<i>720</i>
<i>One to five years</i>	<i>1,203</i>	<i>2,058</i>
<i>Over five years</i>	<i>65</i>	<i>967</i>
	<hr/> <i>1,666</i> <hr/>	<hr/> <i>3,745</i> <hr/>

17 Related parties

Invista Real Estate Investment Management Holdings Limited ('Invista') acts as the Investment Manager of the Group. Invista charges an investment management fee of £840,000 per annum (2011 £840,000). At 31 December 2012 £210,000 (2011 £140,000) was outstanding.

In August 2012 Palmer Capital Investors (India) Limited acquired the entire issued and to be issued share capital of Invista Real Estate Investment Management Holdings Limited (formerly PLC). Palmer Capital Investors (India) Limited is a wholly-owned subsidiary of Palmer Capital Investors Limited.

Notes to the Consolidated Financial Statements (continued)

18 Accounting estimates and judgements

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Key judgements management have taken relate to valuation, in most instances, of properties, available for sale investments and swaps. The Group uses external professional valuations to assist in this judgement. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

19 Subsequent events

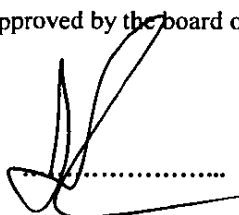
Sale of Aladdin workspace, forming part of Mount Axe Genie property portfolio, was completed on 28 February 2013 at a sale price of £5.615m, proceeds of which were utilised to repay £2.64m of debt.

Partnership Balance Sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Non-current assets			
Investments	2	14,561	16,921
Current assets			
Trade and other receivables	3	2,013	2,060
Cash and cash equivalents	4	5,684	162
		7,697	2,222
Total assets		22,258	19,143
Current liabilities			
Trade and other payables	5	297	326
Total liabilities		297	326
Net assets attributable to partners	6	21,961	18,817

These financial statements were approved by the board of directors of the General Partner on 2 April 2013

and were signed on its behalf by



For and on behalf of the General Partner

All items in the above statement are derived from continuing operations

The accompanying notes 1 to 7 form an integrated part of the Partnership financial statements

Partnership Cash Flow Statement
for year ended 31 December 2012

	<i>Note</i>	2012	2011
		£000	£000
Cash flows from operating activities			
Loss for the year		(1,856)	(3,086)
Adjustments for			
Impairment provision		1,113	2,577
Losses/(gains) arising from foreign currency translation		108	(6)
Financial income		(340)	(562)
Financial expense		1	1
		<hr/>	<hr/>
		(974)	(1,076)
(Decrease)/increase in trade and other payables		(29)	96
		<hr/>	<hr/>
Net cash used in operating activities		(1,003)	(980)
		<hr/>	<hr/>
Cash flows from investing activities			
Divestment/(investment) in subsidiary entities and indirect holdings		274	(789)
Capital repayment from subsidiary entities		1,252	630
		<hr/>	<hr/>
Net cash used in investing activities		1,526	(159)
		<hr/>	<hr/>
Cash flows from financing activities			
Dividend received		-	220
Interest paid		(1)	(1)
Partners capital and advanced contributions		5,000	-
		<hr/>	<hr/>
Net cash from financing activities		4,999	219
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		5,522	(920)
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		162	1,082
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		5,684	162
		<hr/>	<hr/>

All items in the above statement are derived from continuing operations
The accompanying notes 1 to 7 form an integrated part of the Partnership financial statements

Partnership Reconciliation of Movements in Partners' Funds

For the year ended 31 December 2012

	<i>Partners' capital £000</i>	<i>Partners' advance accounts £000</i>	<i>Partners' current accounts £000</i>	<i>Total 2010 £000</i>
<i>Balance brought forward</i>	6	27,009	(8,198)	18,817
<i>Advanced capital contributions</i>	-	5,000	-	5,000
<i>Decrease in net assets attributable to the Partners from operations</i>	-	-	(1,856)	(1,856)
<i>Net assets attributable to the Partners at 31 December 2012</i>	6	32,009	(10,054)	21,961

For the year ended 31 December 2011

	<i>Partners' capital £000</i>	<i>Partners' advance accounts £000</i>	<i>Partners' current accounts £000</i>	<i>Total 2010 £000</i>
<i>Balance brought forward</i>	6	27,009	(5,112)	21,903
<i>Decrease in net assets attributable to the Partners from operations</i>	-	-	(3,086)	(3,086)
<i>Net assets attributable to the Partners at 31 December 2011</i>	6	27,009	(8,198)	18,817

All items in the above statement are derived from continuing operations
The accompanying notes 1 to 7 form an integrated part of the Partnership financial statements

Partnership Notes to the Financial Statements

1 Accounting policies *(forming part of the financial statements)*

The Partnership financial statements have been prepared and approved by the board of directors of the General Partner in accordance with UK Accounting Standards

The Partnership is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand. The accounting policies have been consistently applied to the results, assets, liabilities and cash flows of the entities included in the financial statements

Foreign currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Sterling which is the Partnership's functional and presentational currency

Transactions in foreign currencies are translated into the functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised directly in equity

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined

Investments

Investments in subsidiaries are included in the balance sheet at cost less any provision for impairment

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and demand deposits

Partnership Notes to the Financial Statements (continued)

2 Investments

The amounts included in respect of Group undertakings in the accounts of the Partnership comprise of the following

	2012 £000	2011 £000
Shares in subsidiary entities	9,809	11,061
Loans due to Group entities	11,863	11,858
Provision for impairment	(7,111)	(5,998)
	<u>14,561</u>	<u>16,921</u>

An analysis of intercompany loans and balances is shown in note 7 to the financial statements

The Partnership has the following investments in Group undertakings

	Country of Incorporation	Class of shares held	Ownership 2011	Principal activity
Direct Holdings:				
Eastacre Ltd	Isle of Man	Ordinary shares	100%	Not currently trading
Invista Real Estate Opportunity Fund Holding Sarl	Luxemburg	Euro shares	100%	Holding company
IREOF Guernsey Hold Co Ltd	Guernsey	Ordinary shares	100%	Holding company
Indirect Holdings.				
Invista Real Estate Opportunity Fund Witney Sarl	Luxemburg	Euro shares	100%	Limited partner in a trading partnership
Invista Real Estate Opportunity Fund Woolwich Sarl	Luxemburg	Euro shares	100%	Limited partner in a trading partnership
Invista Real Estate Opportunity Fund Etoy Sarl	Luxemburg	Euro shares	100%	Trading company
Invista Real Estate Opportunity Fund Finance Sarl	Luxemburg	Euro shares	100%	Not currently trading
Witney Land GP Ltd	Isle of Man	Ordinary shares	100%	Nominee Company
Witney Land GP Nominee Company Ltd	Isle of Man	Ordinary shares	100%	Nominee Company
Witney Land LP	Isle of Man	Partnership Ordinary shares	100%	Trading partnership
Woolwich GP Ltd	Isle of Man	Ordinary shares	100%	General Partner in a trading partnership
Woolwich GP Nominee Company Ltd	Isle of Man	Ordinary shares	100%	Nominee Company
Woolwich LP	Guernsey	Partnership Ordinary shares	94%	Trading partnership
Mount Axe Hold Co Ltd	Guernsey	Ordinary shares	100%	Holding Company
Mount Axe Eden (Guernsey) Ltd	Guernsey	Ordinary shares	100%	Trustee Company
Mount Axe Genie (Guernsey) Ltd	Guernsey	Ordinary shares	100%	Trustee Company
Aladdin & Romford Trust	-	Beneficiary Holding	85%	Bare Trust
Kinnear Road Limited	Guernsey	Ordinary shares	100%	Trading Company
Epsom Limited	Guernsey	Ordinary shares	100%	Trading Company

Partnership Notes to the Financial Statements (continued)

3 Trade and other receivables

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<i>Trade receivables</i>	-	1
<i>Due from subsidiaries</i>	2,013	2,059
	<u>2,013</u>	<u>2,060</u>

4 Cash and cash equivalents

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<i>Cash at bank</i>	5,684	162
	<u>5,684</u>	<u>162</u>

5 Trade and other payables

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<i>Current</i>		
<i>Non-trade payables and accrued expenses</i>	297	326
	<u>297</u>	<u>326</u>

Partnership Notes to the Financial Statements (continued)

6 Net Assets Attributable to the Partners and Minority Interests

Partners' capital and other interests

During the year ended 31 December 2012, the following movements took place

	<i>IOLPH</i> 2012 £	<i>Friends First</i> 2012 £	<i>Total</i> 2012 £
<i>Partners' capital</i>			
<i>Balance at 1 January 2012 and 31 December 2012</i>	2,600	3,100	5,700
	£	£	£
<i>Partners' advance accounts</i>			
<i>Balance at 1 January 2012 and 31 December 2012</i>	12,057,498	14,951,298	27,008,796
<i>Advanced capital contributions</i>	2,232,000	2,768,000	5,000,000
	£	£	£
<i>Partners' current accounts</i>			
<i>Balance at 1 January 2012</i>	(3,659,528)	(4,538,027)	(8,197,555)
<i>Loss for the year</i>	(828,490)	(1,027,327)	(1,855,817)
<i>Balance at 31 December 2012</i>	(4,488,018)	(5,565,354)	(10,053,372)
<i>Total</i>	9,804,080	12,157,044	21,961,124

During the year ended 31 December 2011, the following movements took place

	<i>IOLPH</i> 2011 £	<i>Friends First</i> 2011 £	<i>Total</i> 2011 £
<i>Partners' capital</i>			
<i>Balance at 1 January 2011 and 31 December 2011</i>	2,600	3,100	5,700
	£	£	£
<i>Partners' advance accounts</i>			
<i>Balance at 1 January 2011 and 31 December 2011</i>	12,057,498	14,951,298	27,008,796
	£	£	£
<i>Partners' current accounts</i>			
<i>Balance at 1 January 2011</i>	(2,281,745)	(2,829,575)	(5,111,320)
<i>Loss for the year</i>	(1,377,783)	(1,708,452)	(3,086,235)
<i>Balance at 31 December 2011</i>	(3,659,528)	(4,538,027)	(8,197,555)
<i>Total</i>	8,400,570	10,416,371	18,816,941

Partnership Notes to the Financial Statements (continued)

6 Net Assets Attributable to the Partners and Minority Interests (continued)

In August 2012 Invista Real Estate Opportunity Fund Investing Partner Limited transferred its interest to Invista Opportunity LP Holdings Limited

Partners' capital and other interests

Partners' capital

This represents the aggregate amount that has been contributed by each Partner to the capital of the Partnership. In the case of a Limited Partner, this is 0.01% of its Commitments. In addition, the Founder Partner Partnership Capital of £100 was contributed by Invista Real Estate Opportunity Fund Investing Partner in return for the interest in and right to receive Carried Interest.

Partners' advance account

This represents in respect of each Limited Partner, the aggregate amount of the interest-free subordinated advances advanced to the Partnership by such Limited Partner.

Partners' current account

This represents profits and losses of the Partnership, any amount paid by or refunded to the Partnership on behalf of the Partners.

Partnership Notes to the Financial Statements (continued)

7 Related parties

The Partnership has related party transactions with its subsidiaries and partners

Invista Real Estate Investment Management Holdings Limited ('Invista') acts as the Investment Manager of the Group. Invista earned an investment management fee of £840,000 (2011: £840,000). At 31 December 2012, £210,000 (2011: £140,000) was outstanding. During the financial year, no payment for performance fees was made.

The Partnership has granted the following CPEC's (Convertible Preferred Equity Certificates) and loans to Group companies:

	2012 £000	2011 £000
CPEC's		
<i>Invista Real Estate Opportunity Fund Witney Sarl</i>	2,562	2,562
<i>Invista Real Estate Opportunity Fund Woolwich Sarl</i>	3,302	3,302
<i>Invista Real Estate Opportunity Fund Etoy Sarl</i>	4,926	5,024
	<hr/>	<hr/>
	10,790	10,888
Interest Free Loans		
<i>Invista Real Estate Opportunity Fund Witney Sarl</i>	750	750
<i>Invista Real Estate Opportunity Fund Holding Sarl</i>	323	220
	<hr/>	<hr/>
	11,863	11,858
	<hr/>	<hr/>

Interest totalling £340,000 has been accrued on the CPEC's for the year (2011: £342,000).

The Partnership also operates an inter-group trading account facility with its subsidiaries whereby it may receive income on behalf of its subsidiaries or pay expenses on their behalf. These balances are non-interest bearing and are settled on demand. Balances at 31 December are as follows:

	2012 £000	2011 £000
Interest accrued on CPEC's		
<i>Invista Real Estate Opportunity Fund Witney Sarl</i>	423	333
<i>Invista Real Estate Opportunity Fund Woolwich Sarl</i>	541	425
<i>Invista Real Estate Opportunity Fund Etoy Sarl</i>	586	461
Inter-group trading accounts		
<i>Invista Real Estate Opportunity Fund Holding Sarl</i>	30	30
<i>Witney Land LP</i>	60	60
<i>Witney Land GP Ltd</i>	2	2
<i>Witney Land GP Nominee Company Ltd</i>	1	1
<i>Woolwich LP</i>	-	451
<i>Invista Real Estate Opportunity Fund Etoy Sarl</i>	342	46
<i>Eastacre Ltd</i>	18	15
<i>IREOF Guernsey Hold Co Ltd</i>	-	60
<i>Mount Axe Genie Ltd</i>	1	-
<i>Epsom Ltd</i>	9	-
<i>Kinnear Road Ltd</i>	-	175
	<hr/>	<hr/>
	2,013	2,059
	<hr/>	<hr/>