Chairman's Statement

In the financial year ended 30 September 2014, the Company successfully refinanced its debt facility, completed the sale of five properties (four of which were vacant) for nearly €20 million and negotiated lease extensions and leases for previously vacant properties accounting for over 15% of the Company's net rental income.

Progress has been made in the Company's plan to dispose of property which is vacant, peripheral or with completed asset management initiatives. Nonetheless, the full disposal programme agreed with the new lenders in order to facilitate the triggering of the step down event under the debt facilities, which would significantly reduce the cost of debt secured on the Company's core portfolio of assets, proved to be painfully slow and challenging to achieve.

Demand for secondary property in the Eurozone has remained thin, despite the stimulus being provided by the European Central Bank, with valuations on the Company's portfolio continuing to fall over the course of the financial year. As a result, adjusted net asset value declined in the year from €0.25 (21p) to €0.15 (12p) per share, reflecting a fall in property valuations on a like-for-like basis of 7.39%. Net losses (on an EPRA basis) were €2.4 million (€0.5 million in 2013).

The level of net debt as at 30 September 2014 was 73.1%, compared to 64.9% as at 30 September 2013, again partly as a result of the decline in property valuations. The gross loan-to-value ratio ("LTV") was 77.3%, compared to 70.6% at the end of the previous year.

Two of the fourteen properties in the agreed disposal programme have been sold so far and a further four are under offer, representing the largest part by value of the remaining programme. Likely aggregate net proceeds are likely to be below current valuation, since, even after extensive marketing, discounts in some cases may have to be conceded to reflect particular factors relating to the properties concerned, as well as there being tax and other transaction costs. As previously stated, therefore, the disposal programme is not expected to generate sufficient cash to repay the entire amount of debt needed to trigger the step down debt.

Furthermore, as more disposals of significant income generating properties are completed on the path to consolidating the Company's focus around its core portfolio, there will be transitional pressures on interest coverage and other covenants in the Company's debt facilities. The disposal programme and the overall business plan were agreed at the outset with the Company's new lenders and they are supportive of the steps being taken to implement them. It remains, however, a complex and uncertain process to achieve the desired result of a deleveraged core portfolio of German and French properties.

In the light of this, the Company has recently appointed the leading real estate investment bank Eastdil Secured LLC ("Eastdil"), part of Wells Fargo & Company, to undertake a strategic review and advise it on a range of options, including the sale of subsidiary undertakings owning the core portfolio. While there can be no certainty of a transaction resulting, the directors believe that the resources and experience of Eastdil will enhance the Company's capability of navigating through the current difficult waters.

The Company's investment managers, Internos Global Investors, have shown exceptional tenacity and commitment both in achieving the Company's debt refinancing and in the continuing asset management of the portfolio; I would like to thank them on behalf of the Board for all their efforts. The still difficult market environment and the complexity of the Company's capital and corporate structure established in an earlier era make it extremely challenging to deliver value for shareholders, but the Board, the investment manager and the Company's advisers are all committed to achieving the best possible outcome.

Chandos

Tom Chandos

29 January 2015

2. Contractual documentation with appropriately regulated entities which clearly describes responsibilities for the two principal service providers concerned.
3. The Investment Manager's system of internal controls is based on clear written processes, a formal investment committee, clear lines of responsibility and reporting; all of which are monitored by Internos' internal risk team. Internos is regulated by the Financial Conduct Authority in the UK.
4. The Company's strategy is authorised by the Board which also monitors the Investment Manager's effectiveness in implementing the strategy.

Action has been taken to remedy any significant failings or weaknesses identified.

Responsibility statement
The undersigned, Mr Tom Chandos, Chairman of the Board, and Mr Robert DeNormandie, Chairman of the Audit Committee, both Directors of the Company, state that, to the best of their knowledge:

a) the financial statements which have been prepared in accordance with the International Financial Reporting Standards and the Listing Rules give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
b) the Annual Report and Accounts 2014 includes a fair review of the development and performance of the business and the position of the Group for the financial year ended 30 September 2014, and their impact on the set of financial statements, together with a description of the principal risks and uncertainties for the next financial year.

Signed on behalf of the Board of Directors on 29 January 2015

Chandos

Tom Chandos, Chairman
29 January 2015

Robert DeNormandie, Chairman of the Audit Committee
29 January 2015

The accompanying notes on pages 35 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 Sep 14 €000	30 Sep 13 €000
Assets			
Investment property	12	**237,660**	325,550
Derivative financial instruments	28	**35**	-
Total non-current assets		**237,695**	325,550
Trade receivables	15	**4,353**	3,550
Other current assets	16	**6,804**	6,422
Cash and cash equivalents	17	**17,387**	24,126
Assets held for sale	30	**46,588**	-
Total current assets		**75,132**	34,098
Total assets		**312,827**	359,648
Equity			
Share capital		**25,998**	25,998
Share premium		**164,992**	164,992
Restricted reserve		**3**	3
Cumulative deficit		**(151,632)**	(132,582)
Hedge reserve		**-**	5,800
Total equity attributable to owners of the Company	18	**39,361**	64,211
Liabilities			
Interest bearing loans and borrowings	21	**210,421**	-
Preference shares	23	**34,904**	32,020
Warrants	24	**-**	176
Deferred tax liabilities	25	**774**	1,346
Total non-current liabilities		**246,099**	33,542
Interest bearing loans and borrowings	21	**-**	229,630
Interest bearing loans and borrowings exit fee	22	**-**	5,988
Trade and other payables		**3,477**	3,076
Income tax and other taxes payable	25	**3,733**	4,560
Accrued expenses and other current liabilities	26	**15,265**	10,159
Deferred income	15	**4,046**	4,133
Derivative financial instruments	28	**-**	4,349
Liabilities directly associated with current assets classified as held for sale	30	**846**	-
Total current liabilities		**27,367**	261,895
Total liabilities		**273,466**	295,437
Total equity and liabilities		**312,827**	359,648
Net Asset Value per ordinary share (euro)	19	**0.151**	0.247
Diluted Net Asset Value per ordinary share (euro)	19	**0.151**	0.257

The consolidated financial statements were approved by the Board of Directors on 29 January 2015 and signed on its behalf by:

Tom Chandos Chandos
Chairman

Robert DeNormandie
Chairman of Audit Committee

The accompanying notes on pages 35 to 78 are an integral part of these consolidated financial statements.

Invista European Real Estate Trust SICAF Annual Report and separate financial statements 2014

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 Sep 14 €000	30 Sep 13 €000
Assets			
Investment in subsidiaries	27	-	-
Loans to subsidiaries	11	82,038	105,146
Non-current assets		82,038	105,146
Amounts due from subsidiaries	11	43,172	27,928
Trade and other receivables		1,019	437
Cash and cash equivalents	12	31	9,583
Current assets		44,222	37,948
Total assets		126,260	143,094
Share capital		25,998	25,998
Share premium		164,992	164,992
Restricted reserve		3	3
Cumulative deficit		(151,632)	(132,582)
Hedge reserve		-	5,800
Total equity attributable to equity holders of the Company	13	39,361	64,211
Liabilities			
Preference shares	16	34,904	32,020
Warrants	17	-	176
Loans from subsidiaries		21,479	17,450
Non-current liabilities		56,383	49,646
Amounts due to subsidiaries	11	26,955	16,973
Interest bearing loans and borrowings exit fee	18	-	5,988
Derivative financial instruments	23	-	4,349
Accrued expenses and other current liabilities	20	3,561	1,927
Current liabilities		30,516	29,237
Total liabilities		86,899	78,883
Total equity and liabilities		126,260	143,094
Net Asset Value per ordinary share (euro)	14	0.151	0.247

The separate financial statements were approved by the Board of Directors on 29 January 2015 and signed on its behalf by:

Chandos

Tom Chandos
Chairman

Robert DeNormandie
Chairman of Audit Committee

The accompanying notes on pages 85 to 109 are an integral part of these separate financial statements.