

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.

If you have sold or otherwise transferred all your Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents.

Copies of this document are available to the public, free of charge, at the offices of Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY, during normal business hours on any weekday (public holidays excepted) from the date of this document for a period of one month.

This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in the Company.

This document has been prepared for the purposes of complying with English law and regulation and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of Real Estate Investors PLC which contains the recommendation by the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Real Estate Investors PLC

(incorporated in England and Wales with registered number 5045715)

Notice of Extraordinary General Meeting

The Extraordinary General Meeting to consider the Resolutions will be held at 10.00 a.m. on 15 December, 2006 at the offices of Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY. The notice convening the Extraordinary General Meeting is set out on pages 5 and 6 of this document. **The action to be taken in respect of the Extraordinary General Meeting is set out in the letter from the Chairman of Real Estate Investors PLC contained in this document. Whether or not you plan to attend the Extraordinary General Meeting, please complete the enclosed Form of Proxy and return it to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal working hours, by hand, by no later than 10.00 a.m. on 13 December 2006 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy will not prevent you from attending and voting at the Extraordinary General Meeting, or any adjournment thereof, in person should you wish to do so.**

The Directors recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

If you require assistance in completing the Form of Proxy or require additional Forms of Proxy, please call Capita Registrars, the Company's registrars, on 0870 162 3100 (or, from outside the UK, on +44 20 8639 2157). For legal reasons, Capita Registrars will not be able to give advice on the merits of the Resolutions or to provide legal, financial or taxation advice, and accordingly for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

Real Estate Investors PLC

(incorporated in England and Wales with registered number 5045715)

Registered Office:
1 Westminster Way
Oxford
OX2 0PZ

Directors:
Peter Lewin
John Jack
Paul Bassi
Marcus Daly

22 November 2006

Dear Shareholder

NOTICE OF EXTRAORDINARY GENERAL MEETING

Introduction

When I last wrote to you in September 2006, in the statement that accompanied the interim results in respect of the six months ended 30 June 2006, I noted that the Company was positioning itself to seek to make the most of the opportunities that the Directors had identified in the UK property market.

I am pleased to be writing to you again today to provide some further information on the Company's future activities and background to the Resolutions being proposed in the accompanying Notice of EGM set out on pages 5 and 6 of this document.

The contents of this letter are important and I would urge you to read it carefully and to sign and return the enclosed Form of Proxy in accordance with the instructions given thereon and in the paragraph headed "Action to be Taken" below, as soon as possible.

Background

In June 2006, Paul Bassi and Marcus Daly were appointed to the Board. These appointments bring additional experience to the Board and provide further business opportunities through Bond Wolfe's business which provides access to central UK properties. The Directors believe that REI has built a stable and profitable platform from which to expand and that there are significant growth opportunities available to the Company.

The Company has a number of projects in progress and the Directors anticipate a significant increase in the Company's activity. To facilitate the pursuit of the Company's strategy, we are seeking a substantial increase in the authorities of the Directors to allot new Ordinary Shares both to raise cash and to be used as consideration for acquisitions.

In particular, the Company is currently considering a cash placing of Ordinary Shares with new institutional and other investors which would be conditional, *inter alia*, upon the approval by Shareholders of the Resolutions at the Extraordinary General Meeting. We will announce the details of any actual placing undertaken in due course.

Extraordinary General Meeting

As noted above under the heading "Background", in order to maximise REI's ability to act quickly on opportunities (which would include in respect of the placing referred to above), we are seeking substantial increases in the authorities of the Directors to allot authorised but unissued Ordinary Shares. Accordingly, it is necessary to convene the Extraordinary General Meeting and, set out at the end of this document (on pages 5 and 6), is the notice doing so. The Extraordinary General Meeting will be held at the offices of Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY on 15 December 2006 at 10.00 a.m.

In addition, a Form of Proxy for use at the Extraordinary General Meeting is enclosed with this document (see below under the heading "Action to be Taken").

Shareholders have the right to attend, speak and vote at the Extraordinary General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely the close of business on 13 December 2006). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the Extraordinary General Meeting. If the Extraordinary General Meeting is

adjourned, only those Shareholders on the Register at the close of business on the day which is two days before the date of the adjourned Extraordinary General Meeting will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his/her proxy will have in the event of a poll. As at 20 November 2006 (being the latest practicable date before the publication of this document) the Company does not hold any treasury shares.

Explanation of the Resolutions to be proposed at the Extraordinary General Meeting

The notice convening the Extraordinary General Meeting sets out the business to be proposed at such Extraordinary General Meeting. An explanation of these Resolutions is set out below:

Authority to allot shares (Resolution 1)

The Ordinary Shares are “relevant securities” for the purposes of the Act. Accordingly, in order to allot new Ordinary Shares, the Directors need the authority of Shareholders to do so and Resolution 1 provides such authority by granting the Directors the authority to allot unissued relevant securities in the capital of the Company up to a maximum nominal amount of £2,500,000 (representing, as at 20 November 2006 (being the latest practicable date before the publication of this document), 276 per cent. of the Company’s issued capital). This authority, if granted, would last until the fifth anniversary of the date of the passing of Resolution 1. If, however, the Company makes an offer or enters into an agreement requiring the issue of new relevant securities prior to that date, the allotment will be valid even if the allotment occurs after the expiry of this authority. The passing of Resolution 1 will require not less than 50 per cent. of the votes cast voting in favour.

Disapplication of pre-emption rights (Resolution 2)

Section 89(1) of the Act requires that on an allotment of “equity securities” for cash, such equity securities are offered first to existing Shareholders in proportion to the number of Ordinary Shares they each hold at that time. This is known as a shareholder’s pre-emption right. The Ordinary Shares are “equity securities” for the purposes of Section 89(1) of the Act. Accordingly, the Ordinary Shares cannot be allotted for cash on a non pre-emptive basis unless the Shareholders have first waived their pre-emption rights and Resolution 2 requests Shareholders to do so. If the authority is granted, the Directors will be able to allot Ordinary Shares for cash on a non pre-emptive basis, to the extent authorised, without further authority from the Shareholders. As with Resolution 1, the authority in Resolution 2 is intended to last until the fifth anniversary of the date of its passing. As a Special Resolution, the passing of Resolution 2 will require not less than 75 per cent. of the votes cast voting in favour.

Action to be Taken

Shareholders may appoint a proxy, that is, someone who will attend the Extraordinary General Meeting on their behalf and vote, by completing and returning the accompanying Form of Proxy.

Enclosed with this document is a Form of Proxy for use in connection with the Extraordinary General Meeting. For Shareholders’ convenience, the appointment of the chairman of the Extraordinary General Meeting as proxy has already been included, although Shareholders may appoint someone else as their proxy if they so wish. A proxy need not be a Shareholder.

To be valid, the Form of Proxy should be signed and returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to be received by post or, during normal working hours, by hand, by no later than 10.00 a.m. on 13 December 2006 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Accordingly, whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the Form of Proxy to Capita Registrars, so as to be received by not later than that time. For this purpose, you can return the Form of Proxy by post or by hand.

The completion and return of a Form of Proxy will not prevent Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Irrevocable Undertakings

The Company has received irrevocable undertakings from certain Shareholders, including all the Directors, to vote, or to procure the voting, in favour of the Resolutions in respect of an aggregate of 45,485,000 Ordinary Shares representing 50.14 per cent. of the Company's issued share capital.

Recommendation

Your Board believes that the proposals to give the Directors authority to allot new Ordinary Shares as described in this letter are in the best interests of the Shareholders taken as a whole. Accordingly, the Directors recommend you to vote in favour of the Resolutions to be proposed at the EGM as they have irrevocably undertaken to do in respect of their beneficial holdings, amounting, in aggregate, to 25,750,000 Ordinary Shares, representing 28.36 per cent. of the issued share capital of the Company.

Yours faithfully

Peter Lewin
Chairman

DEFINITIONS

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| “Act” | the Companies Act 1985, as amended |
| “AIM Rules” | the AIM Rules for Companies, rules for companies whose shares are traded on AIM, and their nominated advisers, and issued by London Stock Exchange plc from time to time |
| “AIM” | a market operated by London Stock Exchange plc |
| “Board” or “Directors” | the directors of the Company, whose names appear on page 1 of this document |
| “Bond Wolfe” | Bond Wolfe plc, a Midlands based property investor and auctioneer, of which Paul Bassi is executive chairman |
| “Company” or “REI” | Real Estate Investors PLC |
| “EGM” | the extraordinary general meeting of the Company convened for 15 December 2006 (and any adjournment thereof), notice of which is set out at the end of this document |
| “Form of Proxy” | the form of proxy accompanying this document for use at the Extraordinary General Meeting |
| “Ordinary Shares” | Ordinary shares of 1p each in the capital of the Company |
| “Voting Record Time” | in relation to the Extraordinary General Meeting, the close of business on 13 December 2006 or if the Extraordinary General Meeting is adjourned, the close of business on the day which is two days before the date of the adjourned meeting |

Real Estate Investors PLC (“Company”)

(Registered in England and Wales No. 5045715)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY on 15 December 2006 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, resolution numbered 1 as an Ordinary Resolution and resolution numbered 2 as a Special Resolution:

ORDINARY RESOLUTION

- (1) THAT pursuant to section 80 of the Companies Act 1985 (the “Act”), the directors of the Company (the “Directors”) be and they are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) in the capital of the Company to such persons and at such times and on such terms as they think proper up to a maximum nominal amount of £2,500,000 provided that this authority shall, unless previously revoked, varied or renewed by the Company in general meeting, expire on the fifth anniversary of the date of passing this resolution, save that the Company may before the expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired and such power shall be in substitution for any power conferred upon the Directors in accordance with the said section prior to the passing of this resolution, which powers (to the extent they remain in force and unexercised) shall be revoked.

SPECIAL RESOLUTION

- (2) THAT subject to the passing of the Resolution numbered 1 above pursuant to section 95(1) of the Act the Directors be and they are hereby empowered to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the general authority conferred by such Resolution 1 as if section 89(1) of the Act did not apply to the allotment, provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with a rights issue in favour of or other offer to ordinary shareholders and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all ordinary shareholders and such other persons are proportionate (as nearly as maybe) to the number of ordinary shares held by them (or, as appropriate, to the number of ordinary shares which such other persons are for such purposes deemed to hold) (but subject to such exclusions and other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements and any legal or practical difficulties under the laws of any overseas territory or the requirements of any regulatory body or stock exchange); and
 - b. the allotment (otherwise than pursuant to sub-paragraph 2(a) above) of equity securities up to an aggregate nominal amount of £2,500,000,

provided that these powers shall, unless previously revoked, varied or renewed by the Company in general meeting, expire on the fifth anniversary of the date of passing of this Resolution save that the Company may before the expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired and such power shall be in substitution for any power conferred upon the Directors of the Company in accordance with the said section prior to the passing of this resolution, which powers (to the extent they remain in force and unexercised) shall be revoked.

Registered Office:
1 Westminster Way
Oxford
OX2 0PZ

By Order of the Board
Marcus Daly
Company Secretary

Dated: 22 November 2006

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which must be lodged, together with any power of attorney or other authority under which it is signed, with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by post or, during normal working hours, by hand, by no later than 10.00 a.m. on 13 December 2006 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion and return of a form of proxy does not preclude a member from attending and voting at the Meeting or at any adjournment thereof in person. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the relevant register of members of the Company as at the close of business on 13 December 2006 (being not more than 48 hours before the time fixed for the Extraordinary General Meeting) or, if the Extraordinary General Meeting is adjourned, such time being not more than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after the close of business on 13 December 2006 (or such later time in respect of an adjournment) shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.

