Real Estate Investors plc
("REI" or "the Company" or "the Group")

Half Year Results for the six months to 30 June 2011

Real Estate Investors PLC (AIM:RLE) the West Midlands based property group, today announces its half year results for the six month period ended 30 June 2011.

FINANCIAL HIGHLIGHTS

- Contracted rent roll up 12% at half year
- Gross property assets valued at £60.3 million (31 December 2010: £56.5 million)
- Current contracted rent roll up 50% after acquisitions post half year end (£6.11m)
- Rental income up 9% to £1.8 million (H1 2010: £1.6 million)
- Net assets decreased by 4% over half year to £30.9 million
- Cash and cash equivalents of £8 million (H1 2010: £19 million)
- Successful fundraising in July 2011 of £11.7 million after costs
- Loan to value of 63% (50% net of cash)

OPPERATIONAL HIGHLIGHTS

- Post period end £13 million of acquisitions
  - Total rent roll of £1.5 million representing an initial yield of 11.84%
- £3.3 million of acquisitions in first half
- £134,000 of disposals in first half, at above book value

Paul Bassi, CEO of Real Estate Investors commented: "Despite the doom and gloom in the financial markets we remain positive, focussed and continue to run our business prudently with the view to improving rental income and subsequent capital growth.

With our existing cash and agreed bank facilities, we will secure further opportunistic investments that will comply with our acquisition criteria of attractive yields, asset management, and rising capital values."

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Notes to Editors

1. REI is an AIM listed property investment company specialising in commercial and residential property principally in the West Midlands and central England.

2. REI is focused on delivering shareholder value through returns generated from strong yields and capital enhancements. This is achieved by targeting investments in orphaned, distressed, part-let and underperforming commercial and residential property assets.

3. REI is led by respected property investor Paul Bassi CBE, who has over 25 years of property experience in the West Midlands. Mr Bassi is also founder and chairman of Bond Wolfe and chairman of CP Bigwood Chartered Surveyors.

4. REI was admitted to trading on AIM in June 2004. As at 30 June 2011 its portfolio and inventories were valued at £60 million.

5. Further information on REI can be found at www.reiplc.com.

Chief Executive's Statement

Results

Despite the continuing turmoil in the financial markets, REI has had an encouraging first half and continued to make progress in establishing itself as a leading regional property investment company. The six month period ending 30th June 2011 saw rental income increase by 9% to £1.8 million (H1 2010: £1.6 million) and gross property assets increase by 7% to £60.3 million from £56.5 million at the year end. New lettings and asset management initiatives increased the contracted rent roll by 12% to £4.5 million (31 December 2010: £4.1 million). Since the period end, following the £13 million of acquisitions announced on 13 September 2011, the contracted annualised rent roll has increased to £6.1 million, a 50% increase since the beginning of the financial year.

The Company showed a pre-tax loss of £1.9 million for the period, reflecting a revaluation deficit of £1.7 million and a £71,000 loss on the revaluation of interest rate swaps, both of which are non-cash items. Cash and cash equivalents amounted to £8 million at the period end.

Asset Management

Lettings and asset management initiatives have been completed on a number of properties. For example, at Chingford, we negotiated a new 20 year lease to Tesco, of a 3,275 sq ft shop unit at a rent of £49,500 per annum with five-yearly rent reviews, an uplift of 2.1% on the previous rent. At Wakefield, we have let a former JJB Sports store of 4,870 sq ft to Bank of Scotland on a 15 year lease at £65,000 per annum with five-yearly rent reviews. Bank of Scotland is refurbishing the property as a new bank branch. Having maximised the values, we will be offering these investments for sale once the market stabilises.

Similarly, our purchase of land in Tredegar, which has planning consent for 283 homes, will be sold once market conditions are appropriate together with former public house sites that now have the benefit of a residential planning consent. Again, we anticipate these sales will be at above our existing book valuations.

Fund raising

In July, we announced that we had raised £11.7 million (net of expenses) by way of a Placing supported by existing and new shareholders. This has significantly strengthened the company financially.

The additional capital has provided us with the resources to take advantage of market conditions and secure good quality assets that provide attractive yields and asset management opportunities,with the potential for rising capital values as markets recover,. Existing valuations continue to be impacted by the low level of market transactions and some of our own opportunistic acquisitions, which provide negative comparable evidence in the short term. We believe that as the obsession with London property diminishes and bank lending improves, good quality regional property will become attractive to investors, particularly in a low level interest rate environment. We are already starting to see signs of this in recent months.

Market overview

The executive management have a long standing association with some of the regions leading property consultancies, namely Bond Wolfe Commercial, Paul Dubberley & Co and CP Bigwood Chartered Surveyors. Activity from these businesses and our portfolio reveals:

- Improving tenant demand
- Strong residential sales both at auction and private trading
- Rising residential rents
- No major tenant defaults or arrears within our portfolio
- Increased office lettings
- Stable retail rents with good local and multiple demand
- National and regional house builders have become active and competitive
- Substantial improvement in the availability of mortgages
- Few investment property transactions

Banking

In principle, we have agreed a new three year £20million facility with Lloyds Bank on similar terms subject to internal credit committee approval expected within the next few days.

REI continues to receive excellent support from its existing bankers, Lloyds, Aviva, Nationwide and Handelsbanken and continues to operate within all agreed lending terms. We have seen improving appetite from Barclays, Yorkshire Bank and Santander to lend to the property sector and have also noted new entrants to the arena such as Legal & General. Whilst we have always enjoyed excellent banking support, we have also seen improvements in lending to the general market place, particularly to small residential developments and investment property, albeit at lower loan to value ratios and higher margins.

Outlook and opportunities for 2011-2012

The financial and property market will remain volatile. We anticipate continued increases in lettings, predominantly driven by cost and improved capital values. With our existing cash and agreed bank facilities, we will secure further opportunistic investment property that comply with our acquisition criteria of attractive yields, asset management opportunities and rising capital values.

Our opportunities will be sourced from:

- Institutional vendors exiting regional assets requiring active management.
- Local and national government disposals
- Distressed stock from bank recovery departments
- Property in receivership and placed with insolvency practitioners.

Once market conditions stabilise, we believe we will begin to see capital growth. This will be spurred by a low interest rate environment, which will improve demand for investment property, supported by improvements in bank lending.

Despite the doom and gloom, we remain positive. We continue to run our business prudently with a view to improving rental income with no reliance on any one tenant, transaction or asset. This strategy has served us well and should provide the foundation for REI to commence a progressive dividend policy in respect of the year to 31 December 2012. We continue to monitor new legislation that will allow us to consider a conversion to a Real Estate Investment Trust, which would mean that REI would no longer pay tax on the profits and gains from its qualifying property rental business.

Paul Bassi

Chief Executive
28 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
For the 6 months ended 30 June 2011				
		Six months to	**Six months to**	**Year ended**
		30 June 2011	**30 June 2010**	**31 December 2010**
		(Unaudited)	**(Unaudited)**	
	Note	**£'000**	**£'000**	**£'000**
Revenue		1,807	1,655	4,020
Cost of sales		(60)	(203)	(1,251)
Gross profit		1,747	1,452	2,769
Administrative expenses		(692)	(647)	(1,340)
Share of operating (loss)/profit of joint venture		-	(9)	9
Surplus on sale of investment property		21	188	186
Net valuation losses		(1,742)	(126)	(4,119)
(Loss)/profit on ordinary activities before interest		(666)	858	(2,495)
Finance income		117	259	502
Finance costs		(1,261)	(1,193)	(2,418)
Loss on financial liabilities held at fair value		(71)	(1,547)	(1,178)
Loss on ordinary activities before taxation		(1,881)	(1,623)	(5,589)
Income tax credit		508	468	801
Retained loss for the period		(1,373)	(1,155)	(4,788)
Basic loss per share	6	(0.28)p	(0.34)p	(1.01)p
Diluted loss per share	6	(0.28)p	(0.34)p	(1.01)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
for the 6 months ended 30 June 2011						
	Share	**Share**	**Capital**	**Other**	**Retained**	**Total**
	capital	**premium**	**Redemption**	**Reserves**	**Earnings**	
		account	**Reserve**			
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2009	3,407	29,472	45	121	(5,725)	27,320
Transactions with owners	-	-	-	-	-	-
Issue of new shares	1,553	-	-	-	-	1,553
Premium on issue of shares	-	8,542	-	-	-	8,542
Expenses of share issue	-	(360)	-	-	-	(360)
	1,553	8,182	-	-	-	9,735
Loss for the period	-	-	-	-	(1,155)	(1,155)
Other comprehensive income	-	-	-	-	-	-
At 30 June 2010	4,960	37,654	45	121	(6,880)	35,900

Transactions with owners	-	-	-	-	-	-
Loss for the period	-	-	-	-	(3,633)	(3,633)
Other comprehensive income	-	-	-	-	-	-
At 31 December 2010	4,960	37,654	45	121	(10,513)	32,267
Transactions with owners	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,373)	(1,373)
Other comprehensive income	-	-	-	-	-	-
At 30 June 2011	4,960	37,654	45	121	(11,886)	30,894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
as at 30 June 2011			
	30 June 2011	**30 June 2010**	**31 December 2010**
	(Unaudited)	**(Unaudited)**	
	£'000	**£'000**	**£'000**
Assets			
Non current assets			
Intangible assets	171	171	171
Investment properties	51,938	47,953	50,478
Property, plant and equipment	35	43	40
Investment in joint venture	105	87	103
Deferred taxation	3,818	2,977	3,310
	56,067	51,231	54,102
Current assets			
Inventories	8,330	6,754	6,053
Trade and other receivables	1,474	3,734	3,707
Cash and cash equivalents	7,817	18,861	11,822
	17,621	29,349	21,582
Total assets	73,688	80,580	75,684
Liabilities			
Current liabilities			
Bank loans	21,657	23,195	22,131
Provision for current taxation	118	137	118
Trade and other payables	1,985	1,755	1,941
	23,760	25,087	24,190
Non-current liabilities			
Bank loans	16,546	16,807	16,810
Liabilities at fair value	2,488	2,786	2,417
	19,034	19,593	19,227
Total liabilities	42,794	44,680	43,417
Net assets	30,894	35,900	32,267
Equity			
Share capital	4,960	4,960	4,960
Share premium account	37,654	37,654	37,654
Capital redemption reserve	45	45	45
Other reserves	121	121	121
Profit and loss account	(11,886)	(6,880)	(10,513)
Shareholders' funds	30,894	35,900	32,267

CONSOLIDATED STATEMENT OF CASHFLOWS			
for the 6 months ended 30 June 2011			
	Six months to	**Six months to**	**Year ended**
	30 June 2011	**30 June 2010**	**31 December 2010**
	(Unaudited)	**(Unaudited)**	
	£'000	**£'000**	**£'000**
Cashflows from operating activities			
Loss after taxation	(1,373)	(1,155)	(4,788)
Adjustments for:			
Depreciation	6	-	7
Surplus on sale of investment property	(21)	(188)	(186)
Net valuation losses	1,742	126	4,119
Share of loss/(profit) of joint venture	-	9	(9)
Finance income	(117)	(259)	(502)
Finance costs	1,261	1,193	2,418
Loss on financial liabilities held at fair value	71	1,547	1,178
Taxation credit recognised in profit and loss	(508)	(468)	(801)
(Increase)/decrease in inventories	(2,277)	-	701
Decrease/(increase) in trade and other receivables	2,233	(1,063)	(1,036)
Increase/(decrease) in trade and other payables	44	(187)	(1)
	1,061	(445)	1,100
Interest paid	(1,261)	(1,193)	(2,418)
Income taxes paid	-	(12)	(31)
Net cash from operating activities	(200)	(1,650)	(1,349)
Cash flows from investing activities			
Purchase of investment properties	(3,335)	(210)	(6,730)
Purchase of property, plant and equipment	(1)	(40)	(44)
Proceeds from sale of property, plant and equipment	154	373	373
Investment in joint venture	(2)	(41)	(39)
Interest received	117	259	502
	(3,067)	341	(5,938)
Cash flow from financing activities			
Proceeds from share issue	-	9,735	9,735
Repayment of bank loans	(738)	(396)	(1,457)
	(738)	9,339	8,278
Net (decrease)/increase in cash and cash equivalents	(4,005)	8,030	991
Cash and cash equivalents at beginning of period	11,822	10,831	10,831
Cash and cash equivalents at end of period	7,817	18,861	11,822

NOTES TO THE INTERIM REPORT
for the 6 months ended 30 June 2011

1. BASIS OF PREPARATION

Real Estate Investors PLC, a Public Limited Company, is incorporated and domiciled in the United Kingdom.

The interim financial statements for the period ended 30 June 2011 (including the comparatives for the year ended 31 December 2010 and the period ended 30 June 2010) were approved by the board of directors on 28 September 2011. Under the Security Regulations Act of the EU, amendments to the financial statements are not permitted after they have been approved.

It should be noted that accounting estimates and assumptions are used in preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and action, actual results may ultimately differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial information are set out in note 3 to the interim financial information.

The interim financial information contained within this report does not constitute statutory accounts within the meaning of the Companies Act 2006. The full accounts for the year ended 31 December 2010 received an unqualified report from the auditors and did not contain a statement under Section 498 of the Companies Act 2006.

2. ACCOUNTING POLICIES

The interim financial report has been prepared under the historical cost convention except for the revaluation of properties and financial instruments held at their value through profit and loss.

The principal accounting policies and methods of computation adopted to prepare the interim financial information are consistent with those detailed in the 2010 financial statements published by the Company on 4 April 2011.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are as follows:

Investment property revaluation

The Group uses the valuations performed by its independent valuers or the directors as the fair value of its investment properties. The valuation is based upon assumptions including future rental income, anticipated maintenance costs, anticipated purchaser costs and the appropriate discount rate. The valuer and the directors also make reference to market evidence of transaction prices for similar properties.

Interest rate swap valuation

The Group carries the interest rate swap as a liability at fair value through the profit or loss at a valuation. This valuation has been provided by the Group's bankers.

Critical judgements in applying the Group's accounting policies

The Group makes judgements in applying the accounting policies. The critical judgement that has been made is as follows:

Categorisation of trading properties

Properties held by the subsidiary 3147398 Limited are classified as inventories, being properties held for resale. These properties generate rental income but are actively marketed for sale and are therefore categorised as properties held for resale and carried at the lower of cost and net realisable value.

4. SEGMENTAL REPORTING

The only material business that the Group has is that of investment in and trading of commercial properties. Turnover relates entirely to rental income from investment properties and sale of trading properties within the UK.

5. INVESTMENT PROPERTIES

The carrying amount of investment properties for the periods presented in the interim financial information is reconciled as follows:

	£'000
Carrying amount at 31 December 2009	48,054
Additions	210
Revaluation	(126)
Disposals	(185)
Carrying amount at 30 June 2010	47,953
Additions	6,520
On acquisition of subsidiary undertaking	(2)
Revaluation	(3,993)
Carrying amount at 31 December 2010	50,478
Additions	3,335

Revaluation	(1,742)
Disposals	(133)
Carrying amount at 30 June 2011	51,938

6. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of the diluted loss per share is based on the basic earnings per share adjusted to allow for all dilutive potential ordinary shares.

The loss per share has been calculated on the loss for the period of £1,373,000 (31 December 2010: loss of £4,788,000 and 30 June 2010: loss of £1,155,000) and on 496,024,161 (31 December 2010: 473,472,322 and 30 June 2010: 343,096,162) ordinary shares, being the weighted average number of shares in issue during the period.

The impact of the share warrants for the six months ended 30 June 2011 and 2010 and the year ended 31 December 2010 is anti-dilutive.