REAL ESTATE INVESTORS PLC
("REI" or "the Company")

Interim results for the six months ended 30 June 2007

Real Estate Investors PLC (AIM: RLE), the AIM listed property group, announces its results for the six months ended 30 June 2007.

Highlights:

* Portfolio valuation plus inventories £43 million

* Six months profit before tax £2.9 million (including revaluation surplus)

* Six months profit before tax, excluding revaluation surplus, £530,000 (2006: loss of £267,000)

* Net assets at 30 June 2007 up 6% to £36 million

* Balance sheet cash at 30 June 2007 of £10.9 million

* £4.5 million acquisition of Guardian House, West Bromwich

* Purchase for £5.2 million of Bromsgrove office investment and terms agreed for major letting

* New acquisitions purchased from cash resources

* Refurbishment and new lettings at £6.35 million acquisition in Colmore Row/Bennett's Hill Birmingham

Commenting on the interim results, Mr Bassi, Chief Executive, stated:

"These results provide an excellent foundation for the future growth of the business. We are perfectly positioned to capitalise on the opportunities in the present market place".

For further information please contact:

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CHAIRMAN'S STATEMENT

Overview

In April I reported on a year of great progress in REI's activities and I am happy to say that the Company has since accelerated its activities with several strategic acquisitions and disposals. Confidence in the Company's management, following the £25 million institutional placing in December 2006, has been further enhanced by substantial market purchases of ordinary shares by our chief executive, Paul Bassi, resulting in his shareholding increasing to 17.46%. These 16.6 million ordinary shares have been acquired at 11.5p and 12p - a significant premium to the current market price.

We believe that the Company is on course to achieving its objective of building a £150 million portfolio and the recent off market purchases have established REI as a well respected investor in the West Midlands commercial property markets.

Through the close relationship with Bond Wolfe Auctioneers and Bigwood Chartered Surveyors, REI enjoys excellent market intelligence enabling it to act quickly and complete transactions that it would otherwise have to compete for in the wider market.

The strategy of adding value to the portfolio is exemplified by refurbishments and subsequent lettings which, together with rent reviews, improve yields and capital values, contributing to profitability.

The financial statements for the six months to 30 June 2007 do not fully reflect the full benefit of the uplift in potential capital values and rental income, which will not be seen for between 6 to 12 months from acquisition. We anticipate that the results for the year to 31 December 2007 will better illustrate the Company's performance. The acquisitions at Colmore Row and Bennetts Hill, Birmingham and Avon House, Bromsgrove, for a total consideration of £11.5 million, have achieved new lettings and renewals to Investbx, Bigwoods Chartered Surveyors, Select PLC and Weststaff UK. In addition, terms for a major letting have been agreed at Avon House and further details will follow shortly.

The Company has over £10.9 million of cash available to it to fund acquisitions. Since the fundraising in December 2006, all acquisitions have been made from the Company's cash resources and, at present, there is no intention to refinance. This balance sheet strength places REI in a dominant position to take advantage of opportunities in what is becoming an in increasingly opportunistic market.

The Company's gross property assets, excluding inventories, increased in the six months to 30 June 2007 by 135% from £14 million to £33 million, with rental income increasing to £1.8 million per annum from £1.4 million per annum. The Company's net assets increased 6% to £36 million.

Net asset value per share is currently estimated to be 10.6p.

International Financial Reporting Standards ("IFRS")

In compliance with AIM requirements, REI has adopted IFRS for the first time in these interim financial statements. The IFRS accounting policies adopted are consistent with those to be used for the Company's financial statements as at 31 December 2007.

Please refer to Notes 1 and 2, as well as the note entitled "Transition to IFRS", of the interim consolidated financial statements to understand the key adjustments implemented to ensure compliance with and transition to IFRS for the Company's reporting purposes.

Trading Operations

In June, the Company announced the off market purchase from Warner Estates of Guardian House, West Bromwich for £4.5 million in cash. Providing 42,000 sq ft of high quality office accommodation, the property is let in its entirety to the Secretary of State and Challinors solicitors. This town centre investment offers rental and capital growth opportunities.

On 10 September 2007, the Company announced the disposal of a property in Southend, from its trading portfolio, together with the sale of an investment property in Portsmouth. The total sale consideration represents a surplus of £260,000 over the December 2006 valuation. Following debt repayment, the Company has received net cash proceeds of over £1 million, which will be utilised in its property acquisition programme.

Prospects

The changing property market that is now emerging suits REI's strategy. The Company's cash balances, plus its debt free properties which are benefiting from rising rental income and capital values, will enable it to take advantage of market opportunities.

The transfer of the head office to West Bromwich has gone smoothly. The Company's website (www.reiplc.com) provides updated information on its activities and the share price.

It is a pleasure for me to write to you in such positive terms and I look forward to communicating with you again shortly.

Peter Lewin
Chairman
21 September 2007

CONSOLIDATED INTERIM INCOME STATEMENT
for the six months ended 30 June 2007

	Note	Six months to 30 June 2007 (Unaudited) £'000	Six months to 30 June 2006 (Unaudited) £'000	Year ended 31 December 2006 (Unaudited) £'000
Revenue		833	646	1,425
Administrative expenses		(337)	(245)	(588)
Director's bonus and compensation payments			(160)	(160)
Transfer re share warrants		-	(121)	(121)
Surplus on disposal of investment property		-	45	45
Share of profit of joint venture		37	18	57
Net valuation gains/(deficits)		2,356	-	(142)
Finance costs		(553)	(470)	(1,030)
Interest income		550	20	90
Profit/(loss) before tax		2,886	(267)	(424)
Income tax expense		(846)	-	90
Net profit/(loss) for the period		2,040	(267)	(334)
Basic earnings/(loss) per share	4	0.60p	(0.50p)	(0.40p)
Diluted earnings/(loss) per share	4	0.57p	(0.50p)	(0.40p)

CONSOLIDATED INTERIM BALANCE SHEET
as at 30 June 2007

	30 June 2007 (Unaudited) £'000	30 June 2006 (Unaudited) £'000	31 December 2006 (Unaudited) £'000
Assets			
Non current assets			
Investment property	33,443	10,877	14,187
Property, plant and equipment	50	73	61
Goodwill	172	117	171
Investment in joint venture	330	207	324
	33,995	11,274	14,743
Current assets			
Inventories	9,703	9,703	9,703
Trade and other receivables	396	701	488
Cash and cash equivalents	10,924	2,998	27,324
	21,023	13,402	37,515
Total assets	55,018	24,676	52,258
Liabilities			
Current liabilities			
Short term borrowings	370	370	370
Trade and other payables	996	809	792
	1,366	1,179	1,162
Non-current liabilities			
Long term borrowings	16,354	14,326	16,545
Convertible debt	325	325	325
Deferred tax liabilities	876	212	169
	17,555	14,863	17,039
Total liabilities	18,921	16,042	18,201
Net assets	36,097	8,634	34,057
Equity			
Issued capital	3,407	765	3,407
Share premium account	29,472	6,624	29,472
Capital redemption reserve	45	45	45
Other reserves	121	121	121
Profit and loss account	3,052	1,079	1,012
Total equity	36,097	8,634	34,057

STATEMENT OF CHANGES IN EQUITY

	30 June 2007 (Unaudited) £'000	30 June 2006 (Unaudited) £'000	31 December 2006 (Unaudited) £'000
Opening equity	34,057	6,500	6,500
Profit/(loss) for the period	2,040	(267)	(334)
Share issue	-	2,280	27,770
Transfer re share warrants	-	121	121
Closing equity	36,097	8,634	34,057

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2007

	Six months to 30 June 2007 (Unaudited) £'000	Six months to 30 June 2006 (Unaudited) £'000	Year ended 31 December 2006 (Unaudited) £'000
Cash flows from operating activities			
Profit after taxation	2,040	(267)	(334)
Adjustments for:			
Depreciation	11	13	25
Net valuation (gains)/deficits	(2,356)	-	142
Surplus on sale of investment property	-	(45)	(45)
Share of profit of joint venture	(37)	(18)	(57)
Interest income	(550)	(20)	(90)
Finance costs	553	470	1,030
Taxation expense recognised in profit and loss	846	-	(90)
Transfer re share warrants	-	121	121
Decrease/(increase) in trade and other receivables	92	12	(69)
Increase/(decrease) in trade and other payables	77	96	(105)
Cash generated from operations	676	362	528
Interest paid	(553)	(470)	(1,030)
Income taxes paid	(13)	-	-
Net cash from operating activities	110	(108)	(502)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	-	-	(566)
Purchase of investment properties	(16,900)	(1,053)	(2,011)
Proceeds from sale of investment property	-	-	456
Investment in joint venture	31	(199)	(224)
Interest received	550	20	90
		-	
Net cash used in investing activities	(16,319)	(1,232)	(2,255)
Cash flows from financing activities			
Proceeds from issue of share capital	-	2,112	26,769
Proceeds from long term borrowing	-	825	1,752
Payment of long term borrowing	(191)	(944)	(784)
Payment of finance lease liability		(2)	(3)
Net cash used in financing activities	(191)	1,991	27,734
Net (decrease)/increase in cash and cash equivalents	(16,400)	651	24,977
Cash and cash equivalents at beginning of period	27,324	2,347	2,347
Cash and cash equivalents at end of period	10,924	2,998	27,324

NOTES TO THE CONSOLIDATED STATEMENTS

1. Basis of preparation

These interim consolidated financial statements are for the six months ended 30 June 2007. They have been prepared in accordance International Financial Reporting Standards (IFRS), as adopted by the European Union, and the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards relevant to interim reports, because they are part of the period covered by the group's first IFRS financial statements for the year ending 31 December 2007.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group for the year ended 31 December 2006.

These financial statements have been prepared under the historical cost convention, except for revaluation of investment properties.

2. Principal differences between IFRS and UK GAAP:

The principal differences between IFRS and UK GAAP applicable to the Group's financial statements are:

i) under UK GAAP gains on revaluation of investment properties are included as a revaluation reserve. Under IFRS these gains are taken to the Income Statement.

ii) under UK GAAP deferred tax on the revaluation gains of investment properties are disclosed as a note to the accounts. Under IFRS the tax on these revaluation gains are included in the Income Statement.

iii) under UK GAAP negative goodwill is carried in the Balance Sheet. Under IFRS the excess of assets acquired over the fair value of consideration paid is recognised in the Income Statement.

iv) under UK GAAP goodwill is amortised but under IFRS it is tested annually for impairment.

3. Summary of significant accounting policies

The principal accounting policies intended to be adopted for the financial statements for the year ending 31 December 2007 are set out below.

i) Basis of preparation
The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties.

ii) Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition. Business combinations are accounted under the purchase method. Any excess of the purchase price of business combinations over the fair value of the assets and liabilities acquired and the resulting deferred tax thereon is recognised as goodwill. Any discount received is credited to the Income Statement in the period of acquisition.

Joint ventures are accounted for under the equity method of accounting.

iii) Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the assets and liabilities acquired. Goodwill is recognised as an asset and reviewed for impairment annually.

iv) Revenue
Rental income is recognised on a straight line basis over the term of the lease. Where the group provides lease incentives to its tenants the cost of the incentives are recognised over the lease term on a straight line basis as a reduction in income.

Revenue for the sale of assets is recognised when the significant risks and returns have been transferred to the buyer. In the case of the sale of investment properties this is generally taken on completion.

v) Investment property
Investment property is held at fair value based on a professional valuation. Changes in the fair value of investment property are recognised in the Income Statement.

vi) Inventories
Properties held for trading are stated at the lower of cost and net realisable value.

vii) Taxation
The tax expense represents the sum of the tax currently arising and deferred tax for the period.
The tax currently payable is based on the taxable profit for the period.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is provided in full on the difference between the original cost of investment properties and their carrying amount at the reporting date. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

4. Earnings per share

Earnings per share have been calculated on the profit for the period of £2,040,000 (31 December 2006: loss £334,000 and 30 June 2006: loss £267,000) and on 340,714,327 (31 December 2006: 82,085,371 and 30 June 2006: 53,204,277) ordinary shares, being the weighted average number of shares in issue during the period.

The diluted earnings per share has been calculated on a profit for the period of £2,040,000 and on 359,056,372 ordinary shares (to include the effect of 2,954,545 ordinary shares on the conversion of the convertible loan notes and 15,387,500 ordinary shares on the exercise of the share warrants). The conversion of the convertible loan notes and the exercise of the share warrants would not be dilutive to the loss per share for 2006.

TRANSITION TO IFRS

Reconciliation of profit
CONSOLIDATED INTERIM INCOME STATEMENT
for the year ended 31 DECEMBER 2006

	UK GAAP	Year ended 31 December 2006 (Unaudited) Effect of transition to IFRS		IFRS
		Goodwill amortisation (Note a)	Revaluation of investment property (Note b)	
	£'000	£'000	£'000	£'000
Revenue	1,425	-	-	1,425
Administrative expenses	(594)	6	-	(588)
Director's bonus and compensation payments	(160)			(160)
Transfer re share warrants	(121)			(121)
Surplus on disposal of investment property	45	-	-	45
Share of profit of joint venture	57	-	-	57
Net valuation gains/(deficits)	(272)	-	130	(142)
Finance costs	(1,030)	-	-	(1,030)
Interest income	90	-	-	90
Profit before tax	(560)	6	130	(424)
Income tax expense	47	-	43	90
Net profit for the period	(513)	6	173	(334)

Reconciliation of profit
CONSOLIDATED INTERIM INCOME STATEMENT
for the year ended 30 JUNE 2006

	Six months to 30 June 2006 (Unaudited)			
	UK GAAP	**Effect of transition to IFRS**		**IFRS**
		Goodwill amortisation (Note a)	**Revaluation of investment property (Note b)**	
	£'000	**£'000**	**£'000**	**£'000**
Revenue	646	-	-	646
Administrative expenses	(248)	3	-	(245)
Director's bonus and compensation payments	(160)	-	-	(160)
Transfer re share warrants	(121)	-	-	(121)
Surplus on disposal of investment property	45	-	-	45
Share of profit of joint venture	18	-	-	18
Finance costs	(470)	-	-	(470)
Interest income	20	-	-	20
Profit before tax	(270)	3	-	(267)
Income tax expense	-	-	-	-
Net profit for the period	(270)	3	-	(267)

CONSOLIDATED BALANCE SHEET
as at 1 JANUARY 2006

	Note	As at 1 JANUARY 2006 UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Assets				
Non current assets				
Investment property		10,130	-	10,130
Property, plant and equipment		86	-	86
Goodwill	a&c	(786)	903	117
		9,430	903	10,333
Current assets				
Inventories		9,703	-	9,703
Trade and other receivables		189	-	189
Cash and cash equivalents		2,347	-	2,347
		12,239	-	12,239
Total assets		21,669	903	22,572
Liabilities				
Current liabilities				
Short term borrowings		1,127	-	1,127
Trade and other payables		713	-	713
		1,840	-	1,840
Non-current liabilities				
Long term borrowings		13,695	-	13,695
Convertible debt		325	-	325
Deferred tax liabilities	b	-	212	212
		14,020	212	14,232
Total liabilities		15,860	212	16,072
Net assets		5,809	691	6,500
Equity				
Issued capital		523	-	523
Share premium account		4,586	-	4,586
Capital redemption reserve		45	-	45
Revaluation reserve	b	708	(708)	-
Profit and loss account	a&c	(53)	1,399	1,346
Shareholders' funds		5,809	691	6,500

CONSOLIDATED BALANCE SHEET
as at 31 DECEMBER 2006

	Note	As at 31 December 2006		
		UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Assets				
Non current assets				
Investment property		14,187	-	14,187
Property, plant and equipment		61	-	61
Goodwill	a&c	(738)	909	171
Investment in joint venture		324		324
		13,834	909	14,743
Current assets				
Inventories		9,703	-	9,703
Trade and other receivables		488	-	488
Cash and cash equivalents		27,324	-	27,324
		37,515	-	37,515
Total assets		51,349	909	52,258
Liabilities				
Current liabilities				
Short term borrowings		370	-	370
Trade and other payables		792	-	792
		1,162	-	1,162
Non-current liabilities				
Long term borrowings		16,545	-	16,545
Convertible debt		325	-	325
Deferred tax liabilities	b		169	169
		16,870	169	17,039
Total liabilities		18,032	169	18,201
Net assets		33,317	740	34,057
Equity				
Issued capital		3,407	-	3,407
Share premium account		29,472	-	29,472
Capital redemption reserve		45	-	45
Revaluation reserve	b	838	(838)	-
Other reserves		121	-	121
Profit and loss account	b&c	(566)	1,578	1,012
Shareholders' funds		33,317	740	34,057

CONSOLIDATED BALANCE SHEETS
as at 30 JUNE 2006

	Note	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
			As at 30 June 2006	
Assets				
Non current assets				
Investment property		10,877	-	10,877
Property, plant and equipment		73	-	73
Goodwill	a&c	(789)	906	117
Investment in joint venture		207		207
		10,368	906	11,274
Current assets				
Inventories		9,703	-	9,703
Trade and other receivables		701	-	701
Cash and cash equivalents		2,998	-	2,998
		13,402	-	13,402
Total assets		23,770	906	24,676
Liabilities				
Current liabilities				
Short term borrowings		370	-	370
Trade and other payables		809	-	809
		1,179	-	1,179
Non-current liabilities				
Long term borrowings		14,326	-	14,326
Convertible debt		325	-	325
Deferred tax liabilities	b	-	212	212
		14,651	212	14,863
Total liabilities		15,830	212	16,042
Net assets		7,940	694	8,634
Equity				
Issued capital		765	-	765
Share premium account		6,624	-	6,624
Capital redemption reserve		45	-	45
Revaluation reserve	b	708	(708)	-
Other reserves		121	-	121
Profit and loss account	b&c	(323)	1,402	1,079
Shareholders' funds		7,940	694	8,634

NOTES TO TRANSITION TO IFRS

a) Goodwill is no longer amortised and is recognised as an asset and reviewed for impairment.

b) Gains on revaluation of investment property, together with the associated deferred tax, are taken to the income statement.

c) Under UK GAAP negative goodwill is carried in the Balance Sheet. Under IFRS the excess of assets acquired over the fair value of consideration paid is recognised in the Income Statement.