

**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 independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.**

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 and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**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 (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of one month. A copy of this document is also available on the Company's website ([www.reiplc.com](http://www.reiplc.com)).**

**This document is not an offer of securities, or the solicitation of an offer to acquire securities in any jurisdiction. This document is not a prospectus or equivalent document. The New Shares referred to in this document have not been and will not be registered or qualified for distribution to the public under the securities legislation of any jurisdiction. The information about the Placing in this document is provided solely for the information of Shareholders in connection with the GM and not to any other person or for any other purpose.**

**The New Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the Securities Act) and may not be offered, sold or transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act. The New Shares may not be offered, sold or transferred, directly or indirectly, in or into Australia, Canada, Japan, the Republic of Ireland, New Zealand, South Africa or Switzerland, or any province or territory thereof, or any other jurisdiction in which it would be unlawful to do so.**

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 unanimous recommendation by the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the GM.

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# Real Estate Investors PLC

*(incorporated in England and Wales with registered number 5045715)*

## Placing of new Ordinary Shares and Notice of General Meeting

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The GM to consider the Resolutions will be held at 11.00 a.m. on 13 April 2015 at the Company's registered office at Cathedral Place, Third Floor, 42-44 Waterloo Street, Birmingham B2 5QB. The notice convening the GM is set out on pages 13 to 14 of this document. **The action to be taken in respect of the GM is set out in the letter from the Chairman of Real Estate Investors PLC contained in Part 1 of this document. Whether or not you plan to attend the GM, please complete the enclosed Form of Proxy and return it 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 business hours only, by hand, to the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by 11.00 a.m. on 9 April 2015 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, if you hold Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Capita Asset Services (under CREST participant ID: RA10) by no later than 11.00 a.m. on 9 April 2015 (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 or use of the CREST electronic proxy appointment service will not prevent you from attending, speaking and voting at the GM, or any adjournment thereof, in person should you wish to do so.**

If you require assistance in completing the Form of Proxy or require additional Forms of Proxy, please call Capita Asset Services, the Company's registrars, on 0871 664 0300 (calls cost 10p per minute plus network charges and lines are open Monday to Friday, 9.00 a.m. to 5.30 p.m. or, from outside the UK, on +44 20 8639 3399). For legal reasons, Capita Asset Services 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.

Smith & Williamson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser for the purposes of the AIM Rules exclusively for the Company in connection with Admission and the Placing. Smith & Williamson is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of Smith & Williamson, or for advising any other person in connection with Admission and the Placing. The responsibilities of Smith & Williamson as nominated adviser are owed solely to the London Stock Exchange and not to the Company or to any Director or any person in respect of any decision to acquire New Shares in reliance on any part of this document.

Liberum, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as broker exclusively for the Company in connection with the Placing. Liberum is not acting for any other person and will not be responsible to any other person for providing the protections afforded to clients of Liberum, or for advising any other person in connection with the Placing.

No representation or warranty, express or implied, is made by Smith & Williamson or Liberum or any of their respective directors, officers, employees, advisers or agents as to any of the contents of this document and, without limiting the statutory rights (if any) of any person to whom this document is issued, no liability whatsoever is accepted by Smith & Williamson or Liberum or any of their respective directors, officers, employees, advisers or agents for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Date: 28 March 2015

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## TIMETABLE OF PRINCIPAL EVENTS

	<b>2015</b>
Posting of this document	28 March
Latest date for receipt of Forms of Proxy for GM	11.00 a.m. on 9 April
GM	11.00 a.m. on 13 April
Admission, settlement and commencement of dealings in the New Shares	8.00 a.m. on 14 April

## SHARE STATISTICS

Issue Price	60 pence
Number of Ordinary Shares in issue	111,420,598
Number of Ordinary Shares to be issued	75,000,000
Number of Ordinary Shares in issue following Admission	186,420,598
New Shares as a percentage of the Enlarged Issued Share Capital	40.2%
Gross proceeds of the Placing	£45 million

## PART 1

### LETTER FROM CHAIRMAN

# Real Estate Investors PLC

*(incorporated in England and Wales with registered number 5045715)*

*Directors:*

John Crabtree *(Chairman)*  
William Wyatt *(Non Executive Director)*  
Peter London *(Non Executive Director)*  
Paul Bassi *(Chief Executive)*  
Marcus Daly *(Finance Director and Secretary)*

*Registered Office:*

Cathedral Place  
3rd Floor  
42-44 Waterloo Street  
Birmingham  
West Midlands  
B2 5QB

28 March 2015

Dear Shareholder

## PLACING OF NEW ORDINARY SHARES AND NOTICE OF GENERAL MEETING

### Introduction

The Company announced yesterday that it proposes to raise funds for expansion by way of a placing of 75,000,000 new Ordinary Shares at a price of 60 pence per new Ordinary Share, raising £45 million (before expenses). The Placing is conditional upon, amongst other things, the approval of Shareholders at the General Meeting (**GM**) and upon the Placing Agreement becoming unconditional in all respects.

**The purpose of this document is to explain the background to and reasons for the Placing and why the Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the GM, notice of which is set out at the end 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 Part 2 "Action to be Taken" below, as soon as possible.**

### Background to and reasons for the Placing

REI is a regional investor with a focus on Birmingham and the West Midlands. The Directors believe that the region is on the cusp of its re-emergence as an economic and commercial centre. This regeneration is expected to impact positively on REI's business in the immediate and longer term. The economy is robust and growth is driven by the creative industries, education, tourism, retail and high end manufacturing. Listed below are some of the key facts that support and demonstrate a growing regional economy:

- export growth continues with West Midlands outstripping London for the first time, boosted by significant investment in the region by Jaguar Land Rover, which has, itself, enjoyed record levels of global sales in 2014;
- unemployment levels in the West Midlands are reducing whilst the region is seeing increased local and foreign investment, as well as strong growth in international trade;
- Greater Birmingham is the largest regional financial and professional services hub in the UK, and Birmingham Airport recorded its busiest year in its 75 year history in 2014; and
- property investment in the region reached an 8 year high during 2014, with West Midlands commercial property investment soaring to £2.3 billion, up 44 per cent. on 2013 and Q4 2014 office market lettings reached 713,460 sq ft, the highest total since 2008.

Investment demand in the West Midlands is varied, and includes international buyers from China, Singapore, the Middle East and the USA, as well as the traditional UK based institutional funds, insurance companies, and public and private property companies. REI has benefitted from rising values, and anticipates further growth from improving occupier demand and rising rental values, in particular from its prime Birmingham city centre owned properties, which represent 31 per cent. of the portfolio. The Company's year-end valuations as at 31 December 2014 have revealed a general uplift in values, however the Directors believe that these continue to 'lag' the market and actual sales values would provide further uplifts as demonstrated by the sales that were made during 2014. REI's investments outside the city centre, in what the Directors consider to be quality secondary locations, are predicted to see yield compression in 2015 and 2016, providing REI with further potential growth.

REI's portfolio grew by over one third in value in 2014, up 37 per cent. compared to 2013, and the Directors anticipate further growth through the acquisition of criteria compliant properties and improving the capital values and income from its existing portfolio. REI's reputation as an established property investor, with a proven track record, along with the management's privileged and in depth knowledge and network, continues to provide acquisition opportunities that are criteria compliant and secure capital growth and income enhancing opportunities for the Company.

In April 2014 the Company raised approximately £20 million by way of a placing of new Ordinary Shares. The net proceeds of the placing were successfully deployed on identified acquisition opportunities in line with the Company's stated strategy at the time and within the intended timescale. REI's management team has demonstrated its ability to deliver improved value through its active approach to asset management, whereby the Company acquires a property for which it then seeks to obtain alternative planning consents, and/or undertakes any necessary refurbishments and/or negotiates better lease arrangements, resulting in increasing capital values. For example, 33 Bennetts Hill, Birmingham was acquired for £1.575 million in 2014, a change in use consent was secured from offices (B1) to leisure (A3), and leases signed at £135,000 per annum with Loungers Limited (25 years) and at £45,000 per annum with Discovery Group (10 years). Even after an approximate capital spend of £200,000 the property has provided REI with an excellent return.

With the benefit of additional cash reserves, existing bank facilities and access to equity, the Directors believe that the Company should be able to continue to capitalise on opportunities to acquire appropriate assets at attractive valuations. The acquisition pipeline for 2015 is strong with over £100 million of opportunities identified. REI's management team will utilise its unparalleled market knowledge and extensive relationships in order to access these opportunities. Successful acquisitions should result in capital growth and increased rental income which, in turn, will underpin the Board's intention to pay a progressive dividend.

Over the next few years, as REI's portfolio matures and its asset management programme completes, the Company intends to continue to actively recycle capital, disposing of assets when it makes sense to do so. The Company continues to receive approaches from agents and buyers for individual and collective elements of the portfolio, and, where it sees exceptional sales value, it will make sales.

The Directors believe that the market will see a return to normalised bank lending and significant demand from local and international buyers who recognise the benefits of investing in the region.

In order to maximise REI's ability to act quickly on the acquisition pipeline described above, the Directors are seeking to raise £45 million (before expenses) by way of a Placing of new Ordinary Shares.

### **Use of Proceeds**

The Board is proposing to raise £45 million of additional equity (before expenses) by means of the Placing, in order to provide additional resources to capitalise on acquisition opportunities currently existing in the Midlands property market. The Company intends to target acquisition opportunities from a potential pipeline of over £100 million of identified opportunities in the core target areas of Birmingham and the West Midlands. The opportunities are typically ex-institutionally owned assets that, in their present form due to lease lengths, voids and lot size, are not compliant with the policy of an institutional investor, or sales from distressed portfolios acquired by US or UK specialist funds during the property crash, that are now being broken up for sale.

REI plans to invest in acquisition opportunities in line with its established investing policies, focussing on assets which have:

- high running yields or short to medium term asset management opportunities; and
- opportunities to generate rental value and/or capital growth from active asset management, refurbishment, redevelopment, change of use and planning gains.

Based on its current assessment of opportunities, the Board intends that REI will substantially deploy the proceeds of the Placing within 3-9 months of Admission. It remains the Board's objective to grow the Company's portfolio from the current level and for the Company to become a growing, high payout ratio property business as underpinned by its recent real estate investment trust (**REIT**) conversion. The Directors believe that rental value and capital growth can be achieved through active asset management of acquired properties and will not be reliant on yield compression. Notwithstanding this, the Directors believe that yield compression in the future will also benefit the portfolio.

### **Current Trading and Prospects**

On 16 March 2015, the Company announced its preliminary results for the 12 months ended 31 December 2014, confirming a 21 per cent. uplift in profit before tax of £6.0 million, compared to £5.0 million for the year ended 31 December 2013. Revenue was up 19 per cent. to £8.0 million compared to £6.7 million for the year ended 31 December 2013, with contracted annual rental income of £7.7 million, up 33 per cent. over £5.8 million at 31 December 2013.

The Directors believe that there is still a significant differential between ERV and current contracted rental income, presenting prospects for organic growth with ERVs starting to be achieved on new lettings. The current ERV is estimated at £9.6 million. Leasing progress to date during 2015, including leases in legal, is estimated at £368,000 per annum. The Board believes that the portfolio valuation continues to 'lag' the market and actual sales values would provide further uplifts as demonstrated by the sales the Company has made during 2014. REI investments outside the city centre, in what the Directors consider to be quality secondary locations, are predicted to see yield compression in 2015 and 2016, providing REI with further potential growth.

The total property portfolio valuation, as at 31 December 2014, was £104.4 million, including inventory properties, with a net asset value per Ordinary Share of 57.9 pence and EPRA NAV of 61.3 pence per Ordinary Share.

REI remains conservatively financed with bank loans of approximately £43.0 million and available cash of approximately £6.3 million, as at 31 December 2014, equating to a net loan to value ratio of 35.2 per cent. It is the Board's intention that the net loan to value ratio across the Company's portfolio will not exceed a level of 50 per cent. at any time.

### **Portfolio and pipeline**

The property portfolio, based principally in Birmingham and the West Midlands, comprises a diverse range of properties and is not reliant on, or over-exposed to, specific sub-sectors or tenants. The Directors believe that they can build on this portfolio through their network of agents and established relationships which provide introductions to prospective investments where the Company can act as an unlevered cash buyer to facilitate quick execution on competitive terms. Further, the Directors believe that REI's well established banking relationships, with institutions including the Lloyds Banking Group, Aviva and Santander, will provide access to new credit facilities, allowing it to lever its equity investments, as well as participate in distressed asset work-outs in the region.

REI has been in discussions in relation to a pipeline of opportunities with an aggregate value of over £100 million which is expected to include the following vendors:

- UK and US based private equity;
- motivated sellers, sourced through the Company's network of agents; and
- lender stakeholders, sourced through direct dialogue between REI management and regional lenders.

The opportunities that are available are essentially ex-institutionally owned assets that, in their present form due to lease lengths, voids and lot size, are not compliant with the policy of an institutional investor, or sales from distressed portfolios acquired by US or UK specialist funds during the property crash, that are now

being broken up for sale. Where these opportunities are criteria compliant and the Company believes it can add value, it will act to secure these and continue to grow the portfolio. These pipeline assets provide opportunities for re-financing and active asset management by the Company. Overall, it is the Directors' intention to achieve capital growth through active asset management coupled with revenue growth through the capture of reversionary income from the current portfolio and immediate revenue enhancement from pipeline acquisitions.

### **Details of the Placing**

The Company is proposing to issue 75,000,000 New Shares at a price of 60 pence per New Share pursuant to the Placing, raising £45 million (before expenses). The Issue Price represents a premium of 1.5 pence (2.6 per cent.) to the closing middle market price of an Ordinary Share on 26 March 2015, the latest practicable date prior to the announcement of the Placing.

Whilst the Placing is being undertaken at a discount to the EPRA NAV per share, the Directors believe that the scale of the opportunity that currently exists in the Midlands property market to acquire assets requiring the asset management skills the Company possesses justifies the issue at a discount. In addition, the Placing will provide additional capital for the Company to invest without the need for additional management resource and therefore, the Directors believe that the additional capital will have a substantial positive effect on the Company's profitability and ability to pay out higher dividends to shareholders in future years.

The Placing, which is not being underwritten, has been undertaken pursuant to the Placing Agreement. Under the terms of the Placing Agreement Liberum, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares and Smith & Williamson as agent for the Company, has agreed to act as nominated adviser in connection with the application for Admission.

The Placing Agreement is conditional on, amongst other things:

1. the passing of the Resolutions (without amendment) at the GM;
2. the delivery by the Company to Liberum and Smith & Williamson of certain documents and letters;
3. the Company not having breached in any material respect any of its obligations under the Placing Agreement; and
4. Admission becoming effective by not later than 8.00 a.m. on 14 April 2015 (or such later time and/or date as the Company, Liberum and Smith & Williamson may agree (being not later than 8.00 a.m. on 30 April 2015)).

The Placing Agreement contains certain warranties given by the Company in favour of Liberum and Smith & Williamson as to, amongst other things, certain matters relating to the Company and its business. In addition, the Company has given certain undertakings to Liberum and Smith & Williamson relating to, amongst other things, the despatch of public communications concerning the Company following Admission and the issue and allotment of Ordinary Shares following Admission. The Placing Agreement also contains indemnities given by the Company in favour of Liberum and Smith & Williamson in relation to certain liabilities they may respectively incur in respect of the Placing and/or Admission. Liberum and/or Smith & Williamson have the right to terminate the Placing Agreement prior to Admission in certain circumstances, including: (i) in the event that the Company has failed to comply in any material respect with any of its obligations under the Placing Agreement; (ii) in the event that any of the warranties from the Company in the Placing Agreement is not, or has ceased to be, true and accurate in any material respect; and (iii) in the event of certain events of force majeure, including any adverse change in national or international financial, economic, market or political conditions which in the opinion of Liberum and/or Smith & Williamson (arrived at in good faith and, as far as practicable, in consultation with the Company) would be materially adverse to the Placing or would render proceeding with the Placing impracticable or inadvisable.

In consideration for the services to be provided to the Company by Liberum and Smith & Williamson in connection with Admission and the Placing, the Company has agreed to pay Liberum and Smith & Williamson certain fees and commissions and certain other costs and expenses incidental to Admission and/or the Placing.

The expenses of and incidental to the Placing, including the fees and commissions payable to Liberum and Smith & Williamson, are estimated to amount to not more than 3 per cent. of the gross proceeds of the Placing, and will be payable by the Company.

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. Subject to, amongst other things, the Resolutions being duly passed by the requisite majorities at the GM, it is expected that Admission will become effective and dealings in the New Shares on AIM will commence on 14 April 2015.

If Admission does not take place on or before 8.00 a.m. on 14 April 2015 (or such later time and/or date as the Company, Liberum and Smith & Williamson may agree (being not later than 8.00 a.m. on 30 April 2015)), the Placing will not proceed.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, paid or made after Admission.

The Directors are seeking authority from Shareholders to allot Ordinary Shares pursuant to the Placing and to disapply statutory pre-emption rights in respect of such Ordinary Shares.

### Directors' intentions

Certain of the Directors have agreed to subscribe for new Ordinary Shares (also referred to as the Committed Shares) as part of the Placing:

<i>Directors</i>	<i>New Shares</i>	<i>Resultant Holding</i>	<i>% Enlarged Issued Share Capital</i>
Paul Bassi <sup>1</sup>	83,333	9,283,333	4.98
Marcus Daly <sup>2</sup>	83,333	968,333	0.52
John Crabtree <sup>3</sup>	16,666	154,666	0.08
Peter London <sup>4</sup>	16,666	59,166	0.03

#### Notes:

1. Paul Bassi's existing shares are held personally, through a nominee and through Bond Wolfe Assets Limited of which he is the chairman and sole shareholder. His New Shares will be held through Issab Holdings Limited.
2. Marcus Daly's existing shares are held personally, through a nominee and through Datalore Limited.
3. John Crabtree's existing shares are held personally.
4. Peter London's existing shares are held through a nominee.

### Dividend policy

REI paid its first dividend to shareholders of 0.5 pence per Ordinary Share in October 2012 in respect of the financial year ended 31 December 2012. In October 2013, REI increased the dividend payment to Shareholders by 100 per cent., with a dividend payment of 1.0 pence per Ordinary Share in respect of the financial year ended 31 December 2013 and the total dividend for the year ended 31 December 2014 increased by 50 per cent. to 1.5 pence per Ordinary Share. The Board remains committed to a progressive dividend policy for the future and the Company's status as a REIT will allow the payment of dividends within an attractive tax status. The Board has declared its intention to pay dividends quarterly, in order to distribute income generated by the Company to Shareholders on a more timely basis. It is anticipated that the first such quarterly dividend will be paid in 2016.

### Related party transaction

Ruffer LLP (**Ruffer**), on behalf of its clients, currently a substantial Shareholder in the Company as defined in the AIM Rules, has conditionally agreed to subscribe for 5,000,000 Placing Shares pursuant to the Placing. Following the Placing, Ruffer will own 20,598,883 Ordinary Shares representing approximately 11.0 per cent. of the Enlarged Issued Share Capital. As a substantial Shareholder, Ruffer is deemed to be a related party for the purposes of the AIM Rules. The Board, having consulted with Smith & Williamson in its capacity as

the Company's nominated adviser, consider that the terms of Ruffer's participation in the Placing are fair and reasonable insofar as the Company's Shareholders are concerned.

### **General Meeting**

As noted above, the Directors are seeking authority to allot Ordinary Shares to implement the Placing. Notice of the GM is set out at the end of this document. The GM will be held at the Company's registered office, Cathedral Place, Third Floor, 42-44 Waterloo Street, Birmingham B2 5QB on 13 April 2015 at 11.00 a.m.

In addition, a Form of Proxy for use at the GM is enclosed with this document (see Part 2 below headed "Action to be Taken").

Shareholders have the right to attend, speak and vote at the GM (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 6.00 p.m. on 9 April 2015). 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 GM. If the GM is adjourned, only those Shareholders on the Register at 6.00 p.m. on the day which is two days before the date of the adjourned GM 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.

### ***Explanation of the Resolutions to be proposed at the General Meeting***

The notice convening the GM sets out the Resolutions to be proposed at the GM. An explanation of these Resolutions is set out below:

#### ***Authority to allot shares (Resolution 1)***

The Directors need the authority of Shareholders to allot new Ordinary Shares and Resolution 1 provides such authority by granting the Directors the authority to allot shares in the capital of the Company for the purpose of the Placing up to a maximum nominal amount of £7,500,000 (representing, as at 27 March 2015 (being the latest practicable date prior to the publication of this document), 67.3 per cent. of the Company's issued share capital). This authority, if granted, would last until 30 June 2015. If, however, the Company makes an offer or enters into an agreement requiring the issue of Ordinary Shares 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 more than 50 per cent. of the votes cast voting in favour. This authority, if granted, will be in addition to any existing authorities to allot Ordinary Shares granted to the Directors prior to the date of this document which will continue in full force and effect whether or not the Placing is effected.

#### ***Disapplication of pre-emption rights (Resolution 2)***

Section 561 of the Act requires that on an allotment of "equity securities" for cash, such equity securities must first be offered 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 561 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 for the purposes of the Placing. 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 is sought for the purpose of the Placing and is intended to last until 30 June 2015. The passing of Resolution 2 will require not less than 75 per cent. of the votes cast voting in favour. This authority, if granted, will be in addition to any existing authorities to disapply pre-emption rights granted to the Directors prior to the date of this document which will continue in full force and effect whether or not the Placing is effected.

### **Issued share capital**

If the Placing is approved by Shareholders, the Company's approximate issued share capital will be £18,642,059.80 divided into 186,420,598 Ordinary Shares.

**Recommendation**

**Your Board believes the Placing to be in the best interests of the Company and the Shareholders taken as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of the Resolutions to be proposed at the GM as they have irrevocably undertaken to do in respect of their beneficial holdings, amounting, in aggregate, to 10,364,000 Ordinary Shares, representing 9.3 per cent. of the existing issued share capital of the Company.**

Yours faithfully

**John Crabtree**  
*Chairman*

## PART 2

### ACTION TO BE TAKEN

Shareholders may appoint a proxy, that is, someone who will attend the GM on their behalf and vote, by completing and returning the accompanying Form of Proxy or, if you hold your Ordinary Shares in uncertificated form, by using the CREST electronic proxy appointment service.

Enclosed with this document is a Form of Proxy for use in connection with the GM. For Shareholders' convenience, the appointment of the chairman of the GM 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.

CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the GM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

To be valid, the Form of Proxy should be signed and returned to the Company's registrars, Capita Asset Services, 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 business hours only, by hand, or in accordance with the instructions printed thereon, not later than 11.00 a.m. on 9 April 2015 (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 GM, you are requested to complete and return the Form of Proxy to Capita Asset Services, 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.

In order for a proxy appointment made by means of CREST to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction must be transmitted so as to be received by Capita Asset Services (ID: RA10) by 11.00 a.m. on 9 April 2015 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

**CREST Members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

The completion and return of a Form of Proxy or making use of the CREST electronic proxy appointment service will not prevent Shareholders from attending and voting at the GM should they so wish.

## DEFINITIONS

“Act”	the Companies Act 2006;
“Admission”	the admission of the New Shares to trading on AIM becoming effective in accordance with Rule Six of the AIM Rules;
“AIM Rules”	the rules for companies whose shares are traded on AIM, and their nominated advisers, and issued by the London Stock Exchange from time to time;
“AIM”	a market operated by the London Stock Exchange;
“Board” or “Directors”	the directors of the Company, whose names appear on page 3 of this document;
“Committed Shares”	199,998 new Ordinary Shares to be subscribed for by certain of the Directors as part of the Placing;
“Company” or “REI”	Real Estate Investors PLC;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as subsequently amended);
“CREST Member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Proxy Instruction”	an appropriate and valid CREST message appointing a proxy by means of CREST;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“CREST sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“Enlarged Issued Share Capital”	the Company’s issued Ordinary Share capital immediately following the Placing;
“EPRA NAV”	the net assets of the Company calculated in accordance with the definition set out by the European Public Real Estate Association;
“ERV”	Estimated Rental Value, being the estimate of the rental which a property is likely to command in the open market at a given time;
“Euroclear”	Euroclear UK & Ireland Limited (formerly CRESTCo Limited), the operator of CREST;

“Form of Proxy”	the form of proxy accompanying this document for use at the GM;
“GM” or “General Meeting”	the general meeting of the Company convened for 13 April 2015 (and any adjournment thereof), notice of which is set out at the end of this document;
“Issue Price”	60 pence per New Share;
“Liberum”	Liberum Capital Limited, Ropemaker Place, Level 12, 25 Ropemaker Street, London EC2Y 9LY;
“London Stock Exchange”	London Stock Exchange plc;
“New Shares”	the Placing Shares and the Committed Shares;
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company;
“Placing”	the proposed sale of the New Shares by the Company (through subscription) pursuant to the Placing Agreement;
“Placing Agreement”	the placing agreement dated 27 March 2015 between (1) the Company, (2) Liberum and (3) Smith & Williamson;
“Placing Shares”	74,800,002 new Ordinary Shares to be issued to placees procured by Liberum pursuant to the Placing;
“Register”	the register of members of the Company;
“Resolutions”	the resolutions set out in the notice of GM at the end of this document;
“Shareholders”	holders of Ordinary Shares;
“Smith & Williamson”	Smith & Williamson Corporate Finance Limited, 25 Moorgate, London EC2R 6AY; and
“Voting Record Time”	in relation to the GM, 6.00 p.m. on 9 April 2015 or if the GM is adjourned, 6.00 p.m. on the day which is two days before the date of the adjourned meeting.

# Real Estate Investors PLC

## (Company)

(incorporated in England and Wales with registered number 5045715)

### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the Company's registered office, Cathedral Place, Third Floor, 42-44 Waterloo Street, Birmingham B2 5QB on 13 April 2015 at 11.00 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:

1. THAT pursuant to section 551 of the Companies Act 2006 (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 shares in the capital of the Company or grant rights to subscribe for, or to convert any security into, shares in the Company (**Relevant Securities**) to such persons and at such times and on such terms as they think proper for the purpose of a placing of shares (the **Placing**) as described in the circular to Shareholders dated 28 March 2015 (a copy of which is produced to the meeting and, for the purpose of identification only, marked "A" by the Chairman) up to a maximum nominal amount of £7,500,000 provided that this authority shall, unless previously revoked, varied or renewed by the Company in general meeting, expire on 30 June 2015, save that the Company may before such 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 authority conferred hereby shall be in addition to any authority conferred upon the Directors in accordance with the said section prior to the passing of this resolution, which authorities (to the extent they remain in force and unexercised) shall continue in full force and effect.
2. THAT subject to the passing of the resolution numbered 1 above, pursuant to section 571 of the Act, the Directors be and they are hereby empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the general authority conferred by such resolution 1 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment for the purpose of the Placing of equity securities up to an aggregate nominal amount of £7,500,000 provided that this power shall, unless previously revoked, varied or renewed by the Company in general meeting, expire on 30 June 2015 save that the Company may before such 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 conferred hereby shall be in addition to 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 continue in full force and effect.

*Registered Office:*

Cathedral Place  
3rd Floor  
42-44 Waterloo Street  
Birmingham  
West Midlands  
B2 5QB

*By Order of the Board*

Marcus Daly  
*Company Secretary*

Dated: 28 March 2015

Notes:

1. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the form of proxy. The proxy need not be a member of the Company. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
2. The notes to the form of proxy explain how to direct your proxy how to vote on each resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting. Completion of the form of proxy will not preclude a member from attending and voting in person.
3. A form of proxy is enclosed with this notice. To be valid, the form must be received by post or, during normal business hours only, deposited by hand at the offices of the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or in accordance with the instructions printed thereon not later than 11.00 a.m. on 9 April 2015 or not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for holding any adjourned meeting.
4. Subject to the following principles, where more than one proxy is appointed, where a form of proxy does not state the number of shares to which it applies (a **blank proxy**), then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the member's **entire holding**). In the event of a conflict between a blank proxy and a form of proxy which does state the number of shares to which it applies (a **specific proxy**), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
5. Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last delivered. Proxies in the same envelope will be treated as sent and delivered at the same time, to minimise the number of conflicting proxies.
6. If conflicting proxies are sent or delivered at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
7. Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or delivered (or they were all sent or delivered at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares). Where this gives rise to fractions of shares, such fractions will be rounded down.
8. If you appoint a proxy or proxies and then decide to attend the meeting in person and vote, on a poll, using your poll card, then your vote in person will override the proxy vote(s). If your vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last delivered proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
9. In relation to paragraph 8 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
11. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see note 3) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you would like to change the proxy instructions, please contact Capita Asset Services at the address set out in note 3.
12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at the address set out in note 3. The revocation notice must be received by Capita Asset Services no later than 8.00 a.m. on 13 April 2015. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then your proxy appointment will remain valid.
13. In the case of a member which is a company, the form of proxy and any revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the form of proxy and any revocation notice is signed (or a duly certified copy of such power or authority) must be included with the form of proxy and any revocation notice.
14. Except as provided above, members who have general queries about the meeting should call our shareholder helpline on 0871 664 0300 (calls cost 10p per minute plus network charges and lines are open Monday to Friday 9.00 a.m. to 5.30 p.m.) (or from outside the UK on +44 208 639 3399). You may not use any electronic address provided either:
  - 14.1 in this Notice of GM; or
  - 14.2 any related documents (including the form of proxy), to communicate with the Company for any purposes other than those expressly stated.

