

REAL ESTATE INVESTORS PLC

Interim results for the six months ended 30 June 2005

Real Estate Investors PLC (“REI” or “the Company”), the commercial property investment company, today announces its interim results for the six months ended 30 June 2005.

Chairman’s Statement

As the Company made a very full statement about its progress in June, I do not propose repeating that information in these Interim Results.

However, I can report that, since our announcement on 9 June 2005, REI has increased its market capitalisation as a result of an institutional share placing by our brokers, Seymour Pierce Ellis. Six million new shares have been issued, raising £600,000 (before expenses) and, as a result, we have further widened our shareholder base.

Our immediate objectives are to continue to grow the business in a secure fashion and for this activity to be reflected in our share price. To this end, we will continue with our successful strategy of acquiring investments by utilising our flexible capital structure, through the issue to vendors of new ordinary shares in REI.

John J Jack, Chairman
16 August 2005

For further information please contact:

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INTERIM CONSOLIDATED RESULTS
for the six months ended 30 June 2005

	Six months to 30 June 2005 (Unaudited) £'000	Period to 30 June 2004 (Unaudited) £'000	Period ended 31 December 2004 (Audited) £'000
Turnover	537	20	214
Administrative expenses	(216)	(17)	(218)
	-----	-----	-----
Operating profit/(loss)	321	3	(4)
Profit on sale of investment properties (Note 4)	47	-	-
	-----	-----	-----
Profit on ordinary activities before interest	368	3	(4)
Interest receivable	17	3	21
Interest payable	(383)	(11)	(114)
	-----	-----	-----
Profit/(loss) on ordinary activities before taxation	2	(5)	(97)
Taxation	-	-	30
	-----	-----	-----
Retained profit/(loss) for the period	2	(5)	(67)
	=====	=====	=====
Earnings/(loss) per share	0.01p	(0.11p)	(0.36p)
	=====	=====	=====

CONSOLIDATED BALANCE SHEET
as at 30 June 2005

	30 June 2005 (Unaudited) £'000	30 June 2004 (Unaudited) £'000	31 December 2004 (Audited) £'000
Fixed assets			
Tangible assets	9,251	4,211	5,574
Intangible assets - goodwill	121	153	148
- negative goodwill	(906)	-	(906)
	-----	-----	-----
	8,466	4,364	4,816
	-----	-----	-----
Current assets			
Stock	9,704	-	9,655
Debtors	1,566	78	334
Cash at bank	624	1,102	2,028
	-----	-----	-----
	11,894	1,180	12,017
Creditors - amounts falling due within one year	(1,373)	(413)	(9,279)
	-----	-----	-----
Net current assets	10,521	767	2,738
	-----	-----	-----
Total assets less current liabilities	18,987	5,131	7,554
Creditors - amounts falling due after more than one year			
Convertible debt	(325)	(325)	(325)
Other	(14,643)	(2,386)	(3,628)
	-----	-----	-----
	(14,968)	(2,711)	(3,953)
	-----	-----	-----
Net assets	4,019	2,420	3,601
	=====	=====	=====
Capital and reserves			
Called up share capital	414	264	320
Share premium account	3,626	2,116	2,703
Capital redemption reserve	45	45	45
Shares to be issued	-	-	600
Profit and loss account	(66)	(5)	(67)
	-----	-----	-----
Shareholders' funds	4,019	2,420	3,601
	=====	=====	=====

GROUP CASH FLOW STATEMENT
for the six months ended 30 June 2005

	Six months to 30 June 2005 (Unaudited) £'000	Period to 30 June 2004 (Unaudited) £'000	Period ended 31 December 2004 (Audited) £'000
Net cash inflow from operating activities (Note 1)	605	54	84
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Returns on investment and servicing of finance			
Interest received	9	3	21
Interest paid	(216)	-	(95)
	-----	-----	-----
Net cash (outflow)/inflow from returns on investment and servicing of finance	(207)	3	(74)
Taxation	-	-	(20)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(4,317)	(11)	(1,205)
Sale of investment properties	1,184	-	-
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Net cash outflow from capital expenditure and financial investment	(3,133)	(11)	(1,205)
Acquisitions and disposals			
Purchase of subsidiary undertakings	(2,253)	(219)	(218)
Payment of exchange deposit for 3147398 Limited acquisition	-	-	(300)
Payment of amounts owed by subsidiaries to vendors	(67)	(837)	(837)
Net cash from purchase of subsidiaries	-	-	763
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Net cash outflow from acquisitions and disposals	(2,320)	(1,056)	(592)
Financing			
Net proceeds from issue of shares	-	2,100	2,563
Receipts from borrowing	11,218	-	3,000
Repayments of borrowing	(6,165)	-	(1,728)
Funds deposited with lenders	(1,409)	-	-
Finance lease	7	-	-
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Net cash inflow from financing	3,651	2,100	3,835
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(Decrease)/increase in cash	(1,404)	1,090	2,028
	=====	=====	=====

NOTES:**1. Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	Six months to 30 June 2005 (Unaudited) £'000	Period to 30 June 2004 (Unaudited) £'000	Period ended 31 December 2004 (Audited) £'000
Operating profit/(loss)	321	3	(4)
Depreciation	12	-	10
Amortisation	3	-	4
(Increase) in stock	(48)	-	-
Decrease/(Increase) in debtors	149	(74)	(100)
Increase in creditors	168	125	174
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Net cash inflow from operating activities	605	54	84
	=====	=====	=====

2. Reconciliation of net cash flow to movement in net debt

	Six months to 30 June 2005 (Unaudited) £'000	Period to 30 June 2004 (Unaudited) £'000	Period ended 31 December 2004 (Audited) £'000
(Decrease)/increase in cash in the period	(1,404)	1,090	2,028
Net cash inflow from financing	(3,651)	-	(1,272)
	-----	-----	-----
Change in net debt resulting from cash flows	(5,055)	1,090	756
Loans acquired with subsidiaries	-	(2,840)	(8,949)
Other non-cash movements	4	-	(4)
Net debt at start of period	(8,197)	-	-
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Net debt at end of period	(13,248)	(1,750)	(8,197)
	=====	=====	=====

3. Analysis of movement in net debt

	At 1 January 2005 £'000	Cash flow £'000	Non-cash changes £'000	At 30 June 2005 £'000
Cash at bank	2,028	(1,404)	-	624
Funds deposited with lenders	-	1,409		1,409
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	2,028	5	-	2,033
Debt due within one year	(6,272)	5,959	-	(313)
Debt due after one year	(3,953)	(11,019)	4	(14,968)
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	(8,197)	(5,055)	4	(13,248)
	=====	=====	=====	=====

4. Profit on sale of investment properties

	Six months to 30 June 2005 (Unaudited) £'000	Period to 30 June 2004 (Unaudited) £'000	Period ended 31 December 2004 (Audited) £'000
Sale proceeds	1,190	-	-
Cost of sales	(1,143)	-	-
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Profit on disposal of investment	47	-	-
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5. Basis of preparation

The financial information for the periods ended 30 June 2004 and 30 June 2005 is unaudited and does not constitute statutory accounts within the meaning of the Companies Act 1985. It has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the period ended 31 December 2004. The figures for the period ended 31 December 2004 have been extracted from the statutory accounts which have been reported on by the Group's auditors and have been delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain any statement under Section 237 (2), (3) or (4) of the Companies Act 1985.

6. Earnings per share

Earnings per share have been calculated on profit retained for the period of £2,000 and on 38,974,107 ordinary shares of 1p each which is the weighted average number of shares in issue during the period ended 30 June 2005.

7. Copies of report

Copies of this report are available from the Company's business address at REI House, Bury Lane, Rickmansworth, Hertfordshire WD3 1ED.