THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you are recommended to consult your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document is an admission document in relation to AIM. It has been drawn up in accordance with the AIM Rules and the Public Offers of Securities Regulations 1995, as amended (the "POS Regulations"). This document does not constitute a prospectus and a copy of it has not been, and will not be, delivered to the Registrar of Companies in England and Wales for registration under Rule 4(2) of the POS Regulations.

The Directors of Real Estate Investors PLC, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM IS A MARKET DESIGNED PRIMARILY FOR EMERGING OR SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED THAN TO LARGER OR MORE ESTABLISHED COMPANIES. AIM SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE UNITED KINGDOM LISTING AUTHORITY. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH AN INDEPENDENT FINANCIAL ADVISER. LONDON STOCK EXCHANGE PLC HAS NOT ITSELF EXAMINED OR APPROVED THE CONTENTS OF THIS DOCUMENT.

Application has been made for the entire issued and to be issued share capital of the Company to be admitted to trading on AIM. It is expected that such admission to AIM will become effective and that dealings will commence on 10 June 2004. It is emphasised that no application has been made or is being made for the admission of the securities to the Official List of the UK Listing Authority or to trading on the London Stock Exchange's market for listed securities.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson Corporate Finance Limited, No 1 Riding House Street, London W1A 3AS for a period of not less than one month from the date of Admission.

The whole text of this document should be read and in particular your attention is drawn to the section entitled "RISK FACTORS" in Part II of this document.

Real Estate Investors PLC

(Incorporated in England & Wales under the Companies Act 1985 with Registered No. 5045715)

Admission to trading on AIM
and
Placing of 22,650,000 ordinary shares of 1p each at 10p per share

Nominated Adviser
Smith & Williamson Corporate Finance Limited

Broker
Seymour Pierce Ellis Limited

Share capital on Admission

Authorised Ordinary Shares		*Issued and fully paid Ordinary Shares*	
Number	*Amount*	*Number*	*Amount*
1,000,000,000	£10,000,000	26,400,000	£264,000

The Placing Shares now being placed will, following allotment, rank *pari passu* in all respects with the existing ordinary share capital of the Company, including the right to receive all dividends and other distributions hereafter declared, made or paid on the Ordinary Shares after the date of this document.

Smith & Williamson Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's nominated adviser for the purposes of the AIM Rules. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Smith & Williamson Corporate Finance Limited has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the POS Regulations and no representation or warranty, express or implied, is made by Smith & Williamson Corporate Finance Limited as to any of the contents or the completeness of this document. Smith & Williamson Corporate Finance Limited is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Smith & Williamson Corporate Finance Limited nor for providing advice in relation to the contents of this document or any matter referred to herein.

Seymour Pierce Ellis Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's broker for the purposes of the AIM Rules. Seymour Pierce Ellis Limited has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the POS Regulations and no representation or warranty, express or implied, is made by Seymour Pierce Ellis Limited as to any of the contents or the completeness of this document. Seymour Pierce Ellis Limited is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Ellis Limited nor for providing advice in relation to the contents of this document or any matter referred to herein.

Contents

Key Information

The following key information should be read in conjunction with the full text of this document from which it is derived. The whole of this document should be read; there should be no sole reliance on the key information set out below. Your attention is drawn to Part II of this document headed "Risk Factors", where information on the principal risk factors associated with making an investment in the Company is set out.

- Real Estate Investors PLC has been recently established to acquire commercial property assets and property interests with investment potential. No speculative development will be undertaken.

- The Company's investment strategy will be to focus on medium sized commercial properties throughout the UK, diversifying the portfolio by property type, geographic location and tenant.

- One of the cornerstones of REI's business strategy lies in the structuring of its acquisition finance. In addition to the use of the Company's cash and long term debt funding from institutional lenders at predominantly fixed interest rates, the Company will, wherever possible and appropriate, satisfy the acquisition consideration, in part or in whole, by the issue to vendors of REI Ordinary Shares or other equity-linked instruments.

- The acquisitions of two properties have already been agreed, conditional upon completion of the Placing and Admission. One of these acquisitions involves the partial satisfaction of the consideration in equity and loan stock, which illustrates the Company's stated acquisition finance strategy. The Company has also shortlisted, and is pursuing, a number of other potential acquisition opportunities.

- The Directors of REI have agreed to invest a total of £650,000 in the Company's Ordinary Shares.

- The Directors of REI collectively have an established track record over many years in investing and trading profitably in the commercial property sector and in the management of public companies.

- The proposed remuneration of the Directors reflects the Board's commitment to keeping overheads low in order to ensure that the Company's cash resources are deployed, to the extent possible, to enhance the returns to shareholders.

- The Placing, conditional upon Admission, of 22,650,000 Ordinary Shares with certain investors at a price of 10p per Ordinary Share is intended to raise approximately £2.27 million before expenses to fund the Acquisitions, future acquisitions and working capital for REI.

Admission Statistics

Placing Price per Ordinary Share	10p
Number of Placing Shares	22,650,000
Number of Ordinary Shares in issue following the Placing and Acquisitions	26,400,000
Market capitalisation of the Company on Admission at the Placing Price	£2.64 million
Approximate gross proceeds of the Placing	£2.27 million
Approximate net proceeds of the Placing to be received by the Company	£2.04 million
Directors' interests in the Enlarged Share Capital on Admission	24.62%

Expected Timetable

Date of publication of Admission document	4 June 2004
Admission and dealing in Ordinary Shares expected to commence	10 June 2004
Settlement of Ordinary Shares through CREST	10 June 2004
Despatch of definitive Ordinary Share certificates	17 June 2004

Definitions

The following definitions shall apply throughout this document unless the context otherwise requires:

"Act"	the Companies Act 1985, as amended
"Acquisitions"	the acquisitions of Boothmanor Limited and Eurocity (Crawley) Limited by the Company pursuant to the Acquisition Agreements as described in this document
"Acquisition Agreements"	the agreements dated 26 May 2004 pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Boothmanor Limited and Eurocity (Crawley) Limited respectively
"Acquisition Shares"	the 3,250,000 Ordinary Shares to be issued to the vendor of Eurocity (Crawley) Limited as part of the consideration for the acquisition of that company
"Admission"	the effective admission of the issued and to be issued ordinary share capital of the Company to trading on AIM pursuant to the AIM Rules
"AIM Rules"	the AIM Rules for Companies, published by the London Stock Exchange
"AIM"	a market operated by the London Stock Exchange
"Company" or "REI"	Real Estate Investors PLC
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which CRESTCo Limited is the operator
"Directors" or "Board"	the directors of the Company, whose names appear on page 6
"Enlarged Share Capital"	the issued share capital of the Company immediately following the Acquisitions and the Placing comprising the existing Ordinary Shares, the Placing Shares and the Acquisition Shares
"FSA"	the Financial Services Authority Limited
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company as enlarged by the Acquisitions
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Newport"	Newport Holdings PLC
"POS Regulations"	the Public Offers of Securities Regulations 1995, as amended
"Placing"	the placing of the Placing Shares at the Placing Price
"Placing Agreement"	the agreement relating to the Placing described in paragraph 5 of Part VI of this document
"Placing Price"	10p per Placing Share
"Placing Shares"	the 22,650,000 Ordinary Shares to be issued pursuant to the Placing
"Shareholders"	holders of Ordinary Shares (including for the avoidance of doubt holders of Placing Shares or Acquisition Shares)
"UK Listing Authority"	the FSA, in its capacity as the competent authority for the purposes of the admission of securities to the Official List
"Vendors"	in respect of Eurocity (Crawley) Limited, Eurocity Properties Plc, and in respect of Boothmanor Limited, Lewin Retirement Scheme, Michelle Lewin, Lawrence Barry Brown and Neville Hannan Freed

Directors, Secretary and Advisers

Directors

John Jack, FCMA *(Non-executive Chairman)*
Peter Lewin, FRICS *(Chief Executive)*
Malcolm Lewin, FCA *(Finance Director)*

All of:
1 Westminster Way
Oxford OX2 0PZ

Company Secretary

Malcolm Lewin

Registered Office

1 Westminster Way
Oxford OX2 0PZ

Nominated Adviser

Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
London W1A 3AS

Broker

Seymour Pierce Ellis Limited
Talisman House
Jubilee Walk
Three Bridges
West Sussex RH10 1LQ

Auditors and Reporting Accountants

Grant Thornton
1 Westminster Way
Oxford OX2 0PZ

Solicitors to the Company

SJ Berwin
222 Gray's Inn Road
London WC1X 8XF

Solicitors to the Issue

Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Part I

Information on the Group

Introduction

Real Estate Investors PLC was incorporated on 16 February 2004 and, except as set out in this document, the Company has not traded since its incorporation. REI was formed by Peter Lewin, the founder and former chief executive of Newport Holdings PLC, a company which was listed on the London Stock Exchange in 1994 and engaged in investment in the commercial property sector. Peter Lewin stepped down from the board of Newport in November 2002 before it was acquired by Mintglade Limited and eventually taken private in November 2003.

REI has been established to acquire commercial property assets and property interests with investment potential focusing on medium sized commercial properties, with a portfolio which will be diversified by property type, geographic location and tenant.

The Board of REI comprises: Peter Lewin, Chief Executive; John Jack, Non-executive Chairman and former chairman of Procord Limited; and Malcolm Lewin (not related to Peter Lewin), Finance Director, and former finance director of OMG PLC. The Directors have agreed to make a significant financial investment in the shares of the Company on the same terms as other placees and intend to keep overheads low in order to enhance the returns to shareholders.

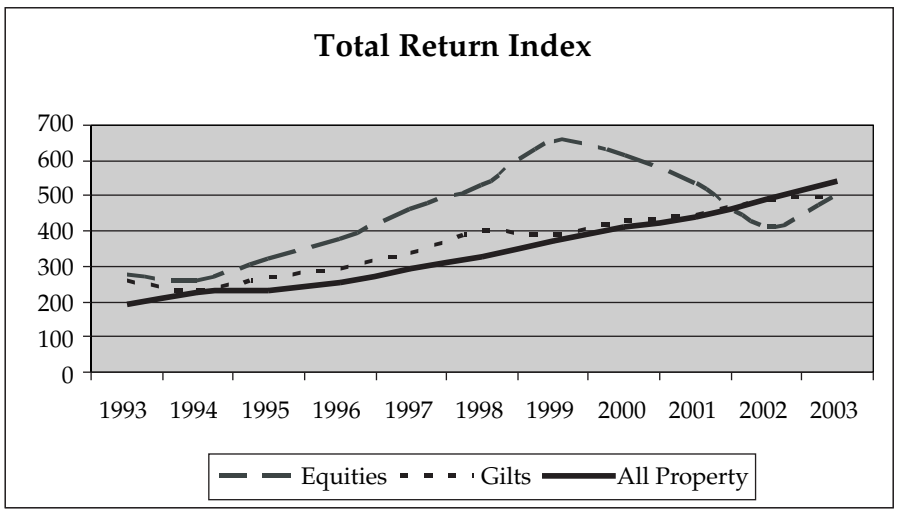
The Company is carrying out a Placing of 22,650,000 Ordinary Shares, completion of which is conditional upon Admission. The Directors have agreed to subscribe for £650,000 worth of shares at the Placing Price. Following the Placing and the Acquisitions, the Directors will hold 24.62 per cent. of the Enlarged Share Capital. Net funds raised by the Company pursuant to the Placing will be £2.04 million, of which £1.0 million will be used to satisfy the cash payments under the Acquisition Agreements.

The Directors believe that the admission of the Company's share capital to AIM will significantly assist its growth strategy by allowing it to use its AIM listed shares, where possible, as partial or total consideration for acquisitions, and to raise REI's profile with vendors and financiers, enhancing its access to opportunities in the commercial property sector.

The UK commercial property market

As the business climate continues to improve, demand for commercial property has increased, hitting a two year high in the second half of 2003 as reported in a recent CBI survey.

Returns from the commercial property sector for the 12 months to March 2004 were 12.9 per cent. (*Source: IPD UK Monthly Index, March 2004*). The total return on commercial property has been positive in each of the ten years to 2003 and has been higher over that period as a whole than the total return from equities or 5-15 year gilts (see graph below). Annual yields from commercial property have also consistently outperformed equities and 5-15 year gilts over the past 10 years (with the exception of 1994 when gilt yields were higher than property).



Source: IPD UK Monthly Index: End-December 2003

The Directors are of the opinion that the UK commercial property market will continue to attract investment and that soundly financed income-producing commercial properties, let to strong tenant covenants, can provide a competitive income yield with the prospect of capital growth. REI's strategy is to acquire properties with these characteristics.

Quoted property sector

In line with the recovery in the UK property market, the UK quoted property sector has outperformed the wider market for the past four years, with a significant narrowing of share price discounts to net asset values. The sector experienced a strong 2003 and commentators continue to be bullish about the sector's future prospects.

There are a number of factors supporting this view including the increase in corporate activity in 2003, the signs of recovery in the London office market, in particular in the West End, and the speculation regarding the introduction of Property Investment Funds, a new form of property investment vehicle introduced in the UK Government's 2004 budget.

Track record – Newport Holdings PLC

Newport was founded by Peter Lewin and obtained a full listing on the London Stock Exchange in 1994. Newport specialised in acquiring investment commercial properties in UK provincial towns and cities. Under Peter Lewin's leadership, it rapidly built a strongly performing portfolio that was financed to a significant extent through the use of its listed shares. Newport raised £6.1 million from investors on its initial listing and its net asset value increased from 111p per share in 1994 to 201p per share in 2002. This was achieved without recourse to shareholders for additional funding.

In addition, the company achieved uninterrupted profits and continued dividend payments over the nine year period while Peter Lewin was Newport's chief executive, while gross assets grew from £16 million to £156 million, generating rental income which increased from approximately £1 million to nearly £10 million.

Acquisition strategy

Based on the track record and success of Newport and the Directors' collective experience in managing property assets and publicly-quoted companies, REI's strategy is to establish, and then expand, a commercial property investment portfolio throughout the UK.

This will be achieved by acquiring a portfolio of properties, diversified by type, location and tenant. The Directors will use their extensive market contacts to source properties which offer the prospect of above average returns through capital appreciation and active portfolio management. The principal investment focus will be the acquisition of commercial properties let to tenants with strong covenants.

In addition to the properties which the Directors have already identified and which REI has agreed to acquire, conditional only upon completion of the Placing and Admission (see below), the Board has also short listed, and is pursuing, a number of other potential acquisition opportunities.

Funding strategy

One of the cornerstones of the Company's business strategy lies in the structuring of its acquisition finance. In addition to the use of the Company's cash and long term debt funding from institutional lenders, predominantly at fixed interest rates, the Board will seek, where possible, to satisfy the acquisition consideration, in part or in whole, by the issue to vendors of Ordinary Shares.

The Directors believe that this strategy, which was successfully employed at Newport, can be attractive to both vendors, who gain an interest in the future success of REI as a whole, and Shareholders.

This key element of the financing strategy is well illustrated by the conditional acquisition of Eurocity (Crawley) Limited from Eurocity Properties Plc (an unquoted subsidiary of Panther Securities Plc), described below.

The Acquisitions

REI has conditionally agreed to acquire two properties with an aggregate market value as at 30 April 2004 of £4.2 million. The Acquisitions, which are of the two companies established to own these properties, are conditional only on the Placing and the Admission. The Acquisitions comprise retail premises, office space and restaurant premises. The tenant covenants are secured on full-repairing and insuring leases, subject to upward only rent reviews.

Following completion of the Acquisitions, approximately 41 per cent. of the Company's rental income from the portfolio will derive from the retail sector, 41 per cent. will derive from office space and 18 per cent. will derive from the leisure sector. Going forward, the Directors will aim to maintain a diverse portfolio of properties which will be reflected in the rental income received.

REI's property portfolio, as it will be on completion of the Acquisitions, has been valued by CB Richard Ellis and a copy of a report on the valuation of the properties is set out in Part V of this document.

Brief details about the properties which will be acquired by the Company are provided below.

Parkgate Road, Battersea, London

The property comprises a 3,150 square foot purpose-built restaurant, situated in a busy commercial location close to Battersea Park and the River Thames. It is let as a restaurant to Café Rouge on a full repairing and insuring lease to 2019, at an annual rental of £65,000 with a rent review due in November 2004.

REI has agreed to acquire Boothmanor Limited, the company owning this property, for a cash consideration of £89,731, which, *inter alia*, takes account of the outstanding loan which is secured on the property and the other assets and liabilities of the company. Financial information on Boothmanor Limited is set out in Part III of this document and a summary of the acquisition agreement is set out in paragraph 5 of Part VI of this document.

Together the Lewin Retirement Scheme (of which Peter Lewin is a trustee and a beneficiary) and Michelle Lewin (Peter Lewin's wife) own 50% of Boothmanor Limited's ordinary shares. As part of the acquisition agreement relating to Boothmanor Limited, the Company has undertaken that Boothmanor Limited will repay loans and interest to certain vendors including an amount of £104,826 to the Lewin Retirement Scheme.

34-48 The Broadway, 1/4 Crosskeys, Crawley

The property comprises five ground floor retail units of 6,846 square feet in total, and two floors of office accommodation of 5,974 square feet. It is situated within the town centre of Crawley. The lessees include Bradford & Bingley, Kelly Services and the Carphone Warehouse. The entire property is let on full repairing and insuring terms with a total rental of approximately £300,000 per annum. Details of rent review and lease expiry dates are set out in Part V of this document.

REI has agreed to acquire Eurocity (Crawley) Limited, the company owning this property, for a consideration of £718,320, which, *inter alia*, takes account of the outstanding loan which is secured on the property and the other assets and liabilities of the company. This consideration is to be satisfied by the issue of Ordinary Shares in the amount of £325,000 and loan notes in the amount of £325,000 and the payment of £68,320 in cash to the vendor. Financial information on Eurocity (Crawley) Limited is set out in Part III of this document and a summary of the acquisition agreement is set out in paragraph 5 of Part VI of this document.

The Placing

The Company proposes to raise approximately £2.04 million (net of expenses) through the Placing. Of the £2.04 million (net of expenses) being raised for the Company under the Placing, £1.0 million will be used to fund the cash payments under the Acquisition Agreements. The remainder will provide funds for future acquisitions and working capital for the Company.

As part of the Placing, Peter Lewin (through the Lewin Retirement Scheme) has agreed to subscribe for 4,850,000 Ordinary Shares at the Placing Price, investing a total of £500,000 (including £15,000 already invested), Malcolm Lewin has agreed to subscribe for 575,000 Ordinary Shares at the Placing Price, investing a total of £75,000 (including £17,500 already invested) and John Jack has agreed to subscribe for 575,000 Ordinary Shares at the Placing Price, investing a total of £75,000 (including £17,500 already invested).

The Placing is conditional on the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms by Smith & Williamson Corporate Finance Limited. The Placing Agreement is conditional, *inter alia*, on the Placing Shares being admitted to trading on AIM by no later than 10 June 2004.

Further particulars of the Placing Agreement are set out in paragraph 5 of Part VI of this document.

Set out in Part IV of this document is a pro forma statement of net assets which illustrates the effect on the Group's net assets of the Acquisitions and the Placing.

Your attention is drawn to Part II of this document headed "Risk Factors", where information on risk factors associated with making an investment in the Company is set out.

Directors

The Board will initially comprise two executive directors and one non-executive director. Peter Lewin will be a full-time executive member of the Board while Malcolm Lewin, initially, will be part-time but as the portfolio of investments grows, will be expected to commit more time to the affairs of the Company. John Jack will be Non-executive Chairman and the Board will seek to recruit an additional Non-executive Director in due course.

Details of the Directors' terms of appointment are set out in paragraph 4 of Part VI of this document. The executive directors will participate in the management incentive arrangements described below.

Profiles of each of the Directors are set out below.

John Jack, Aged 58, Non-executive Chairman

John Jack qualified as a management accountant and spent his early career in financial management with IBM (UK) Limited where he was appointed property director in 1984. In 1991, he led the management buyout of IBM (UK) Limited's property management division to form Procord Limited where he became managing director. Procord Limited was acquired by Johnson Controls Inc. in 1994.

From 1994 to 1997, he was chairman of Johnson Controls UK Limited and vice president of Johnson Controls Facilities Management Europe. In 1998, he became non-executive chairman of Citex Limited, a company engaged in facilities management and other property and construction services, a position he held until 2002 when he stepped down from the board following the sale of the facilities management business to Carillion plc. John Jack was also a non-executive director of AIM-quoted Screen PLC from its flotation in 1997 until 2000.

John Jack's remuneration as Chairman will be £7,500 per annum.

Peter Lewin, Aged 56, Chief Executive

Peter Lewin worked for Allsop & Co. from 1964 to 1970 where he qualified as a chartered surveyor in 1969 and gained experience in all aspects of estate management with particular emphasis upon valuation of commercial properties.

In 1971, he joined Samuel Properties plc and in 1973 he was appointed a director of the group's principal investment company, joining the group board in 1978. In June 1986, he arranged the acquisition of London City & Westcliffe Properties Limited from Lonrho plc for a consideration of £53 million.

Upon the merger of Samuel Properties plc with Clayform Properties plc in 1986, he became joint managing director, leaving in January 1987 to establish a new property investment company, Union Group plc.

In 1993, Union Group plc was sold to Premier Land plc, a listed company, where he joined the board, resigning in 1994 in order to establish Newport Holdings PLC.

In November 2002, Peter Lewin stepped down from the board of Newport which was subsequently acquired by Mintglade Limited and eventually taken private in November 2003.

In February 2004, Peter Lewin established Real Estate Investors PLC.

Peter Lewin's salary as Chief Executive will be £60,000 per annum.

Malcolm Lewin, Aged 53, Finance Director

Malcolm Lewin took a Classics degree at Oxford University and then qualified as a chartered accountant with Coopers & Lybrand, subsequently holding senior positions with the firm. He worked for five years at Oxford University Press, latterly as financial controller of their UK Publishing Operations, and left in 1986 to become finance director of the publishing company Weidenfeld & Nicolson Ltd. In 1989 he joined Mercer Lewin, a firm of Chartered Accountants, as partner, and, as part of that role, spent two and a half years from 1996 to 1999 as part-time finance director of Beechcroft Plc.

He joined OMG PLC as finance director, a company involved in 3-D motion capture, in May 2000, overseeing its admission to AIM in April 2001. He left OMG PLC in June 2003.

In February 2004 Malcolm Lewin formed REI with Peter Lewin.

Malcolm Lewin's salary as Finance Director will be at the rate of £60,000 per annum and will be paid pro rata to the amount of time he spends working for the Company.

Management incentive arrangements

The Directors believe it is important that directors and employees are appropriately and properly motivated and rewarded. While a modest remuneration will be payable to the Directors for their services, the Company also intends to adopt, as soon as is practicable following Admission, an appropriate share option scheme in which qualifying employees and directors, at the discretion of the remuneration committee of the Board, will be eligible to participate. The Directors intend that no more than ten per cent. of the issued share capital of the Company from time to time will be available for any such share option scheme.

Corporate governance

The Directors recognise the importance of sound corporate governance and intend, where practicable for a company of REI's size and nature, to comply with the main provisions of the Combined Code on the Principles of Good Governance and Code of Best Practice.

Following the appointment of a second Non-executive Director, which the Board intends to make in due course, the Company intends to establish remuneration, audit and nomination committees which will comprise the two Non-executive Directors.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. In accordance with standard practice, the issued Ordinary Shares will be made eligible for settlement in CREST as contemplated by the Uncertificated Securities Regulations 2001 with effect from Admission. The Company's articles of association permit the holding of Ordinary Shares in CREST. Permission is anticipated to be given for trading though CREST to begin on 10 June 2004.

Accordingly, settlement of transactions in the Ordinary Shares may take place within the CREST system if the relevant holders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Lock-ins and orderly market arrangements

All of the Directors have undertaken with the Company and Smith & Williamson Corporate Finance Limited that they and their connected persons will not (subject to certain exceptions) dispose of any of their Ordinary Shares until the expiry of 12 months after the date of Admission and that for a further period of 12 months thereafter, they will not sell or dispose of any of their Ordinary Shares except through the Company's broker from time to time. The undertakings given by the Directors are in respect of a total of 6,500,000 Ordinary Shares representing 24.62 per cent. of the Enlarged Share Capital.

In addition, the vendor of Eurocity (Crawley) Limited has agreed not to dispose of the 3,250,000 shares received as part of the consideration for the sale of that company until the expiry of 12 months after the completion of the relevant agreement.

Reporting period

The Company's accounting reference date is 31 December and the Company intends to make its first announcement of trading results for the period ending on 31 December 2004.

Dividends

The Company aims to achieve capital growth for shareholders in the short to medium term and it is not anticipated that the Company will pay a dividend in respect of the current financial period but, having regard to the earnings, cash flows and the prospects of the Company, the Directors intend to adopt a progressive but prudent dividend policy for the future.

Dealing arrangements and availability of the Admission document

Application has been made for the Ordinary Shares to be admitted to trading on AIM and it is anticipated that Admission will become effective and that dealings will commence on 10 June 2004. Share certificates for the Placing and Acquisition Shares will be despatched following Admission and CREST accounts enabled on 10 June 2004.

Copies of this document will be available, for collection only, from Smith & Williamson Corporate Finance Limited, No 1 Riding House Street, London W1A 3AS during normal office hours on any day (Saturdays, Sundays and public holidays excepted) for a period of not less than 1 month from the date of Admission.

Further information

For further information your attention is drawn to Parts II to VI of this document.

Part II

Risk Factors

In addition to the other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. **If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

There are various risk and other factors associated with an investment of the type described in this document. In particular:

- ***Management of Growth***

  The Company has only been formed a short period prior to Admission and as such, it has no operating history. The strategy and planned profitability of the Company will depend in part upon the Directors' ability to source profitable new business.

- ***Acquisition of Properties***

  There is no guarantee that the Company will be able to find further properties that meet its criteria. However, in the Directors' view, their combined experience and contacts will assist them in finding appropriate opportunities for investment.

- ***Key Management***

  The future success of the Company is dependent to a significant degree on the continued services of its executive Directors, in particular Peter Lewin and Malcolm Lewin, the loss of whose services could have a material adverse effect on the business.

- ***Commercial Property Market***

  The Company's business is likely to be influenced by cycles in the general commercial property market and movements in interest rates which may have a negative impact. However, the Directors believe that the investment strategy outlined in Part I of this document should ensure that any adverse effects of such influences are contained.

- ***Market Value***

  The market value of an Ordinary Share may vary considerably from its underlying net asset value as it will take into account the dividend yield and prevailing interest rates, as well as being affected by the net asset value and trading results of the Company's investment portfolio.

- ***Gearing***

  Investors should be aware that any investments or acquisitions which the Company will make may be highly geared. Although the use of gearing may increase the return on those investments, it also creates greater potential for loss. This includes the risk that the borrower will be unable to service the interest payments or comply with the other requirements of the loan, rendering it repayable, the risk that available funds will be insufficient to meet required repayments and the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may not be as favourable as the existing terms of borrowings.

- ***Marketability of Securities***

  The Ordinary Shares will not be listed on the Official List, but are to be traded on AIM. The AIM Admission Rules are less demanding than those of the Official List. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore the Ordinary Shares may be or may become difficult to sell.

- ***Share Price***

  The share price of publicly traded smaller companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its proposed operations and its ability to implement successfully its intended acquisition and development plans, and some which may affect the business sectors in which the Company operates, AIM companies or quoted companies generally. These factors could include the performance of the Company's operations, large purchases or sales of its shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes relating to the business of the Group and general economic conditions. The value of the Ordinary Shares may go down as well as up.

Part III

Accountants' Reports

Part A: Accountants' report on REI

The Directors
Real Estate Investors PLC
1 Westminster Way
Oxford OX2 0PZ

and

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
LONDON W1A 3AS

Grant Thornton
1 Westminster Way
Oxford
OX2 0PZ

4 June 2004

Dear Sirs

REAL ESTATE INVESTORS PLC ("the Company")

1. Introduction

1.1 We report on the financial information set out in section 3. This financial information has been prepared for inclusion in the Admission Document dated 4 June 2004 of Real Estate Investors PLC.

Basis of preparation

1.2 The financial information set out in section 3 below is based on the financial records of the Company for the period from its incorporation on 16 February 2004 to 30 April 2004 and has been prepared on the basis set out in paragraph 3.1.

Responsibility

1.3 The financial records are the responsibility of the directors of the Company.

1.4 The directors of the Company are responsible for the contents of the Admission Document dated 4 June 2004 in which this report is included.

1.5 It is our responsibility to compile the financial information set out in our report from the financial records, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

1.6 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial records underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.7 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.8 In our opinion the financial information gives, for the purposes of the Admission Document dated 4 June 2004, a true and fair view of the results and cash flows of the Company for the period from its incorporation on 16 February 2004 to 30 April 2004 and the state of its affairs at the end of the period.

Consent

1.9 We consent to the inclusion in the Admission Document dated 4 June 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Statutory information

2.1 The Company was incorporated as a public limited company on 16 February 2004.

3. Financial information

3.1 *Accounting policies*

The financial information has been prepared under the historical cost convention, and in accordance with applicable accounting standards.

3.2 *Trading*

The Company did not trade during the period from its incorporation to 30 April 2004 nor were there any other recognised gains or losses in that period.

3.3 Balance sheet

	30 April 2004 £'000
Current assets	
Cash at bank and in hand	12
Capital and reserves	
Called up share capital	12

3.4 *Cashflow*

The Company's cash flows during the period from its incorporation to 30 April 2004 consisted solely of a cash inflow from financing of £12,500 arising from the issue of shares.

3.5 *Share capital*

	30 April 2004 £'000
Authorised	
100,000 ordinary shares of £1 each	100
Allotted, issued and partly paid	
50,000 ordinary shares of £1 each	12

On 16 March 2004 and 29 March 2004 respectively, 2 ordinary shares of £1 each and 49,998 ordinary shares of £1 each were issued as partly paid for cash consideration of £0.25 per ordinary share.

Yours faithfully

Grant Thornton

Part B: Accountants' report on Boothmanor Limited

The Directors
Real Estate Investors PLC
1 Westminster Way
Oxford OX2 0PZ

Grant Thornton
1 Westminster Way
Oxford
OX2 0PZ

and

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
LONDON W1A 3AS

4 June 2004

Dear Sirs

BOOTHMANOR LIMITED ("BOOTHMANOR")

1. Introduction

1.1 We report on the financial information set out in sections 3 to 7. This financial information has been prepared for inclusion in the Admission Document dated 4 June 2004 of Real Estate Investors PLC.

Basis of preparation

1.2 The financial information set out in sections 3 to 7 below is based on the audited financial statements of Boothmanor Limited for the period from its incorporation on 28 January 2003 to 31 January 2004 and has been prepared on the basis set out in section 3 after making such adjustments as we considered necessary.

1.3 Such adjustments were restricted to increasing the carrying value of investment properties at 31 December 2003 to £1,100,000, in line with the professional valuation included in Part V of this Admission Document.

Responsibility

1.4 Such financial statements are the responsibility of the directors of Boothmanor Limited who approved their issue.

1.5 The directors of Real Estate Investors PLC are responsible for the contents of the Admission Document dated 4 June 2004 in which this report is included.

1.6 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

1.7 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. The financial statements for the period ended 31 January 2004 were audited by Jeffreys Henry of Finsgate, 5-7 Cranwood Street, London EC1V 9EE.

1.8 Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.10 In our opinion the financial information gives, for the purposes of the Admission Document dated 4 June 2004, a true and fair view of the results and cash flows of Boothmanor for the period from its incorporation on 28 January 2003 to 31 January 2004 and the state of its affairs at the end of that period.

Consent

1.11 We consent to the inclusion in the Admission Document dated 4 June 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Statutory information

2.1 Boothmanor was incorporated as a private limited company on 28 January 2003.

3. Accounting policies

3.1 *Accounting convention*

The financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that they have been modified to include the revaluation of certain fixed assets. The principal accounting policies are set out below.

3.2 *Turnover*

Turnover comprises rental income from property.

3.3 *Investment properties*

Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

3.4 *Deferred taxation*

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit is uncertain. Any assets and liabilities recognised have not been discounted.

4. Profit and loss account

	Notes	Period ended 31 January 2004 £'000
Turnover	7.1	51
Administrative expenses		(5)
Operating profit		46
Interest payable and similar charges	7.3	(52)
Loss on ordinary activities before taxation		(6)
Tax on loss on ordinary activities	7.4	—
Loss on ordinary activities after taxation	7.10	(6)

All amounts relate to continuing operations. There were no recognised gains and losses other than those included in the profit and loss account.

5. Balance sheet

	Notes	31 January 2004 £'000
Fixed assets		
Tangible assets	7.5	1,100
Current assets		
Debtors	7.6	2
Cash at bank and in hand		26
		28
Creditors: amounts falling due within one year	7.7	(230)
Net current liabilities		(202)
Total assets less current liabilities		898
Creditors: amounts falling due after more than one year	7.8	(800)
		98
Capital and reserves		
Called up share capital	7.9	1
Revaluation reserve	7.10	103
Profit and loss account	7.10	(6)
Shareholders' funds	7.11	98

6. Cash flow statement

	Notes	Period ended 31 January 2004 £'000
Net cash inflow from operating activities	7.12	59
Returns on investments and servicing of finance		
Interest paid		(42)
Net cash outflow from returns on investment and servicing of finance		(42)
Capital expenditure		
Purchase of fixed assets		(997)
Financing		
Proceeds from borrowings		1,009
Repayment of borrowings		(3)
Net cash inflow from financing		1,006
Increase in cash	7.13	26

7. Notes to the financial information

7.1 *Turnover*

Turnover and profit before taxation are attributable to the one principal activity of property rental. All turnover arose within the United Kingdom.

7.2 *Employees*

There were no employees during the period apart from the directors who received no remuneration in the period.

7.3 *Interest payable*

	Period ended 31 January 2004 £'000
	£'000
On loans repayable after 5 years	42
Other interest	10
	52

7.4 *Taxation*

	Period ended 31 January 2004 £'000
Current tax charge	—
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(6)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 per cent.	(1)
Effects of:	
Tax losses carried forward	1
Current tax charge	—

The company has estimated losses of £5,000 available for carry forward.

7.5 *Tangible fixed assets*

	Investment properties £'000
Cost	
At 28 January 2003	—
Additions	997
Revaluation	103
At 31 January 2004	1,100

The valuation of the long leasehold investment property was made as at 30 April 2004 by independent professional valuers on an open market basis. No depreciation is provided in respect of these properties.

7.6 *Debtors*

	31 January 2004 £'000
Called up share capital not paid	1
Prepayments and accrued income	1
	2

7.7 *Creditors: amounts falling due within one year*

	31 January 2004 £'000
Loan	15
Taxes and social security costs	3
Other creditors	191
Accruals and deferred income	21
	230

7.8 *Creditors: amounts falling due after more than one year*

	31 January 2004 £'000
Loan	800
Analysis of loans	
Wholly repayable within five years	815
Included in current liabilities	(15)
	800
Repayable as follows:	
Within one year	15
After one and within two years	16
After two and within five years	53
After five years	731
Repayable after more than one year	800
	815

The loan has been secured by a fixed charge over the long leasehold property.

7.9 *Share capital*

	31 January 2004 £'000
Authorised	
1,000 Ordinary Shares of £1 each	1
Allotted and called up	
1,000 Ordinary Shares of £1 each	1

7.10 *Statement of movements on reserves*

	Revaluation reserve £'000	Profit and loss account £'000
Surplus on revaluation	103	—
Retained loss for the period	—	(6)
	103	(6)

7.11 *Reconciliation of movements in shareholders' funds*

	Period ended 31 January 2004 £'000
Loss for the financial period	(6)
Surplus on revaluation	103
Issue of shares	1
Net increase in shareholders' funds	98
Opening shareholders' funds	—
Closing shareholders' funds	98

7.12 *Net cash inflow from operating activities*

	Period ended 31 January 2004 £'000
Operating profit	46
Increase in debtors	(1)
Increase in creditors	14
Net cash inflow from operating activities	59

7.13 *Reconciliation of net cash flow to movement in net debt*

	Period ended 31 January 2004 £'000
Increase in cash in the period	26
Cash flow from financing	(1,006)
Change in net debt resulting from cash flows	(980)
Net debt at start of period	—
Net debt at end of period	(980)

7.14 *Analysis of changes in net debt*

	At 28 January 2003 £'000	Cash flow £'000	At 1 January 2004 £'000
Cash	—	26	26
Loans	—	(815)	(815)
Other creditors	—	(191)	(191)
	—	(980)	(980)

7.15 *Related party transactions*

During the period the company paid P Lewin, a director of the company, £8,500, for his services as a Chartered Surveyor.

Point Star Shipping and Finance Limited is a related party of Boothmanor Limited due to its common directors. At the period end the company owed £92,000 to Point Star Shipping and Finance Limited on which interest of £4,924 accrued during the period.

The Lewin Retirement Scheme owns 30 per cent. of the share capital of Boothmanor Limited and at the period end the company owed The Lewin Retirement Scheme £99,000 on which interest of £4,776 accrued during the period.

Yours faithfully

Grant Thornton

Part C: Accountants' report on Eurocity (Crawley) Limited

The Directors
Real Estate Investors PLC
1 Westminster Way
Oxford OX2 0PZ

and

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
LONDON W1A 3AS

Grant Thornton
1 Westminster Way
Oxford
OX2 0PZ

4 June 2004

Dear Sirs

EUROCITY (CRAWLEY) LIMITED ("EUROCITY")

1. Introduction

1.1 We report on the financial information set out in sections 3 to 7. This financial information has been prepared for inclusion in the Admission Document dated 4 June 2004 of Real Estate Investors PLC.

Basis of preparation

1.2 The financial information set out in sections 3 to 7 below is based on the audited financial statements of Eurocity (Crawley) Limited for the eighteen month period ended 31 March 2002, the nine month period ended 31 December 2002 and the year ended 31 December 2003 and has been prepared on the basis set out in section 3 after making such adjustments as we considered necessary.

1.3 Such adjustments were restricted to increasing the carrying value of investment properties at 31 December 2003 to £3,100,000, in line with the professional valuation included in Part V of this Admission Document and to reclassifying the exceptional items credited to the profit and loss account for the period ended 31 March 2002 to within the statutory heading of administrative expenses as part of operating profit.

Responsibility

1.4 Such financial statements are the responsibility of the directors of Eurocity (Crawley) Limited who approved their issue.

1.5 The directors of Real Estate Investors PLC are responsible for the contents of the Admission Document dated 4 June 2004 in which this report is included.

1.6 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

1.7 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. The financial statements for the eighteen month period ended 31 March 2002 and the nine month period ended 31 December 2002 were audited by Baker Tilly of 2 Bloomsbury Street, London, WC1B 3ST. The financial statements for the year ended 31 December 2003 were audited by Nexia Audit Limited of Prospect House, 2 Athenaeum Road, Whetstone, London, N20 9YU.

1.8 Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.10 In our opinion the financial information gives, for the purposes of the Admission Document dated 4 June 2004, a true and fair view of the results and cash flows of Eurocity for the eighteen month period ended 31 March 2002, the nine month period ended 31 December 2002 and the year ended 31 December 2003 and the state of its affairs at the end of each of those periods.

Consent

1.11 We consent to the inclusion in the Admission Document dated 4 June 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. Statutory information

2.1 Eurocity was incorporated as Manx (Crawley) Limited on 3 June 1999 and commenced trading on 1 September 1999.

2.2 On 22 May 2001, the company changed its name to Eurocity (Crawley) Limited.

3. Principal accounting policies

3.1 *Accounting convention*

The financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that they have been modified to include the revaluation of certain fixed assets. The principal accounting policies are set out below.

3.2 *Turnover*

Turnover comprises rental income from property.

3.3 *Investment properties*

Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

3.4 *Deferred taxation*

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit is uncertain. Any assets and liabilities recognised have not been discounted.

4. Profit and loss accounts

	Note	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Turnover	7.1	451	235	305
Cost of sales		(22)	(11)	(16)
Gross profit		429	224	289
Administrative expenses before exceptional items		(7)	(90)	2
Exceptional items	7.2	1,122	—	100
Administrative expenses		1,115	(90)	102
Operating profit	7.3	1,544	134	391
Interest receivable		—	—	1
Interest payable	7.4	(266)	(125)	(161)
Profit on ordinary activities before taxation		1,278	9	231
Taxation	7.5	(13)	(3)	(19)
Profit on ordinary activities after taxation		1,265	6	212
Dividends	7.6	—	—	(600)
Retained profit/(loss) for the period	7.12	1,265	6	(388)

All amounts relate to continuing operations.

There were no recognised gains and losses other than those included in the profit and loss account.

5. Balance sheets

	Note	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Fixed assets				
Tangible fixed assets	7.7	3,000	3,000	3,100
Current assets				
Debtors		78	53	68
Creditors: amounts falling due within one year	7.9	(206)	(253)	(870)
Net current liabilities		(128)	(200)	(802)
Total assets less current liabilities		2,872	2,800	2,298
Creditors: amounts falling due after more than one year	7.10	(1,916)	(1,838)	(1,724)
Net assets		956	962	574
Capital and reserves				
Called up share capital	7.11	—	—	—
Profit and loss account		956	962	574
Shareholders' funds	7.12	956	962	574

6. Cash flow statements

	Note	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Net cash inflow from operating activities	7.13	410	199	281
Returns on investments and servicing of finance				
Interest received		—	—	1
Interest paid		(266)	(125)	(161)
Net cash outflow from returns on investments and servicing of finance		(266)	(125)	(160)
Taxation		(2)	—	(16)
Financing				
Repayment of borrowings		(142)	(74)	(105)
Increase/(decrease) in cash	7.14	—	—	—

7. Notes to the financial information

7.1 *Turnover*

The turnover and profit before taxation are attributable to the one principal activity of property rental. All turnover arose within the United Kingdom.

7.2 *Exceptional items*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Reversal of write down of property	214	—	100
Loan waived by Netcentric Systems plc on acquisition by Eurocity Properties plc	908	—	—
	1,122	—	100

7.3 *Operating profit*

The operating profit is stated after charging/(crediting):

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Audit fees	—	2	—
Other operating income	—	—	(3)

No director received any emoluments from Eurocity in respect of any of the three financial periods ended 31 December 2003.

No directors have any pension benefits in respect of their service as directors of Eurocity.

The company did not have any employees during any of the three financial periods ended 31 December 2003. The directors were employed by other companies within the groups of which Eurocity was a subsidiary undertaking during the three financial periods ended 31 December 2003.

7.4 *Interest payable*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
On bank loans and overdrafts	264	124	161
On other loans	2	1	—
	266	125	161

7.5 *Taxation*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Current year taxation			
UK Corporation Tax at 30%	13	—	19
Prior years			
UK Corporation tax	—	3	—
	13	3	19

Factors affecting the tax charge for the period

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Profit on ordinary activities before tax	1,278	9	131
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30%	383	3	39
Effects of:			
Exceptional items not subject to corporation tax	(337)	—	—
Under provision of corporation tax – in the prior year	—	3	—
Group relief	(33)	(3)	(20)
Current tax charge for period	13	3	19

7.6 *Dividends*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Ordinary dividends proposed £150,000 per share	—	—	600

7.7 *Tangible fixed assets*

	Investment properties £'000
Valuation	
At 1 October 2000	2,786
Revaluation	214
At 31 March 2002	3,000
At 31 December 2002	3,000
Revaluation	100
At 31 December 2003	3,100
Net book amount	
At 31 March 2002	3,000
At 31 December 2002	3,000
At 31 December 2003	3,100

At 31 December 2003 £3,100,000 (31 December 2002 and 31 March 2002: £3,000,000) included within the net book asset of land and buildings relates to freehold land and buildings.

The valuation of the freehold investment properties was made as at 30 April 2004 by independent professional valuers on an open market basis. The properties were revalued on an existing open market value basis at 31 December 2002 and 31 March 2002 by the directors. The revaluation increase in the year ended 31 December 2003 and the period ended 31 March 2002 represented the partial reversal of a revaluation deficit recorded as a charge to the profit and loss account in a previous financial year and has been credited within exceptional items to profit and loss account.

On the historical cost basis, freehold land and buildings would have been included as follows:

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Cost	3,186	3,186	3,186
Cumulative depreciation	—	—	—
Net book amount	3,186	3,186	3,186

7.8 *Debtors*

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Trade debtors	76	53	68
Amounts owed by parent undertaking	2	—	—
	78	53	68

7.9 *Creditors*

Amounts falling due within one year

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Loan	104	108	117
Trade creditors	3	—	—
Amounts owed to group undertakings	—	43	50
Corporation tax	13	16	19
Proposed dividend	—	—	600
Accruals and deferred income	86	86	84
	206	253	870

The loan has been secured by a fixed and floating charge on all assets of the company.

7.10 *Creditors*

Amounts falling due after more than one year

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Loan	1,916	1,838	1,724

Repayable as follows:

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Within one year	104	108	117
After one and within two years	113	118	128
After two and within five years	400	420	455
After five years	1,403	1,300	1,141
Repayable after more than one year	1,916	1,838	1,724
	2,020	1,946	1,841

The loan has been secured by a fixed and floating charge on all assets of the company.

Interest is charged at 1.75 per cent. above the 5 year SWAP rate per annum for a fixed period up to August 2004, reverting to 1.75 per cent. above the 3 months LIBOR per annum for the remaining term of the loan.

7.11 *Called up share capital*

	31 March 2002 £	31 December 2002 £	31 December 2003 £
Authorised			
1,000 ordinary shares of £1 each	1,000	1,000	1,000
Allotted, called up and fully paid			
4 ordinary shares of £1 each	4	4	4

7.12 *Shareholders' funds*

Reconciliation of movements in shareholders' funds

	31 March 2002 £'000	31 December 2002 £'000	31 December 2003 £'000
Profit for the period	1,265	6	212
Dividends	—	—	(600)
	1,265	6	(388)
Opening shareholders' funds	(309)	956	962
Closing shareholders' funds	956	962	574

7.13 *Net cash inflow from operating activities*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Operating profit	1,544	134	391
Non-cash exceptional items	(1,122)	—	(100)
(Increase)/decrease in debtors	(72)	25	(15)
Increase in creditors	60	40	5
Net cash inflow from operating activities	410	199	281

7.14 *Reconciliation of net cash flow to movement in net debt*

	Eighteen months ended 31 March 2002 £'000	Nine months ended 31 December 2002 £'000	Year ended 31 December 2003 £'000
Increase/(decrease) in cash in the period	—	—	—
Cash flow from financing	(142)	(74)	(105)
Change in net debt resulting from cashflows	(142)	(74)	(105)
Non-cash movements in intra-group financing	(871)	—	—
Movement in net debt in the period	(1,013)	(74)	(105)
Net debt at start of period	3,033	2,020	1,946
Net debt at end of period	2,020	1,946	1,841

7.15 *Analysis of changes in net debt*

	At 1 October 2000 £'000	Cash flow £'000	Non-cash movements £'000	At 31 March 2002 £'000
Loan	2,162	(142)	—	2,020
Amounts owed to parent company	871	—	(871)	—
	3,033	(142)	(871)	2,020

	At 1 April 2002 £'000	Cash flow £'000	At 31 December 2002 £'000	Cash flow £'000	At 31 December 2003 £'000
Loan	2,020	(74)	1,946	(105)	1,841

7.16 *Related party transactions*

Eurocity was a member of the group of companies headed by Netcentric Systems plc until it was acquired by Eurocity Properties plc during the period ended 31 March 2002. Eurocity Properties plc was subsequently acquired by Panther Securities plc in January 2003.

Various services were provided to Eurocity by other group companies during the periods covered by this report, such as the provision of directors' and administrative services. In addition, Eurocity's tax liabilities were partly settled by group relief. With the exception of a management charge of £88,125 for the nine month period ended 31 December 2002, no payments were made in respect of such transactions.

Yours faithfully

Grant Thornton

Part IV

Pro Forma Statement of Net Assets

The following is an unaudited pro forma statement of net assets of the Group which has been prepared on the basis set out in the notes below. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only to show the effect on the Group's net assets as if the admission to AIM, the Placing and the Acquisitions had taken place. Because of its nature the unaudited pro forma statement of net assets may not give a true picture of the financial position of the Group.

	The Company (Note 1) £'000	Eurocity (Note 2) £'000	Boothmanor (Note 3) £'000	Adjustments (Note 4) £'000	Adjustments (Note 5) £'000	Proforma Group £'000
Fixed assets						
Tangible assets	—	3,100	1,100	—	—	4,200
Goodwill	—	—	—	—	100	100
	—	3,100	1,100	—	100	4,300
Current assets						
Debtors	—	68	2	—	—	70
Cash at bank and in hand	12	—	26	2,082	(995)	1,125
	12	68	28	2,082	(995)	1,195
Creditors: amounts falling due within one year	—	(870)	(230)	—	837	(263)
Net current assets/(liabilities)	12	(802)	(202)	2,082	(158)	932
Total assets less current liabilities	12	2,298	898	2,082	(58)	5,232
Creditors: amounts falling due after more than one year	—	(1,724)	(800)	—	(325)	(2,849)
Net assets	12	574	98	2,082	(383)	2,383

Notes

1. Net assets of the Company at 30 April 2004 as extracted from the accountants' report presented in Part III of the Admission Document.
2. Net assets of Eurocity (Crawley) Limited at 31 December 2003 as extracted from the accountants' report presented in Part III of the Admission Document.
3. Net assets of Boothmanor Limited at 31 January 2004 as extracted from the accountants' report presented in Part III of the Admission Document.
4. The net proceeds of the Placing available to the Group are expected to be £2.044 million, comprising gross proceeds of £2.265 million and issue costs of £0.221 million. In addition, £38,000 is reflected relating to the payment in full of partly paid Ordinary Shares on 4 June 2004.
5. The consideration for the entire share capital of each of Eurocity (Crawley) Limited and Boothmanor Limited to be paid by the Company in the form of cash and loan notes (including the settlement of agreed liabilities).
6. No adjustments have been made for trading or changes in working capital subsequent to the dates detailed above.
7. This pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The Directors
Real Estate Investors PLC
1 Westminster Way
Oxford OX2 0PZ

and

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
LONDON W1A 3AS

Grant Thornton
1 Westminster Way
Oxford
OX2 0PZ

4 June 2004

Dear Sirs

**PRO FORMA STATEMENT OF NET ASSETS OF
REAL ESTATE INVESTORS PLC ("THE COMPANY")**

We report on the pro forma statement of net assets set out in Part IV of the Admission Document dated 4 June 2004, which has been prepared, for illustrative purposes only, to provide information about how the admission to AIM, the Placing and the Acquisitions might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the pro forma statement of net assets.

It is our responsibility to form an opinion on the pro forma statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on the financial information in relation to the Company, Eurocity (Crawley) Limited and Boothmanor Limited used in the compilation of the pro forma financial information beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the directors of the Company.

Opinion

In our opinion:

- the pro forma statement of net assets has been properly compiled on the basis stated
- such basis is consistent with the accounting policies of the Company
- the adjustments are appropriate for the purposes of the pro forma statement of net assets as disclosed.

Yours faithfully

Grant Thornton

PART V

PROPERTY VALUATIONS

The Directors
Real Estate Investors PLC
1 Westminster Way
Oxford OX2 0PZ

and

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
LONDON W1A 3AS

CBRE
CB RICHARD ELLIS

Pacific House
70 Wellington Street
Glasgow G2 6UA

4 June 2004

Dear Sirs

REAL ESTATE INVESTORS PLC

VALUATION OF PROPERTIES IN BATTERSEA & CRAWLEY

1. Instructions

1.1 In accordance with instructions received from Smith & Williamson Corporate Finance Limited and Real Estate investors Limited by letter dated 30 April 2004, we have inspected the properties being acquired by Real Estate Investors PLC, described in Schedule 1 (the "**Investment Properties"**) referred to below and made all relevant enquiries in order to provide our opinion of Market Value of the Properties as at 30 April 2004 (the "**Valuation Date**") of the freehold and long leasehold interests, subject to and with the benefit of the various occupational leases.

1.2 This "Valuation Report" has been prepared for the purpose of inclusion in the Admission Document to be issued in respect of the admission of the ordinary shares in Real Estate Investors PLC to trading on AIM.

2. The Properties

2.1 The Properties we have valued are briefly described in Schedule 1 attached to this Valuation Report. Each property identified in the Schedule has been valued individually, and not as part of a portfolio.

3. Basis of Valuation

3.1 Our valuations have been carried out in accordance with The Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards (5th Edition), (the "Standards"). They have been undertaken by External Valuers, as defined in the Standards.

3.2 In accordance with the Standards, our valuations have been prepared on the basis of Market Value, which is defined in the Standards, as follows:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

4. Valuations

4.1 On the bases outlined in this Valuation Report, we are of the opinion that each individual Market Value as at 30 April 2004 of the respective freehold and long leasehold interests, subject to and with the benefit of the various occupational leases, as summarised in the Schedule, is as stated against that property in the Schedules.

4.2 Our valuations are exclusive of any VAT.

The aggregate of the said individual Market Values as at 30 April 2004 is £4,200,000 (FOUR MILLION, TWO HUNDRED THOUSAND POUNDS) made up as follows:

Schedule 1	Properties Held as Investments	
	– Unit 1, 39-49 Parkgate Road, Bishop's Wharf, Ransomes Dock, Battersea (long leasehold)	£1,100,000
	– 34-40 & 48 The Broadway and 1-4 Cross Keys, Crawley (freehold)	£3,100,000
Total		**£4,200,000**

5. Transaction Costs

5.1 No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a Property. Our valuations are, however, net of acquisition costs and reflect the current Stamp Duty Land Tax status of the Properties. We understand, however, that Real Estate Investors Plc are purchasing the assets under a corporate acquisition bringing about lesser acquisition costs than we have allowed for. In particular there will be a saving in terms of Stamp Duty Land Tax.

6. Net Annual Rents Receivable

6.1 In Schedule 1, we set out the net annual rents currently receivable from the Investment Properties. In providing these, we define "net annual rent" as "the current income or income estimated by the valuer having regard to existing lease terms:

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

6.2 Where premises are let on effectively full repairing and insuring leases, the net annual rents receivable stated in the Schedule are the presently contracted rents payable under those leases or agreements to lease without any deduction for the cost of management or any other expenses.

7. Estimated Rental Values

7.1 Schedule 1 sets out our opinion of the current Estimated Rental Values, which is our opinion of the best rent at which a letting of an interest in property would have been completed at the date of valuation assuming:

(a) a willing landlord;

(b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the rent and other letting terms and for the completion of the letting;

(c) that the state of the market, levels of values and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective tenant with a special interest;

(e) that, where the Properties are subject to a lease or an agreement to lease, the length of term and principal conditions assumed to apply to the letting and the other lease terms are the same as those referred to in the rent review clause and schedule contained in the relevant occupational lease, which we confirm are not exceptionally onerous or beneficial for a letting of the type and class of the property;

(f) that, for any parts of the Properties which are not subject to a lease or an agreement to lease, the length of term and principal conditions assumed to apply to the letting and the other lease terms are not exceptionally onerous or beneficial for a letting of the type and class of property; and

(g) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

7.2 In the Schedule, we have stated the current Estimated Rental Value, ignoring the present rent passing and any contracted fixed rent increases. Where properties are let, we have estimated rental levels adopting paragraph 7.1(e) above, which are commonly referred to as "net effective rents", and where the premises currently are vacant or where we have assumed the exercise of a break clause or that an existing lease at expiry will not be renewed, we have estimated rental levels adopting paragraph 7.1(f) above, which are commonly referred to as "headline rents". "Net effective rents" are those agreed at rent review reflecting the terms of the review clause and lack of a rent free period following review, compared with those agreed on open market lettings of similar properties at "headline rents", generally followed by rent free periods or other incentives. In all cases, we have considered the premises in their current specification (or assuming fitted out to Grade A specification if currently finished to shell and core) and assuming good repair and condition.

8. Assumptions and Sources of Information

Floor Areas

8.1 We have relied upon the floor areas provided to us by Real Estate Investors Plc. We assume that all floor area figures provided are complete and correct and calculated in accordance with the Fifth Edition of the Code of Measuring Practice issued by the RICS. All measurements and areas quoted in this Valuation Certificate are approximate.

Plant and Machinery

8.2 Landlords' plant and machinery such as lifts, escalators, air conditioning and other normal service installations have been treated as an integral part of each property and are included within our valuations. Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

8.3 No specialist tests have been carried out on any of the service systems and, for the purpose of our valuations, we have assumed that all are either in good working order and in compliance with any relevant statute, by-law or regulation or will be upon completion of development of the Property concerned.

Environmental Investigations, Ground Conditions and High Voltage Apparatus

8.4 We have not ourselves undertaken any environmental investigations, for contamination or otherwise and have not seen any reports prepared by third parties addressing these issues.

8.5 We have assumed that, except to the extent (if any) disclosed to us by Real Estate Investors Plc, there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

Inspections

8.7 For the purpose of this valuation, we have inspected each property internally.

Building Structure

8.8 We were not instructed to carry out structural surveys for the purpose of this Valuation and have assumed that there are not and will not be any structural or latent defects within the Properties. From our inspections, the Investment Properties appeared to be in satisfactory condition. We have assumed that no known deleterious or hazardous materials have been or are being utilised in the construction of any of the Properties. We have not seen any relevant reports prepared by third parties covering such issues; Real Estate Investors Plc advise that they are unaware of any such materials being present or of any unsuitable techniques having been used in the construction of the buildings.

Town Planning and Statutory Requirements

8.9 We have made verbal town planning enquiries only. In the course of our enquiries, we were advised by the local planning authority that there are no adverse town planning, highway or other schemes or proposals. Information supplied to us by planning officers is, however, given without liability on their part, and we cannot therefore accept responsibility for incorrect information or for material omissions in the information supplied.

8.10 We have assumed that, save as may be disclosed by the reports referred to below, all relevant planning consents exist for the Properties and their respective present or proposed uses (as appropriate).

8.11 We have assumed that all buildings currently comply, or on completion will comply, with all statutory and local authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

8.12 We have inspected the certificates of title and reports (attaching lease summaries) prepared by Real Estate Investors Plc's solicitors and confirm as follows:

(a) where we have relied upon information provided to us by Real Estate Investors Plc, such information is not inconsistent with the reports;

(b) we have assumed that, save as may be disclosed by the reports, the Properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations; and

(c) we have assumed that, save as may be disclosed by the reports, nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the Properties.

8.13 No account has been taken of any mortgages, debentures or other security which may now or in the future exist over any of the Properties.

Third Party Covenants

8.14 We have not conducted credit enquiries into the financial status of any of the tenants, building contractors or other parties with whom Real Estate Investors Plc has or will have contracts. However, in undertaking our valuations we have reflected our understanding of the market's perception of the financial status of those parties. We have also assumed that each party is capable of meeting its lease obligations, and that there are no material undisclosed breaches of covenant.

Unlet Accommodation

8.16 We have assumed that full vacant possession can be provided of any accommodation which is unlet.

9. Independence

9.1 The total fees including the fee for this assignment, earned by CB Richard Ellis Limited (or other companies forming part of the same group of companies within the UK) from Real Estate Investors Plc is less than 5.0 per cent. of the respective companies' total UK revenues.

10. Disclosure

10.1 Real Estate Investors Plc is seeking admission of its shares to AIM and this report is the first undertaken by CB Richard Ellis for the Company.

11. Options and Directors' Dealings

11.1 We understand that the Lewin Retirement Scheme (of which Peter Lewin is a trustee and a beneficiary) and Michelle Lewin (Peter Lewin's wife) own part of the share capital of Boothmanor Limited, which in turn owns the Battersea property. Other than this, we are not aware of any Directors' dealings or potential dealings in the properties.

12. Responsibility

12.1 This Valuation Report is for the use only of the addressees of this Report and may be relied upon by each of them in connection with the Offer and the admission of Shares of Real Estate Investors plc to trading on AIM, and for no other purpose.

12.2 Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

Yours faithfully

Andrew Lythgoe BSc MRICS
Associate Director

For and on behalf of
CB RICHARD ELLIS

Schedule 1

Properties held as investments

Property	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Net Annual Rents Receivable £	Estimated Net Annual Rents £	Market Value £
LONDON SW11 Ground Floor Unit 1, Bishops Wharf Ransomes Dock 39-49 Parkgate Road	An end of terrace ground floor secondary retail unit within a four storey building of traditional brick construction to ground and first floors with a modern extension above. These upper floors provide residential accommodation which is not held within the subject demise. The retail unit consists of café/restaurant accommodation with bar area and fully fitted commercial kitchen. The total net internal area is 292.6 sq m (3,150 sq ft). An estimate of 5 per cent. has been added to reach a gross internal area. The property is held long leasehold being subject to a 999 year lease with effect from 25 May 1994. The rent reserved is a peppercorn we understand that there maybe potential for a proportion of service charge to be paid however we have been informed that this is nil.	The property is let to the Pelican Group plc on full repairing and insuring terms for 25 years commencing 2 November 1994. The rent is subject to an upward only review every 5 years. The current rent is £65,000 per annum which equates to approximately £211 per sq m (£19.65 per sq ft).	65,000	72,800	1,100,000
CRAWLEY 34-40 The Broadway & 1-4 Cross Keys	Five ground floor retail units with two floors of self contained offices above, situated within a purpose built secondary parade of shops. The parade was constructed in the 1950s of concrete frame with brick infill beneath a pitched tiled roof. The retail frontage is predominantly of aluminium framed fenestrations. Internally, the units have been fitted out to the tenants' individual specifications although these tend to be of a basic nature. The property provides a net internal area of 636.01 sq m (6,846 sq ft) and an area in terms of zone A (ITZA) of 270.82 sq m (2,942 sq ft) of ground floor retail accommodation and a net internal area of 553 sq m (5,974 sq ft) of office accommodation on first and second floors. To the rear of the retail units are four single storey garages known as 1-4 Cross Keys.	Ground floor 34/36 The Broadway let to Bradford & Bingley Building Society for a term of 25 years on a full repairing and insuring lease commencing 29 September 1984. The rent is subject to upwards only reviews every 5 years. Part of 34 The Broadway is sublet to DPT Records. The current rent is £82,000 per annum equating to £948 per sq m ITZA (£86 per sq ft ITZA). First floor 34 The Broadway & first and second floors 36 The Broadway is let on a full repairing and insuring lease to Kelly Services UK Ltd for a 20 year term from 25 December 1986 at a rent of £21,850 per annum equating to £127.50 per sq m (£11.70 per sq ft) subject to upwards only reviews every 5 years.	£302,550	£181,320	£3,100,000

Property	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Net Annual Rents Receivable £	Estimated Net Annual Rents £	Market Value £
	Freehold.	First Floor 36 The Broadway let on a full repairing and insuring lease to Personnel Selection Associates for a term of 20 years effective from 25 March 1986. The rent is £12,000 per annum equating to £204 per sq m (£18.93 per sq ft) with upwards only rent reviews every 5 years. Ground Floor 38 The Broadway is let to Kelly Services UK Ltd with effect from 25 March 1990 for a 20 year full repairing and insuring term at a rent of £65,000 per annum equating to £1,145 per sq m (£106.38 per sq ft ITZA). The rent is subject to upwards review every 5 years. First & Second Floors 38 The Broadway are let on full repairing and insuring lease terms to Kelly Services UK Ltd on an 8 year term commencing 17 March 2002 at a rent of £15,250 per annum equating to £138 per sq m (£12.82 per sq ft). The rent is reviewed upwards only every 5 years. Ground Floor 40 The Broadway is let to Carphone Warehouse UK Ltd on a full repairing and insuring lease for a term commencing 1 September 1985 expiring 31 January 2006 at a rent of £46,750 per annum equating to £799 per sq m ITZA (£73.62 per sq ft ITZA). The rent is subject to upwards only review every 5 years. First Floor 40 The Broadway is let to A Pangarker for a term of 10 years commencing 21 February 1997, on a full repairing and insuring lease, at a rent of £5,300 per annum equating to £86 per sq ft (£12.24 per sq ft). The rent is subject to an upward only review every 5 years. Second Floor 40 The Broadway is let to Hays Personnel Services Ltd. The full repairing and insuring lease is for a term of 20 years with effect from 29 September 1985, at a rent of £11,500 per annum equating to £203 per sq m (£18.82 per sq ft). The rent is subject to an upwards only review every 5 years.			

Property	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Net Annual Rents Receivable £	Estimated Net Annual Rents £	Market Value £
		Ground Floor 48 The Broadway is let to M Weekes for a term of 15 years on a full repairing and insuring lease effective from 28 September 1993, at a rent of £23,000 per annum, subject to upward only review every 5 years. The rent equates to £435 per sq m ITZA (£40.38 per sq ft ITZA).			
		First & Second Floors 48 The Broadway let to Staffsign (Crawley) Ltd on a full repairing and insuring lease commencing 26 June 2003 expiring 25 June 2018, at a rent of £16,000 per annum equating to £139 per sq m (£13.00 per sq ft). The lease contains tenant break option at the third anniversary of date of entry and every three years thereafter.			
		1 Cross Keys is let to A Khan under a full repairing and insuring lease for £1,040 per annum under a lease expiring 28 September 2004.			
		2 Cross Keys is let to A Pangarker under a full repairing and insuring lease for £780 per annum under a lease expiring 31 October 2004.			
		3 Cross Keys is let to Moss Décor 2000 Ltd under a full repairing and insuring lease for £1,040 per annum under a lease expiring 30 November 2004.			
		4 Cross Keys is let to A Raja under a full repairing and insuring lease for £1,040 per annum under a lease expiring 14 September 2004.			

Part VI

Additional Information

1. The Company

(a) The Company was incorporated on 16 February 2004 as Real Estate Investors PLC in England and Wales under the Act as a public company limited by shares with registered number 5045715.

(b) The Company's main activity is that of commercial property investment.

(c) The principal legislation under which the Company operates is the Act and regulations made thereunder.

(d) The Company's registered office is 1 Westminster Way, Oxford OX2 0PZ.

(e) The liability of the members of the Company is limited.

2. Share capital

(a) The existing authorised and paid up share capital of the Company as at the date of this document is:

	Authorised		Issued and paid up	
	Number	**Amount**	**Number**	**Amount**
Ordinary Shares	1,000,000,000	£10,000,000	5,000,000	£50,000

(b) The authorised and issued fully paid up share capital of the Company as it is expected to be following completion of the Placing and the Acquisitions is set out below:

	Authorised		Issued and paid up	
	Number	**Amount**	**Number**	**Amount**
Ordinary Shares	1,000,000,000	£10,000,000	26,400,000	£264,000

(c) (i) Two subscriber shares were transferred to Malcolm Lewin on 16 March 2004.

(ii) On 29 March 2004, 49,998 Ordinary Shares were issued at the nominal value of £1 per share to the following:

Name	**Number**
Denton & Co Trustees Limited and Peter Lewin as trustees of the Lewin Retirement Scheme	15,000
Malcolm Lewin	17,498
John Jack	17,500

(d) On 4 June 2004, in order to ensure that the subscription price for the Ordinary Shares subscribed by the Directors is equal to the Placing Price, each of the 50,000 ordinary shares in issue on that date (held by the Directors and their connected persons) were sub-divided into 10 ordinary shares of 1p each in nominal value and 1 deferred share of 90p in nominal value. The deferred shares carried no voting or dividend rights. Immediately thereafter, the capital of the Company was reduced by cancelling and extinguishing all of the deferred shares for no consideration.

(e) Also on 4 June 2004, a shareholder resolution was passed which subdivided the Company's unissued shares of £1 into shares of 1p each nominal value and increased the authorised share capital to £10,000,000 comprising 1,000,000,000 Ordinary Shares. The resolution also provided the Directors with the relevant authorities to allot the Placing Shares and the Acquisition Shares and adopted the current Articles of Association of the Company.

(f) Following the passing of the resolution to increase the Company's authorised share capital referred to in paragraph 2(e) above, the Directors were authorised in accordance with Section 80 of the Act to allot relevant securities (as defined in Section 80(2) of the Act) in connection with the Placing and the Acquisitions, and thereafter up to a maximum nominal amount of £500,000, such authority to expire on the fifth anniversary of the passing of the resolution save for the allotment of relevant securities under this authority in pursuance of an agreement so to do made by the Company before the expiry of such authority.

(g) The Company's shareholders have certain pre-emption rights in terms of Section 89 of the Act in respect of any new equity securities (within the meaning of Section 94 of the Act) proposed to be allotted wholly for cash. However, the Directors are authorised under the resolution passed on 4 June 2004 referred to in paragraph 2(e) above to allot equity securities wholly for cash pursuant to the authority specified in paragraph 2(f) above as if Section 89(1) of the Act did not apply to such allotments provided that such disapplication shall only apply to allotments in connection with the Placing, and thereafter up to a nominal amount of £150,000, and shall expire on the fifth anniversary of the passing of the resolution.

(h) Investors should note that while the section 80 and 89 authorities referred to in paragraphs (f) and (g) above are in respect of a greater nominal value of Ordinary Shares than might be seen in respect of some other quoted companies, the reasoning behind this is that the Company's strategy is to consider using, wherever possible, equity instruments in part or whole consideration for acquisitions. Therefore the share authorities must be wide enough to enable this strategy to be implemented.

(i) The Placing Shares and the Acquisition Shares when issued will rank in full for all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

(j) Following the Placing and the issue of the Acquisition Shares, and assuming subscription of all the Placing shares under the Placing, 973,600,000 Ordinary Shares will remain authorised but unissued.

(k) With the exception of the loan notes referred to in paragraph 5(f) below, no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.

(l) The existing issued Ordinary Shares, the Placing Shares and the Acquisition Shares will be in registered form. Otherwise than pursuant to the Placing, none of the issued or to be issued Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for such shares to be admitted to AIM.

(m) The amount payable on application and allotment of each Placing Share is 10p of which 9p is payable by way of premium.

3. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 1 of this Part VI.

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

(a) *Voting Rights*

Subject to any special rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. Unless the Directors otherwise determine, a member is not entitled to vote in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act and fails to supply the Company with the information thereby required within the period set down by the Articles.

(b) *Variation of Rights*

(i) The rights attached to any class of shares for the time being in issue may be varied or abrogated either as may be provided by such rights or in the absence of any such provision with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings shall apply so far as applicable and with the necessary modifications save that (a) no member, not being a Director, shall be entitled to notice thereof or to attend thereat unless he be a holder of shares of the relevant class (b) no vote shall be given except in respect of a share of that class (c) the

necessary quorum at any such meeting other than an adjourned meeting shall be not less than two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question (d) at an adjourned meeting one person holding shares of the class in question or his proxy shall constitute a quorum and (e) any holder of shares of the class in question present in person or by proxy and entitled to vote at the meeting may demand a poll.

(ii) The Company may by ordinary resolution increase its share capital, consolidate all or any of its shares into shares of a larger amount, sub-divide its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled.

(iii) The Company may by special resolution, subject to the provisions of the Act, reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve. The Company may also, subject to the requirements of the Act, purchase its own shares.

(c) *Transfer of shares*

The transfer of a share shall be effected in writing in any usual or common form or in any other form acceptable to the Directors and shall be signed by or on behalf of the transferor. The Articles contain no restrictions on the free transferability of shares save in exceptional circumstances, provided that the instrument of transfer is in favour of not more than four transferees and is in respect of only one class of shares, and the provisions in the Articles relating to the deposit of instruments of transfer have been complied with.

(d) *Dividends and distribution of assets on liquidation*

The holders of the shares are entitled pari passu amongst themselves, but in proportion to the number of shares held by them to share in the whole of the profits of the Company available for dividend and resolved to be distributed and such proportion of any surplus in the event of the liquidation of the Company as the liquidator may determine.

(e) *Unclaimed dividends*

Any dividend unclaimed after a period of twelve years from the due date of its payment shall be forfeited and shall cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

(f) *Borrowing powers*

The Directors shall restrict the borrowings of the Company and exercise all voting and all other rights or powers of control exercisable by the Company in relation to its subsidiary companies so as to secure (as regards subsidiary companies so far as by such exercise they can secure) that the aggregate of the amounts borrowed by the Company and its subsidiaries and remaining outstanding at any time (excluding intra-group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to £100,000,000 or, if greater, four times the aggregate of the amount paid up or credited as paid up on the issued share capital of the Company and the amounts standing to the credit of the consolidated capital and revenue reserves of the Company and its subsidiaries (including retained earnings), all as shown in the latest audited consolidated balance sheet of the Company and its subsidiaries but after making certain adjustments specified in the Articles (provided that in the first year the limit shall be £50,000,000).

(g) *Directors*

(i) Directors should not be less than two nor more than 8 in number.

(ii) Save as mentioned below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal whatsoever in which he has to his knowledge material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company but otherwise a Director may so vote in respect of any contract or arrangement or any other proposal in which his interest is not material. A Director shall not be counted in the quorum at a meeting in relation to any resolution from which he is debarred from voting.

(iii) Subject to the provisions of the Act a Director shall (in the absence of some material interest other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part by the giving of security or under a guarantee or indemnity;

(c) any proposal concerning an offer of securities of or by the Company or any of its subsidiaries under an offer in which he is or may be entitled to participate as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;

(d) any proposal relating to any other company in which he does not to his knowledge hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;

(e) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and

(f) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of persons including Directors of the Company.

(iv) Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned (if not debarred from voting under the proviso to sub-paragraph (g)(iii)(d) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(v) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting (or, where such question shall arise concerning such chairman, to such other Director present at the meeting as the Directors present, other than such chairman, shall by majority vote appoint) and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature and extent of the interests of the Director concerned have not been fairly disclosed.

(vi) The aggregate ordinary remuneration of the Directors shall not exceed £100,000 per annum or such higher sum as the Company may by ordinary resolution determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company, or otherwise in connection with the business of the Company. The Directors may pay extra remuneration out of the funds of the Company by way of salary, commission or otherwise to any Director who holds an executive office or otherwise performs services for the Company outside the scope of the ordinary duties of a Director.

(vii) The Directors may (by the establishment or maintenance of schemes or otherwise) give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to past or present Directors or employees of the Company or any of its subsidiaries or any company allied to or associated with, any of them or to or for the benefit of persons who are related to or dependants of any such Directors or employee.

(viii) Section 293 of the Act (age limit for directors) does not apply to the Company.

4. Interests of Directors and others

(a) The interests of the Directors and their immediate families and of persons connected with them within the meaning of section 346 of the Act in the share capital of the Company as at the date of this document all of which are beneficial (which have been notified to the Company pursuant to section 324 of the Act or are required to be entered in the register of Directors' interests maintained under the provisions of section 325 of the Act) or which could, with reasonable diligence, be ascertained by the Directors and as they are expected to be immediately following completion of the Placing and the Acquisitions are as follows:

	At present		After the Placing and Acquisitions	
Director	**Number of Ordinary Shares**	**Percentage of issued share capital**	**Number of Ordinary Shares**	**Percentage of issued share capital**
Peter H Lewin*	150,000	30%	5,000,000	18.94%
Malcolm T Lewin	175,000	35%	750,000	2.84%
John J Jack	175,000	35%	750,000	2.84%

**Peter Lewin's interests shown above are (and will be in the case of the Placing Shares) held by Peter Lewin and Denton & Co Trustees Ltd as trustees of the Lewin Retirement Scheme of which Peter Lewin is the sole beneficiary.*

Ponthall International Limited has undertaken to Peter Lewin to subscribe for 2,500,000 Placing Shares at the Placing Price. Under the terms of this undertaking Peter Lewin has entered into an arrangement with Ponthall International Limited which provides that, on any of the five business days commencing on the date which falls 12 months after Admission, Ponthall International Limited may require Peter Lewin to acquire these shares at a price of 11p per share.

Save as disclosed in this paragraph 4, no Director nor any member of their respective immediate families, nor any person connected with them within the meaning of section 346 of the Act, has a beneficial/non-beneficial interest in any share capital of the Company.

(b) No loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.

(c) The Directors whose names appear in the section entitled "Directors" in Part I of this document, have been appointed to the offices set out against their respective names.

(i) Peter Lewin entered into a service contract with the Company on 4 June 2004 which provides for him to act as the Chief Executive of the Company for an initial salary of £60,000 per annum plus private medical and permanent health insurance and life assurance. His appointment thereunder is for a minimum period of 2 years and continues thereafter unless terminated by either party giving not less than 12 months' notice expiring on or after the date which is 2 years after the date of the agreement. The salary will be reviewed by the Board annually in January of each year and (for the avoidance of doubt) the first of these reviews will take place in January 2005. Restrictive covenants will apply to him for a period of 6 months following the date on which the appointment ceases.

(ii) Malcolm Lewin entered into a service contract with the Company on 4 June 2004 which provides for him to act as the Finance Director of the Company for an initial salary at the rate of £60,000 per annum plus private medical and permanent health insurance and life assurance. It is anticipated that initially he will work for the Company on a less than full-time basis and accordingly his salary of £60,000 per annum would be reduced on a pro rata basis. His appointment thereunder is for a minimum period of 2 years and continues thereafter unless terminated by either party giving not less than 12 months' notice expiring on or after the date which is 2 years after the date of the agreement. The salary will be reviewed by the Board annually in January of each year and (for the avoidance of doubt) the first of these reviews will take place in January 2005. Restrictive covenants will apply to him for a period of 6 months following the date on which the appointment ceases.

(iii) John Jack was appointed non-executive Chairman of the Company pursuant to a letter of appointment dated 4 June 2004, conditional on Admission. Pursuant to this letter of appointment he will receive £7,500 per annum and will be required to attend all board meetings and to serve on any committee of the board. His appointment is terminable on 3 months' written notice by either party.

(d) The aggregate emoluments (including benefits in kind and pension contributions) of the Directors in respect of the current financial period ending on 31 December 2004, assuming Admission, are estimated to amount to £65,625 under the arrangements in force at the date hereof.

(e) Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

(f) The Company is aware of the following persons, in addition to those disclosed in paragraph 4(a) above, who, at the date of this document and following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company.

	At present		After the Placing and Acquisitions	
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Eurocity Properties PLC	nil	nil%	3,250,000	12.31%
Naroti Resources S.A.	nil	nil%	2,500,000	9.47%
Ponthall International Limited	nil	nil%	2,500,000	9.47%
Point Star Shipping & Finance Limited	nil	nil%	1,500,000	5.68%
Kellwalk Properties Limited	nil	nil%	1,000,000	3.79%
Christopher Holder	nil	nil%	1,000,000	3.79%

Save as disclosed above in this paragraph (f) and paragraph 4(a), the Company is not aware of any person who, immediately following the Placing and Acquisitions, will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

(g) The directorships held by each of the Directors over the five years preceding the date of this document other than in the Company, and partnerships in which they have been partners over the same period, are as follows:

	Current	Past
Peter Lewin	St Petersclose, Eastcote Management Ltd Metroland Property Developments (East Socon) Limited Metroland Property Developments Limited M.P.D. (Moretonhampstead) Limited	Metroland New Homes (No.1) Plc Metroland New Homes (No.3) Plc Metroland New Homes (No.4) Plc Metroland New Homes (No.5) Plc Metroland New Homes (No.6) Plc Metroland New Homes (No.7) Plc Metroland New Homes (No.8) Plc Metroland New Homes (No.9) Plc Metroland New Homes (No.10) Plc Metroland New Homes (No.11) Plc Metroland New Homes (No.12) Plc Metroland New Homes (No.13) Plc Metroland New Homes (No.15) Plc Metroland New Homes (No.16) Plc Metroland New Homes (No.17) Plc Metroland New Homes (No.18) Plc Metroland New Homes (No.19) Plc Metroland New Homes (No.20) Plc Metroland New Homes (No.21) Plc Metroland New Homes (No.22) Plc Metroland New Homes (No.23) Plc Metroland New Homes (No.24) Plc Metroland New Homes (No.25) Plc Metroland New Homes (No.26) Plc Metroland New Homes (No.27) Plc Metroland New Homes (No.28) Plc

	Current	Past
Peter Lewin *continued*		Metroland New Homes (No.29) Plc Metroland New Homes (No.30) Plc Metroland New Homes (No.31) Plc Metroland New Homes (No.32) Plc Metroland New Homes (No.33) Plc Metroland New Homes (No.34) Plc Metroland New Homes (No.35) Plc Metroland New Homes (No.36) Plc Metroland New Homes (No.37) Plc Metroland New Homes (No.38) Plc Metroland New Homes (No.39) Plc Metroland New Homes (No.40) Plc Metroland New Homes (No.41) Plc Metroland New Homes (No.42) Plc Metroland New Homes (No.43) Plc Metroland New Homes (No.44) Plc Metroland New Homes (No.45) Plc Metroland New Homes (No.46) Plc Metroland New Homes (No.47) Plc Metroland New Homes (No.48) Plc Metroland New Homes (No.49) Plc Metroland New Homes (No.50) Plc Metroland New Homes (No.51) Plc Metroland New Homes (No.52) Plc Metroland New Homes (No.53) Plc Metroland New Homes (No.54) Plc Metroland New Homes (No.55) Plc Metroland New Homes (No.56) Plc Metroland New Homes (No.57) Plc Metroland New Homes (No.58) Plc Metroland New Homes (No.59) Plc Metroland New Homes (No.60) Plc Metroland New Homes (No.61) Plc Metroland New Homes (No.62) Plc Metroland N.H. Limited Metroland Property Developments (2) Limited Ambassador House (Carlton Hill) Limited M.P.D. (Chardstock) Limited M.P.D. (Darwen) Limited Grantcharm Limited Manor Court (Harrow) Residents Company Limited Isobel House Limited Barkwest Limited Totsbridge Limited First London Group Properties Limited First London Holdings Limited First London Investments Limited First London Estates Limited Wing Properties Limited Carlton Real Estates Developments Limited Topshape Limited Tourone Limited Streatco 268 Limited Onestate Limited Harley Street International Limited Longspan Limited

	Current	Past
Peter Lewin *continued*		Cabot Investments Limited Staplebrook Investments Limited Horseshoe Crescent Northolt Management Limited Ipcourt Limited Pondset Limited Discfind Limited Newport (Albert Buildings) Limited Newport Holdings Limited Newport (Brynmawr) Limited Newport (Dundee) Limited Newport (Leeway) Limited Newport (Llantrisant) Limited Newport (Oban) Limited Newport (Swansea) Limited Newport (Watford) Limited Deanfind Limited Boothmanor Limited Letchworth Garden Properties Limited
Malcolm Lewin	None	OMG PLC Beechcroft Limited Beechcroft Developments Limited Beechcroft UK Limited Beechcroft Management Services Limited Beechcroft Construction Limited Lisa Estates Limited 12 Radnor Mews Limited Ithaca (Charity) Limited Mercer Lewin
John Jack	IS4Profit Limited Information Services for Profit Limited Elan Vital (UK) Limited Meon Valley Mill Limited Jannaways Limited	Citex Group Limited Screen plc John Jack Associates Limited The Built Environment Research Foundation Havant Borough Partnership

(h) John Jack resigned as chairman of Citex Group Limited on 21 October 2002 following the sale of the facilities management division, Citex Management Services, to Carillion plc and the Asian division to E C Harris. The remainder of the business, providing quantity surveying and project management services, was trading solvently at the time, backed by Phoenix Private Equity and Legal & General Ventures. However, following the loss of two major customers, the company was placed into administration at the end of February 2003, ahead of an anticipated management buy out. The company continued to trade and was sold as a going concern in early March 2003.

(i) Save as disclosed above, none of the Directors:

(i) is currently a partner in a partnership or has been a partner in a partnership within the five years immediately preceding the date of this document; or

(ii) has any unspent convictions for any indictable offences or has been declared bankrupt or has made any voluntary arrangements with his creditors; or

(iii) has been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration or voluntary arrangement of the company or any composition or arrangement with its creditors generally or any class of creditors; or

(iv) has been a partner or in a partnership at the time of or within twelve months preceding any compulsory liquidation, administration or partnership voluntary arrangement of the partnership; or

(v) has had any asset which has been subject to a receivership or has been a partner in a partnership at the time of or within the twelve months preceding any assets of the partnership being subject to a receivership; or

(vi) has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a Court from acting as a director of, or in the management of, the affairs of any company.

5. Material contracts

The Company

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since incorporation and are, or may be material:

(a) A placing agreement dated 4 June 2004 and made between (1) the Company (2) the Directors and (3) Smith & Williamson Corporate Finance Limited. Under the terms of the Placing Agreement, Smith & Williamson Corporate Finance Limited has conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Company has agreed to pay Smith & Williamson Corporate Finance Limited a corporate finance fee of £50,000, commissions equal to 0.75 per cent. of the total funds raised by the Placing and additional commission at the rate of 3.0 per cent. of the aggregate value of Placing Funds procured by Smith & Williamson, and to pay Seymour Pierce Ellis Limited commission at the rate of 3.5 per cent. of the aggregate value of Placing funds procured by Seymour Pierce Ellis Limited. The Placing Agreement provides for the Company to pay all costs and expenses of and incidental to the Placing and the application for Admission. Smith & Williamson Corporate Finance Limited may terminate the Placing Agreement in specified circumstances prior to Admission. The Company and the Directors have given certain warranties and in addition the Company has given certain indemnities to Smith & Williamson Corporate Finance Limited on which it has relied in carrying out the Placing. The warranties (which have been given subject to appropriate limitations) principally concern the business of the Company and the contents of this document.

(b) A share sale and purchase agreement dated 26 May 2004, and made between Lawrence Brown and Others ("the Vendors") (1), Peter Lewin (2) and the Company (3) for the acquisition by the Company of the entire issued share capital of Boothmanor Limited. The initial consideration due from the Company to the Vendors pursuant to the acquisition agreement is £89,731 in cash, to be adjusted by a net asset value adjustment. The Company has also undertaken that Boothmanor Limited will repay loans and interest (of aggregate value £202,455) to a vendor and a party connected with a vendor at completion. The agreement contains customary warranties.

The Nationwide Building Society has required the Company to provide a guarantee for £100,000 for the liabilities of Boothmanor Limited under the Boothmanor Facility Agreement referred to under the paragraph headed "Boothmanor Limited" below as a precondition to granting its requisite consent to the change of control of Boothmanor Limited.

Completion of the acquisition agreement is expressed to be conditional upon completion of the Placing Agreement described in paragraph (a) above.

The acquisition of Boothmanor Limited by the Company constitutes a substantial property transaction pursuant to section 320 of the Act on the basis that The Lewin Retirement Scheme (of which Peter Lewin is a trustee and beneficiary) and Peter Lewin's wife own, in aggregate, 50 per cent. of Boothmanor Limited. In accordance with Section 320 of the Act the transaction has been approved by shareholders of the Company.

(c) On completion a deed of covenant relating to taxation will be entered into between the Company (1), persons listed in the schedule to the deed ("the Covenantors") (2) and Boothmanor Limited (3) pursuant to which the Covenantors will agree to pay to the Company, or at the option of the Company to Boothmanor Limited, an amount equal to any pre-completion taxation liability of Boothmanor Limited. Any amounts paid by the Company shall be deemed to constitute a reduction in the consideration paid to the Vendors in paragraph (b) above.

(d) A share purchase and sale agreement dated on 26 May 2004, and made between Eurocity Properties Plc ("the Vendor") (1) and the Company (2) for the acquisition by the Company of the entire issued share capital of Eurocity (Crawley) Limited (a wholly owned subsidiary of the Vendor). The initial consideration due from the Company to the Vendor pursuant to the acquisition agreement is

£718,320 to be adjusted by a net asset value adjustment (the calculation of this adjustment will assume the value of the Crawley property is £3.2 million). The Company has also undertaken that Eurocity (Crawley) Limited will repay a loan to the Vendor in the amount of £634,866 at completion. The initial consideration is to be satisfied by way of:

(i) the payment of £68,320 in cash to the Vendor;

(ii) the allotment and issue to the Vendor of the consideration shares in the amount of £325,000 (calculated at the Placing Price); and

(iii) the allotment and issue to the Vendor of loan notes in the amount of £325,000.

Completion of the acquisition agreement is expressed to be conditional upon completion of the Placing Agreement described in paragraph (a) above. Under the agreement, the Vendor undertakes not to dispose of the consideration shares for a period of 12 months following completion. The agreement contains customary warranties.

(e) On completion, a deed of covenant relating to taxation will be entered into between the Company and Eurocity Properties Plc ("the Vendor") pursuant to which the Vendor will agree to pay to the Company an amount equal to any taxation payable by Eurocity (Crawley) Limited and arising directly from any transaction effected on or before the completion of the acquisition and any reasonable costs and expenses properly incurred and paid by the Company. Any payments made by the Company shall be treated as an adjustment to the consideration paid by the Company for the acquisition of shares in Eurocity (Crawley) Limited.

(f) The loan notes referred to in (iii) above will be unsecured convertible loan notes and will be created pursuant to an instrument executed on completion. The loan notes may be converted into Ordinary Shares at any time after the first anniversary of issue. The rate of conversion is one Ordinary Share for every 11p par value of loan notes. Unless converted or redeemed earlier in accordance with the terms of the loan note instrument, the loan notes shall become due and payable and redeemed in full on the fifth anniversary of issue. No interest shall accrue or be payable on the loan notes.

Boothmanor Limited

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Boothmanor Limited since incorporation and are, or may be material:

(a) Facility agreement dated 7 April 2003 between Nationwide Building Society (1) and Boothmanor Limited (2), as varied by letters of amendment dated 10 April 2003 and 9 October 2003 (the "Boothmanor Facility Agreement") whereby Nationwide Building Society granted to Boothmanor a 20 year facility, of £817,500 with interest at 1.16 per cent. above LIBOR from 1 October 2003. LIBOR has been fixed for the first 10 years of the term at 5.09 per cent. Boothmanor Limited gave certain warranties and undertakings to Nationwide Building Society. Boothmanor Limited granted security to Nationwide Building Society including a fixed charge over the property at Unit 1, Bishops Wharf, 39-49 Parkgate Road, Wandsworth (the "Bishops Wharf Property").

(b) Agreement for sale dated 18 March 2003 between Cabot Investments Limited (1) and Boothmanor Limited (2) whereby Cabot Investments Limited sold the Bishops Wharf Property to Boothmanor Limited for £940,000. The rent from the Bishops Wharf Property to Boothmanor Limited was apportioned between the parties and the seller gave certain warranties to the purchaser.

Eurocity (Crawley) Limited

Save as disclosed in this document, no contracts which are or may be considered material have been entered into by Eurocity (Crawley) Limited otherwise than in the ordinary course of business during the two years immediately preceding the date of this document.

6. United Kingdom taxation

The comments set out below summarise certain aspects of the UK taxation treatment of the Placing. They are based on existing law and on what is understood to be current Inland Revenue practice. They are intended as a general guide and apply to Shareholders resident or ordinarily resident for tax purposes in the UK (save where express reference is made to persons resident outside the UK) who hold Ordinary Shares as an investment and who are the absolute beneficial owners thereof. The comments below may not apply to certain classes of persons such as dealers or persons holding Ordinary Shares in a personal equity plan or an individual savings account. Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

(a) *Taxation of chargeable gains*

A subsequent disposal of all or any of the Ordinary Shares may, depending on the Shareholder's individual circumstances, give rise to a liability to UK taxation of chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor ordinarily resident in the UK.

(b) *Dividends*

There is no withholding tax on dividends nor is the Company liable to account for any tax to the Inland Revenue on dividends.

A Shareholder who is an individual resident for tax purposes in the UK and who receives a dividend will be entitled to a tax credit equal (at current rates) to one ninth of the dividend. The individual will be taxable on the total of the dividend and the related tax credit ("the gross dividend") which will be regarded as the top slice of the individual's income. The tax credit will discharge in full the income tax liability of a starting rate, lower rate or basic rate tax payer, but a higher rate tax payer will have an additional liability. Currently, an individual subject to the higher rate of tax will pay tax on the gross dividend at the rate of 32.5 per cent. of the gross dividend less the tax credit.

It will not be possible for UK resident Shareholders to claim repayment of the tax credit in respect of dividends.

A Shareholder that is a company resident for tax purposes in the UK will not generally be taxable on any dividend it receives from the Company.

The right of a Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit will depend on the existing terms of any double taxation convention between the UK and the country in which the holder is resident. Holders who are not solely resident in the UK should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of that tax credit and, if so, the procedure for doing so. In general, only non-UK resident Shareholders with holdings of above 10 per cent. in the Company are likely to be able to claim repayment of any part of the tax credit under the terms of a relevant double tax treaty and, even in such circumstances, the amount of repayment available will be very small.

(c) *Stamp Duty and Stamp Duty Reserve Tax*

The following comments are intended as a guide to the general position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons concerned with depository arrangements or clearance services to which special rules apply.

The issue of the Placing Shares by the Company will not give rise to a charge to stamp duty or stamp duty reserve tax ("SDRT").

An agreement to sell Ordinary Shares will usually give rise to a liability on the purchaser to pay SDRT normally at the rate of 0.5 per cent. of the amount or value of the consideration given. If an instrument of transfer of the Ordinary Shares is subsequently executed, it will generally be subject to stamp duty normally at the rate of 0.5 per cent. of the amount or value of the consideration given. When such stamp duty is paid within six years of the agreement to sell, the SDRT charge will be cancelled and any SDRT already paid will be refunded.

7. Working capital

In the Directors' opinion, having made due and careful enquiry and taking into account the net proceeds of the Placing together with its existing bank facilities, the working capital available to the Group will, from Admission, be sufficient for its present requirements, that is, for at least the next twelve months.

8. Litigation

(a) Since incorporation the Company has not been engaged in, nor is it currently engaged in, any litigation or arbitration which has or may have a significant effect on the financial position of the Company and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

(b) Boothmanor Limited is not involved in any legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on Boothmanor Limited's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against Boothmanor Limited.

(c) Eurocity (Crawley) Limited is not involved in any legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on Eurocity (Crawley) Limited's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against Eurocity (Crawley) Limited.

9. General

(a) The accounting reference date of the Company is 31 December.

(b) The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £2,265,000 which will be applied as follows:

(i) approximately £221,000 (including estimated irrecoverable VAT) in respect of the expenses of the Placing;

(ii) £1.0 million in connection with the Acquisitions; and

(iii) the balance of the proceeds of the Placing receivable by the Company after payment of the sums described above will be used as working capital.

(c) Smith & Williamson Corporate Finance Limited has given and not withdrawn its written consent to the inclusion of its name and the reference to it in the form and context in which it appears.

(d) Grant Thornton have given and not withdrawn their written consent to the inclusion of their reports in the form set out in Parts III and IV of this document and the references to such reports in the form and context in which they appear and accept responsibility for such reports in accordance with paragraph 45(1)(a)(iv) of Schedule 1 to the POS Regulations.

(e) Seymour Pierce Ellis Limited has given and not withdrawn its written consent to the inclusion of its name and the reference to it in the form and context in which it appears.

(f) CB Richard Ellis have given and not withdrawn their written consent to the inclusion of their valuation report in the form set out in Part V of this document and the references to such report in the form and content in which they appear and accept responsibility for such report in accordance with paragraph 10(2) of Schedule 1 to the POS Regulations.

(g) The total costs and expenses payable by the Company in connection with the Placing (including professional fees, commissions, the costs of printing and the fees payable to the registrars, Smith & Williamson Corporate Finance Limited and Seymour Pierce Ellis Limited) are estimated to amount to approximately £221,000 (including estimated irrecoverable VAT).

(h) There are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraphs 21(a)(i) to (iv) of Schedule 1 of the POS Regulations.

(i) The financial information for the relevant accounting periods set out in the Accountants' Reports in Part III concerning the Company, Eurocity (Crawley) Limited and Boothmanor Limited does not constitute statutory accounts of any of these companies within the meaning of section 240 of the Act.

(j) Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the Placing Letters issued by Smith & Williamson Corporate Finance Limited. If the Placing Agreement does not become unconditional in all respects by 30 June 2004 application monies will be returned to applicants at their risk without interest.

(k) The Ordinary Shares will be in registered form and may be held in uncertificated form in CREST. CREST accounts are expected to be credited with entitlements to Ordinary Shares to be held in uncertificated form as soon as practicable after Admission. For those placees who elect to receive Ordinary Shares to be issued pursuant to the Placing in certificated form, definitive share certificates are expected to be despatched to such applicants by post at their own risk within seven days of Admission. Temporary documents of title will not be issued in connection with the Placing.

(l) Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of the Company since incorporation.

(m) Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of Boothmanor Limited since 31 January 2004 being the date to which the last audited financial statements of Boothmanor Limited were prepared.

(n) Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of Eurocity (Crawley) Limited since 31 December 2003 being the date to which the last audited financial statements of Eurocity (Crawley) Limited were prepared.

(o) Save as otherwise disclosed in this document, no person (excluding professional advisers as stated in this document and trade suppliers) has received directly or indirectly, from the Company since 16 February 2004, the date on which the Company was incorporated, and no persons have entered into contractual arrangements to receive, directly or indirectly from the Company on or after Admission:

(i) fees totalling £10,000 or more;

(ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

10. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of SJ Berwin, 222 Gray's Inn Road, London WC1X 8XF for a period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Company;

(b) the reports from the reporting accountants set out in Part III of this document;

(c) the property valuations set out in Part V of this document;

(d) the service contracts and letter of appointment referred to in paragraph 4 of this Part VI;

(e) the material contracts referred to in paragraph 5 of this Part VI; and

(f) the consent letters referred to in paragraph 9 of this Part VI.

4 June 2004