Regulatory Story

Go to market news section

Company	Real Estate Investors PLC
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Real Estate Investors PLC
("REI" or "the Company")

Interim Results for six months ended 30 June 2009

Real Estate Investors PLC (AIM: RLE), the AIM listed property group, announces its results for the six months ended 30 June 2009.

Highlights to date:

- Rental income up 55% to £1.7 million (2008 £1.1 million)
- Profit before tax £1.3 million (2008 £0.7 million)
- Gain on valuation of interest rate swaps of £1.2 million (2008 £nil)
- Profit before revaluations and gain on valuation of interest rate swaps of £100,000 (2008 £34,000)
- Cash and cash equivalents at 30 June 2009 of £14 million (2008: £22 million)
- Portfolio valuation plus inventories of £49 million (2008 £49 million)

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Notes to Editors

1. REI is an AIM listed property investment and development company specialising in commercial property throughout the Midlands and Central England
2. REI is focused on delivering shareholder value through returns generated from strong yields and capital enhancements. This is achieved by targeting investments in orphaned, distressed, part-let and underperforming commercial property assets
3. REI's Board is led by respected property investor Paul Bassi, who has over 25 years of property experience. Mr Bassi is also co-founder and chairman of Bond Wolfe Auctioneers and chairman of Bigwood Chartered Surveyors - the combined businesses place them in the UK's top 50 property auction houses and

estate agents
4. REI was admitted to trading on AIM in June 2004.
5. Further information on REI can be found at www. reiplc.com

CHAIRMANS STATEMENT

As anticipated, when I last wrote to you in June 2009, the UK property markets have begun to stabilise, with steadier yields and capital values represented in an increasing number of transactions. Against this slowly improving background, we are pleased to confirm that our results for the six months interim period to 30 June 2009 have produced a profit before tax of £1.3 million (including a gain on our interest rate swaps of £1.2 million).

I am pleased to report that we have also concluded a new financing facility of £5 million for our unencumbered investments in Kings Heath and Great Charles Street, Birmingham. These new facilities, with Svenska Handelsbanken, provide REI with additional cash resources, which now total £14 million.

I wrote at length in my Chairman's statement, which accompanied the 2008 Annual Report, on our strategy and the prospects for REI in this difficult and challenging financial climate. Let me comment further and emphasise that we have a healthy tenant profile in our investment and trading portfolios and that we have no overall concerns relating to arrears and insolvencies.

We have reviewed our portfolio valuations and consider that the valuations included in our 2008 financial statements are still appropriate.

I anticipate that our performance will continue to improve, as we turn our poor return from cash deposits into relatively high yielding income from a spread of investment property acquisitions. REI has some very attractive space which we are letting and will further add to revenue and portfolio valuation - a number of promising letting negotiations and lease renewals are at an advanced stage. Prospective tenants are continuing to be slow in making commitments relating to new space, but this is to be expected after the lengthy disorder in global financial markets.

Our strategy has been to capitalise on market opportunities, aided by our cash reserves and agreed banking facilities. However, we are not seeing adequate value or quality in potential purchases and remain cautious in the medium term. I am, nevertheless, now anticipating an increase in the availability of favourable acquisitions, particularly from institutional vendors, at valuations that we consider good value for REI. Our focus will be firmly on value and it is unlikely that vacant or refurbishment opportunities will come into consideration.

I am pleased to confirm that in August our protracted rights of light negotiations with British Land PLC have finally been concluded. British Land will pay us £430,000, of which £215,000 has already been received, with the balance payable when development works commence at Colmore Row Birmingham.

In July 2009 we completed the acquisition of Latitude, Bromsgrove Street, Birmingham, an unbroken retail parade of 11 units for £2.2 million.

Towards the end of 2009, we will be considering disposals from our historic (trading) portfolio, at levels that will potentially provide REI with positive capital gains.

I trust that on the next occasion that I shall be writing to you, the UK property and capital markets will have shown further and lasting improvement.

Peter Lewin

Chairman
Real Estate Investors PLC
4 September 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 June 2009

	Note	Six months to 30 June 2009 (Unaudited) £'000	Six months to 30 June 2008 (Unaudited) £'000	Year ended 31 December 2008 £'000
Revenue		1,738	1,066	3,006
Cost of sales		(191)	(154)	(3,079)
Gross profit/(loss)		1,547	912	(73)
Administrative expenses		(510)	(441)	(1,169)
Share of operating (loss)/profit of joint venture		(11)	1	(335)
Net valuation gains/(losses)		-	629	(10,903)
Profit/(loss) on ordinary activities before interest		1,026	1,101	(12,480)
Finance income		254	561	1,054
Finance costs		(1,180)	(999)	(2,174)
Gain/(loss) on financial liabilities held at fair value		1,184	-	(2,071)
Profit/(loss) on ordinary activities before taxation		1,284	663	(15,671)
Income tax (expense)/credit		(331)	(176)	4,584
Retained profit/(loss) for the period		953	487	(11,087)
Basic earnings per share	6	0.28p	0.14p	(3.25)p
Diluted earnings per share	6	0.26p	0.13p	(3.25)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months ended 30 June 2009

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 31 December 2007	3,407	29,472	45	121	2,241	35,286
Transactions with owners	-	-	-	-	-	-
Profit for the period	-	-	-	-	487	487
Other comprehensive income	-	-	-	-	-	-
At 30 June 2008	3,407	29,472	45	121	2,728	35,773
Transactions with owners	-	-	-	-	-	-
Loss for the period	-	-	-	-	(11,574)	(11,574)
Other comprehensive income	-	-	-	-	-	-

At 31 December 2008	3,407	29,472	45	121	(8,846)	24,199
Transactions with owners	-	-	-	-	-	-
Profit for the period	-	-	-	-	953	953
Other comprehensive income	-	-	-	-	-	-
At 30 June 2009	3,407	29,472	45	121	(7,893)	25,152

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2009

	30 June 2009 (Unaudited) £'000	**30 June 2008 (Unaudited) £'000**	**31 December 2008 £'000**
Assets			
Non current assets			
Intangible assets	171	171	171
Investment properties	43,405	40,399	42,608
Property, plant and equipment	6	26	11
Investment in joint venture	25	328	25
Deferred taxation	3,402	-	3,733
	47,009	40,924	46,548
Current assets			
Inventories	5,879	8,603	5,879
Trade and other receivables	2,399	1,358	1,346
Cash and cash equivalents	13,837	21,619	11,369
	22,115	31,580	18,594
Total assets	69,124	72,504	65,142
Liabilities			
Current liabilities			
Bank loans	497	437	374
Provision for current taxation	149	307	149
Trade and other payables	2,222	979	2,326
Convertible debt	-	-	325
	2,868	1,723	3,174
Non-current liabilities			
Bank loans	40,217	34,162	35,698
Liabilities at fair value	887	-	2,071
Convertible debt	-	325	-
Deferred tax liabilities	-	521	-
	41,104	35,008	37,769
Total liabilities	43,972	36,731	40,943
Net assets	25,152	35,773	24,199
Equity			
Share capital	3,407	3,407	3,407
Share premium account	29,472	29,472	29,472
Capital redemption reserve	45	45	45
Other reserves	121	121	121

Profit and loss account	(7,893)	2,728	(8,846)
Shareholders' funds	25,152	35,773	24,199

CONSOLIDATED STATEMENT OF CASHFLOWS
for the 6 months ended 30 June 2009

	Six months to 30 June 2009 (Unaudited)	**Six months to 30 June 2008 (Unaudited)**	**Year ended 31 December 2008**
	£'000	**£'000**	**£'000**
Cashflows from operating activities			
Profit/(loss) after taxation	953	487	(11,087)
Adjustments for:			
Depreciation	5	13	25
Net valuation (losses)/gains	-	(629)	10,903
Share of loss/(profit) of joint venture	11	(1)	335
Finance income	(254)	(561)	(1,054)
Finance costs	1,180	999	2,174
Gain/(loss) on financial liabilities held at fair value	(1,184)	-	2,071
Taxation expense/ (credit) recognised in profit and loss	331	176	(4,584)
Decrease in inventories	-	-	2,724
(Increase)/decrease in trade and other receivables	(1,053)	309	224
Decrease in trade and other payables	(104)	(316)	(16)
	(115)	477	1,715
Interest paid	(1,180)	(999)	(2,174)
Income taxes paid	-	(12)	(1)
Net cash from operating activities	(1,295)	(534)	(460)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	-	-	(148)
Purchase of investment properties	(797)	(3,109)	(12,750)
Purchase of property, plant and equipment	-	-	(1)
Proceeds from sale of property, plant and equipment	-	-	4
Investment in joint venture	(11)	-	(32)
Interest received	254	561	1,054
	(554)	(2,548)	(11,873)
Cash flow from financing activities			
Proceeds from bank loans	5,021	20,000	20,028
Payment of bank loans	(379)	(165)	(1,192)
Payment of convertible debt	(325)	-	-
	4,317	19,835	18,836
Net increase in cash and cash equivalents	2,468	16,753	6,503
Cash and cash equivalents at beginning of period	11,369	4,866	4,866
Cash and cash equivalents at end of period	13,837	21,619	11,369

NOTES TO THE INTERIM REPORT
for the 6 months ended 30 June 2009

1. BASIS OF PREPARATION

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

The interim financial statements for the period ended 30 June 2009 (including the comparatives for the year ended 31 December 2008 and the period ended 30 June 2008) were approved by the board of directors on 4 September 2009. Under the Security Regulations Act of the EU, amendments to the financial statements are not permitted after they have been approved.

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

The interim financial information contained within this report does not constitute statutory accounts within the meaning of the Companies Act 2006. The full accounts for the year ended 31 December 2008 received an unqualified report from the auditors and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The interim financial report has been prepared under the historical cost convention.

The principal accounting policies and methods of computation adopted to prepare the interim financial information are consistent with those detailed in the 2008 financial statements published by the Company on 26 June 2009 except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007).

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income".

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

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

Investment property revaluation

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

4. SEGMENTAL REPORTING

Primary reporting - business segment

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

Secondary reporting format - geographical segment

The only material segment that the Group operates in is the UK.

5. INVESTMENT PROPERTIES

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

	£'000
Carrying amount at 31 December 2007	36,661
Additions	3,109
Revaluation	629
Carrying amount at 30 June 2008	40,399
Additions	9,641
On acquisition of subsidiary undertaking	4,100
Revaluation	(11,532)
Carrying amount at 31 December 2008	42,608
Additions	797
Carrying amount at 30 June 2009	43,405

6. EARNINGS PER SHARE

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

Earnings per share have been calculated on the profit for the period of £953,000 (31 December 2008: loss of £11,087,000 and 30 June 2008: profit of £487,000) and on 340,714,327 ordinary shares, being the weighted average number of shares in issue during the period.

The diluted earnings per share has been calculated on a profit for the period of £953,000 (30 June 2008 £487,000) and on 363,693,372 ordinary shares, to include the effect on the ordinary shares of the conversion of the convertible loan notes and the exercise of the share warrants. For the year ended 31 December 2008 the shares that could be issued under the convertible loan and share warrants were anti-dilutive.

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