

Real Estate Investors Plc
(“REI”, the “Company” or the “Group”)

Half Year Results
For the six months ended 30 June 2024

TARGETED SALES ON TRACK & REDUCED DEBT
CONTINUED COVERED DIVIDEND

Real Estate Investors Plc (AIM: RLE), the UK’s only Midlands-focused Real Estate Investment Trust (REIT) with a portfolio of commercial property across all sectors, is pleased to report its unaudited half year results for the six-month period ended 30 June 2024 (“H1 2024”).

FINANCIAL - ADVANCING SALES STRATEGY IN A CHALLENGING MARKET

- Completed disposals of £6.7 million and contracted disposals of £1.6 million, plus post-period completed disposals of £5.1 million, totalling disposals year-to-date of £13.4 million, at an aggregate uplift of 3.5% (pre-costs) to 31 December 2023 year end book value
- Disposal proceeds used to pay down £6.4 million of debt in H1 2024, plus a further £3.6 million paid off since the period end, reducing total drawn down debt to £44.4 million (H1 2023: £67.9 million)
- Further pipeline of sales in legals to support sales programme and debt repayment strategy
- Underlying profit before tax* of £1.8 million, due to strategic disposals (H1 2023: £2.2 million)
- Loss before tax of £3.2 million (H1 2023: £0.8 million loss) includes loss on property revaluations (non-cash item) of £4.9 million (H1 2023: £4.1 million loss)
- EPRA** Net Tangible Assets (“NTA”) per share of 52.0p (FY 2023: 54.9p)
- Revenue of £5.6 million (H1 2023: £6.1 million) reducing due to income lost from disposals
- EPRA** EPS of 1.04p (H1 2023: 1.26p)
- Q2 2024 fully covered quarterly dividend payment of 0.5p per share (Q2 2023: 0.625p per share) reflecting a yield of 6.15% based on a mid-market opening price of 32.50p on 20 September 2024
- £52.4 million total declared/paid to shareholders since dividend policy commenced in 2012

OPERATIONAL - STRONG RENT COLLECTION & IMPROVED WAULT

- Strong rent collection for H1 2024 of 99.6% (H1 2023: 99.93%)
- £136.2 million gross portfolio valuation (inc. £6.7 million completed disposals) (FY 2023: £145.5 million)
- Like-for-like, the portfolio valuation (conducted pre-election and interest rate reduction) has reduced by 3.51% to £133.8 million (FY 2023: £138.7 million)
- Completed 14 lease events, with new lettings generating £760,000 p.a. of new income (H1 2023: £385,000 p.a.) and a positive pipeline of lettings in legals
- Improved WAULT*** of 5.55 years to break/6.61 years to expiry (FY 2023: 5.24 years /6.01 years), post period end improved further to 5.63 years to break and 6.74 years to expiry
- Contracted rental income reduced to £10.3 million p.a. as at 30 June 2024 (FY 2023: £10.9 million p.a.), post period end reduced further to £9.8 million p.a. due to disposals and lease events
- Occupancy level of 86.42% at 30 June 2024 (FY 2023: 83.03%), post period end reduced to 83.74% due to disposals and lease events

BANKING & DEBT RELATED - PRIORITISING DEBT REPAYMENT FROM SALES PROCEEDS

- Disposal proceeds used to pay down £6.4 million of debt in H1 with £3.6 million repaid since the period end
- Total drawn debt of £48.0 million (H1 2023: £67.9 million), post period reduced to £44.4 million
- Board’s intention remains to extend the reduced bank facilities for a further year in Q1 2025, which should be repaid in 2025 from property disposals
- Reducing loan to value (net of cash) of 31.8% (FY 2023: 32.4%) (in line with target of sub 35%)
- £5.4 million cash at bank - the Company is maximising returns on cash reserves, with monies on deposit earning an average of 4% on instant access
- Average cost of debt maintained at 6.5% (FY 2023: 6.5%)
- Hedge facility has improved by £271,000 for half year to 30 June 2024

PAUL BASSI, CHIEF EXECUTIVE, COMMENTED:

“A satisfactory period of activity, despite negative market sentiment with activity 40% below the 5-year average. Year-to-date, we have made targeted sales of £13.4 million at 3.5% above 2023 year end book values and prepared assets for future sales.

We are likely at or near the bottom of this cyclical property decline and look forward to a period of positive activity and the potential for capital and rental growth, supported by lower interest rates and improving investor and occupier demand. A normalising market backdrop will contribute to more rapid sales and debt repayment, allowing us to execute our strategy and return capital to shareholders, whilst continuing to pay a covered dividend.

Additionally, management remain open to evaluating any portfolio or corporate transaction that is in the best interests of shareholders, in order to maximise shareholder returns.”

FINANCIAL & OPERATIONAL RESULTS

	30 June 2024	30 June 2023
Revenue	£5.6 million	£6.1 million
Underlying profit before tax*	£1.8 million	£2.2 million
Contracted rental income	£10.3 million	£12.5 million
EPRA EPS**	1.04p	1.26p
Pre-tax loss	(£3.2 million)	(£0.8 million)
Dividend per share	1.00p	1.25p
Average cost of debt	6.5%	3.7%
Like-for-like rental income	£10.3 million	£10.6 million

	30 June 2024	31 December 2023
Gross property assets	£136.2 million	£145.5 million
EPRA NTA per share**	52.0p	54.9p
Like-for-like capital value psf	£118.70 psf	£123.02 psf
Like-for-like valuation	£133.8 million	£138.7 million
Tenants	167	183
WAULT to break***	5.5 years	5.24 years
Total ownership (sq ft)	1.12 million sq ft	1.24 million sq ft
Net assets	£90.7 million	£95.6 million
Loan to value	35.8%	38.0%
Loan to value (net of cash)	31.8%	32.4%

Definitions

* Underlying profit before tax excludes profit/loss on revaluation, sale of properties, interest rate swaps and STIP provision

** EPRA = European Public Real Estate Association

*** WAULT = Weighted Average Unexpired Lease Term

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About Real Estate Investors Plc

Real Estate Investors Plc is a publicly quoted, internally managed property investment company and REIT with a portfolio of mixed-use commercial property, managed by a highly-experienced property team with over 100 years of combined experience of operating in the Midlands property market across all sectors. The portfolio has no material reliance on a single asset or occupier. On 1st January 2015, the Company converted to a REIT. Real Estate Investment Trusts are listed property investment companies or groups not liable to corporation tax on their rental income or capital gains from their qualifying activities. The Company announced in January 2024 that it would be undertaking an orderly strategic sale of the Company's portfolio over three years, disposing of assets individually or collectively, at or above book value, to optimise returns to shareholders. The pace of the disposal programme will be dictated by market conditions, with an initial focus on repaying the Company's debt. In the meantime, it is the Board's intention to continue paying a fully covered quarterly dividend. Further information on the Company can be found at www.reiplc.com.

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

Widespread market uncertainty in H1 2024, predominantly due to an early election and the uncertainty surrounding interest rates, contributed to record low levels of transactional activity across the UK investment market, noted as 40% below the 5 year average. Despite this, our diverse and flexible portfolio has continued to attract interest from the strong private investor and owner-occupier market and this interest has allowed us to advance our sales programme and reduce debt in line with our strategy.

By the period end, we had completed on the sale of £6.7 million of assets and contracted on the sale of £1.6 million and repaid £6.4 million in debt. Since then, we have sold an additional £5.1 million in assets and repaid a further £3.6 million in debt, totalling £13.4 million in sales and £10.0 million in debt repayment year-to-date. These sales represent a 3.5% increase (pre-costs) over the December 2023 year-end book value and have an associated income loss of £848,000 p.a.

Aside from the disposals that have exchanged or completed year-to-date, we also have several additional properties in our legal pipeline, which on an aggregate basis, are at or above our 31 December 2023 year end book values. Whilst a strong sales pipeline is very encouraging, it is worth noting that our experience to date of selling to the smaller private investor and owner occupier markets are that transactions take longer to complete due to the nature of the investors and the legal formalities around their funding, though these timelines allow us to continue to receive rent where appropriate.

Whilst the Board's key objective remains to execute an orderly sales programme to maximise capital returns to shareholders, the primary focus of our asset management team on a day-to-day basis is to actively manage the remaining portfolio to maintain high-quality assets for disposal whilst boosting occupancy, revenue, and capital values, and supporting the ongoing dividend.

The occupier market remains buoyant and our asset management team completed 14 lease transactions in H1 2024, totalling £760,000 p.a. new income to the portfolio (with further transactions completed since the period end), offsetting some income losses from sales and tenants vacating.

Operationally, the portfolio remains robust with a rent collection rate of 99.6% for H1 2024. The portfolio contracted rental income as at 30 June 2024 was £10.3 million p.a. (FY 2023: £10.9 million p.a.), and our active asset management approach improved portfolio WAULT at the half year to 5.5 years to break and 6.61 years to expiry, with occupancy at 86.42% (FY 2023: 83.03%). Post period end, occupancy has reduced to 83.74% due to disposals and known lease events, with contracted rental income also reduced due to these factors to £9.8 million and WAULT now sitting at 5.63 years to break and 6.74 years to expiry. Pipeline lettings should further boost our contracted rental income and occupancy and combat some of the rental loss should our disposal programme gain pace in the coming months, together with holding cost savings for our void properties that are in our legal pipeline to sell.

Revenue for the period ended 30 June 2024 was £5.6 million (H1 2023: £6.1 million), reduced due to the loss of income associated with disposing of assets in late 2023 and into H1 2024. Underlying profit for the half-year was £1.8 million (H1 2023: £2.2 million) with a pre-tax loss of £3.2 million, primarily driven by a £4.9 million non-cash loss on property revaluations, undertaken prior to the election and interest rate reduction in August. In addition a provision of £0.3 million (H1 2023: Nil) has been made in relation to the Shorter Term Incentive Plan ("STIP") announced in January 2024 although no payment will be due until completion has been determined in line with the rules of the STIP.

The 3.5% reduction in our half year portfolio value on a like for like basis, is in line with reductions seen across the market and is indicative of the ongoing pressure around interest rates, a lack of transactional activity and the negative sentiment that persists towards the office sector that has led to softening yields across the portfolio. Of the £4.9 million valuation reduction in the REI portfolio, 63% was across our office assets.

The business is conservatively geared with a reducing loan to value (net of cash) of 31.8% (FY 2023: 32.4%). The Company's average cost of debt remained at 6.5% against a net initial yield across the portfolio of 7.23%. It is the Board's intention to repay all Company debt prior to December 2025 or before, with the focus then shifting to returning surplus capital to shareholders, all whilst continuing to pay a covered dividend.

In the meantime, it is business as usual for REI as we approach the final quarter of 2024 and await to see the effects of the summer's interest rate reduction and the impact of the Labour government. We will continue to focus our efforts on selling assets to the existing buyer pool, maximising our income and capital values for future disposals and continuing to pay a fully-covered quarterly dividend to shareholders.

Management remain open to a portfolio or corporate transaction that is in the best interests of shareholders and which could lead to an acceleration of the Company's disposal strategy.

BUSINESS PERFORMANCE/RESULTS

The loss before tax of £3.2 million (H1 2023: £0.8 million loss) includes a £4.9 million loss on property revaluations (non-cash item) representing a 3.5% portfolio valuation decline (H1 2023: £4.1 million loss), £80,000 loss on sale of investment property (H1 2023: £737,000 profit), £271,000 surplus on hedge valuation (H1 2023: £388,000 surplus) and a provision for the STIP of £0.3 million (H1 2023: Nil).

The underlying profit for the period was £1.8 million (H1 2023: £2.2 million), the reduction in the main due to the strategic sales and the increase of £0.4 million in finance costs as a result of rising interest costs and hedge deals expiring.

Administrative expenses for the period were £1.3 million (H1 2023: £1.4 million). Identified cost savings and cost reductions remain on track and totalled £0.4 million for H1 2024, the majority of which was the agreed reduction in directors' remuneration. However, these savings were offset by a provision of £0.3 million (H1 2023: Nil) for the Company's STIP which was approved following a comprehensive review and in line with the strategic programme although no payment will be due until completion of the corporate strategy, in line with the rules of the STIP.

BANKING & FINANCING

Following completed sales of £6.7 million and contracted sales of £1.6 million in H1 2024 and with management committed to lowering gearing levels through debt repayment, £6.4 million of debt was repaid utilising proceeds from asset disposals during the first half of the year. As at 30 June 2024, total drawn debt reduced to £48.0 million (H1 2023: £67.9 million), with £5.4 million cash at bank earning an average of 4%.

Since the period end and at the time of writing, an additional £5.1 million of sales have completed and subsequent receipts were used to pay down an additional £3.6 million of debt, reducing total drawn debt to £44.4 million.

	2021	2022	2023	2024 to date	Total
Sales	£17.6m	£20.9m	£18.0 m	£13.4 m	£69.9 m
Debt Repaid	£11.9m	£18.0m	£17.0 m	£10.0 m	£56.9 m
Total Drawn Debt	£89.4m	£71.4m	£54.4 m	£44.4 m	£44.4 m

It remains the Board's intention to extend the reduced bank facilities for a further year in Q1 2025, which should be repaid in 2025 from property disposals. Due to the current high interest rate environment and the hedge deals falling away, interest costs increased and the average cost of debt was 6.5% as at 30 June 2024. The short-term nature of the facilities is driven by management's intention to prioritise the repayment of debt from property sales proceeds.

The Group's loan to value (LTV) net of cash at the half year was 31.8% (FY 2023: 32.4%) and the hedge facility improved by £271,000 for the half year to 30 June 2024.

The business continues to be multi-banked across 3 lenders:

Lender	Debt Facility (as at 30 June 2024)	Debt Maturity	Hedging (as at 30 June 2024)	Debt Facility (year-to-date)
Lloyds Bank	£15.8 million	May 2025	63%	£14.5 million
National Westminster Bank	£26.3 million	June 2025	Nil	£24.0 million
Barclays	£5.9 million	June 2025	Nil	£5.9 million

DIVIDEND

The Board is pleased to announce a Q2 2024 fully-covered dividend of 0.5p reflecting a yield of 6.15% based on a mid-market opening price of 32.50p on 20 September 2024.

Subject to the pace of the ongoing sales programme, the Board remains committed to paying a fully-covered dividend. The proposed timetable, for the dividend, which will be paid as an ordinary dividend, is as follows:

Ex-dividend date:	3 October 2024
Record date:	4 October 2024
Dividend payment date:	25 October 2024

ASSET MANAGEMENT & OCCUPANCY

Rent collection for the first half of 2024 remained strong at 99.6%. Q1 2024 saw a steady start to the year, with Q2 showing a strong return to lease activity, especially in the retail sector (neighbourhood and convenience), which like 2023 has remained resilient. In H1 2024, we effected 14 lease events, made up of nine new lettings and six lease renewals, with further transactions completed since the period end. Whilst not as many in number as H1 2023, the impact was greater, as new lettings generated £760,000 p.a. (H1 2023 was £385,000 p.a. Contracted rental income was £10.3 million p.a. as at 30 June 2024, due to disposals and tenants vacating (FY 2023: £10.9 million).

Portfolio occupancy at the period end improved to 86.42% (FY 2023: 83.03%) and the WAULT also improved to 5.55 years to break and 6.61 years to expiry. The void space across the portfolio predominantly relates to four properties (circa 60% of void space), of which two of these assets are in legals to sell. This will reduce the void space considerably and consequently, portfolio void costs will reduce.

Post period end, occupancy has reduced to 83.74% due to disposals and known lease events, with contracted rental income also reduced due to these factors to £9.8 million and WAULT now sitting at 5.63 years to break and 6.74 years to expiry.

As part of the ongoing sales strategy, a number of assets are undergoing asset management initiatives and will be marketed for sale once these are completed, to maximise disposal value.

Example key lease events year-to-date include:

- Oldbury - DHU Healthcare CIC took out a new lease of Birch House, for 10 years at a rent of £625,608 p.a. (above ERV), occupying all 35,000 sq ft
- Crewe - British Heart Foundation took 10,765 sq ft on a 10-year lease at £57,500 p.a., removing a large part of a void unit and associated costs
- Tunstall - McDonalds Restaurants Limited signed an Agreement for Lease for 3,189 sq ft at £55,000 p.a. Once the works completed the lease completed in July 2024, for 20-years with a break after year 10. Not only was this above the ERV, but the presence of McDonalds adds significant weight to the scheme
- Bromsgrove - United Recruitment Group Limited took a unit at £31,787 p.a. In addition, Ladies Fighting Breast Cancer also took a unit - at a 50% rental discount as part of REI's ESG policy

PORTFOLIO MIX TABLE

Sector	Income (£)	Income (%)
Office	5,068,890	49.44
Traditional Retail	1,365,681	13.32
Discount Retail - Poundland/B&M etc	922,500	9.00
Medical and Pharmaceutical - Boots/Holland & Barrett etc	541,749	5.28
Restaurant/Bar/Coffee - Costa Coffee	273,286	2.67
Financial/Licences/Agency - Bank of Scotland	216,500	2.11
Food Stores - Co-op and Iceland	406,545	3.97
Other - Hotels (Travelodge and Vine), Leisure (The Gym Group and Luxury Leisure), Car parking, AST	1,457,307	14.21
	10,252,458	100.00

PORTFOLIO SUMMARY TABLE

	Value (£)	Area (sq ft)	Contracted Rent (£)	ERV (£)	NIY (%)	EQY (%)	RY (%)	Occupancy (%)
Portfolio	133,825,000	1,127,383	10,252,458	12,731,915	7.23	8.84	8.98	86.42
Land*	2,403,262		n/a	n/a	n/a	n/a	n/a	n/a
Total	136,228,262	1,127,383	10,252,458	12,731,915	7.23	8.84	8.98	86.42

*Our land holdings are excluded from the yield calculations

ENVIRONMENTAL & SOCIAL GOVERNANCE (“ESG”)

As with previous years, the reduction of the portfolio’s carbon footprint is an ongoing priority for the business.

REI is continuing to work alongside Systemslink, (a leading energy management software provider), to collect, track and report carbon emissions data across REI’s landlord-controlled areas. We are currently still verifying carbon emissions data for the last 3 years to ensure accuracy and it is our intention to report latest carbon emissions data in year-end reporting.

PORTFOLIO ENERGY PERFORMANCE CERTIFICATION

In accordance with government guidelines, REI also continues to ensure our assets meet the UK statutory regulations and timeframes for Energy Performance Certificates (“EPCs”).

An overview of the asset EPC ratings across the portfolio is noted below, showing the progress since 31 December 2023 to date:

	% of portfolio (by sq ft)							
EPC Rating	A	B	C	D	E	F	G	Total
31 Dec 2023	2.25	36.88	22.71	35.13	3.03	0	0	100
20 Sep 2024	2.56	37.35	24.90	32.41	2.78	0	0	100

OUTLOOK

Looking to the remainder of 2024 and into 2025, with the election now concluded, a 0.25% interest rate reduction announced in August and the likelihood of further interest rate reductions, we anticipate more normalised investment market conditions on the horizon as investors take comfort from reducing inflationary pressures and borrowing costs.

This will likely signal the return of the UK funds, property companies, private equity and overseas buyers to re-enter the market and will enable us to sell our larger assets at positive pricing levels, eliminate our debt and return capital to shareholders.

We are already seeing signs of these traditional investors returning to the market and expect this trend to continue into 2025, coupled with a strong occupier market and rental growth.

OUR STAKEHOLDERS

The Executive & Management team would like to extend their thanks to all shareholders, advisors, occupiers and staff for their support and assistance, particularly since the announcement of our disposal strategy in January 2024.

CHANGE OF NAME OF BROKER

The Company also announces that its broker has changed its name to Panmure Liberum Limited (formerly Liberum Capital Limited) following completion of its own corporate merger on 1 July 2024.

William Wyatt
Chairman
20 September 2024

Paul Bassi CBE D.UNIV
Chief Executive
20 September 2024

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**
For the 6 months ended 30 June 2024

	Six months to 30 June 2024 (Unaudited) £'000	Six months to 30 June 2023 (Unaudited) £'000	Year ended 31 December 2023 (Audited) £'000
Revenue	5,578	6,056	11,513
Cost of sales	(1,132)	(1,285)	(2,232)
Gross profit	4,446	4,771	9,281
Administrative expenses	(1,299)	(1,359)	(2,616)
(Deficit)/gain on sale of investment properties	(80)	737	(182)
Deficit in fair value of investment properties	(4,863)	(4,073)	(13,197)
(Loss)/profit from operations	(1,796)	76	(6,714)
Finance income	88	51	177
Finance costs	(1,734)	(1,294)	(2,371)
Gain/(deficit) on financial liabilities held at fair value	271	388	(499)
Loss before taxation	(3,171)	(779)	(9,407)
Income tax charge	-	-	-
Net loss after taxation and total comprehensive income	(3,171)	(779)	(9,407)
Basic loss per share	6 (1.82)p	(0.45)p	(5.44)p
Diluted loss per share	6 (1.82)p	(0.45)p	(5.44)p
EPRA earnings per share	6 1.04p	1.26p	2.59p

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months ended 30 June 2024

	Share Capital	Share Premium Account	Capital Redemption Reserve	Share- based payment Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2022	17,266	51,829	1,463	759	37,648	108,965
Share based payment	-	-	-	75	-	75
Dividends - final 2022	-	-	-	-	(755)	(755)
Dividends - interim 2023	-	-	-	-	(1,079)	(1,079)
Transactions with owners	-	-	-	75	(1,834)	(1,759)
Loss for the period and total comprehensive income	-	-	-	-	(779)	(779)
At 30 June 2023	17,266	51,829	1,463	834	35,035	106,427
Share based payment	-	-	-	(75)	-	(75)
Share issue	119	215	-	(334)	-	-
Dividends - interim 2023	-	-	-	-	(2,166)	(2,166)
Transactions with owners	119	215	-	(409)	(2,166)	(2,241)
Loss for the period and total comprehensive income	-	-	-	-	(8,628)	(8,628)
At 31 December 2023	17,385	52,044	1,463	425	24,241	95,558
Share based payment	-	-	-	300	-	300
Share issue	54	129	-	(183)	-	-
Dividends - final 2023	-	-	-	-	(1,086)	(1,086)
Dividends - interim 2024	-	-	-	-	(872)	(872)
Transactions with owners	54	129	-	117	(1,958)	(1,658)
Loss for the period and total comprehensive income	-	-	-	-	(3,171)	(3,171)
At 30 June 2024	17,439	52,173	1,463	542	19,112	90,729

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

	Note	30 June 2024 (Unaudited) £'000	30 June 2023 (Unaudited) £'000	31 December 2023 (Audited) £'000
Assets				
Non-current assets				
Investment properties	5	133,825	166,800	143,105
Property, plant and equipment		1	2	2
		<u>133,826</u>	<u>166,802</u>	<u>143,107</u>
Current assets				
Inventories		2,403	2,393	2,395
Trade and other receivables		2,608	2,882	2,550
Derivative financial asset		-	456	-
Cash and cash equivalents		5,400	8,010	7,981
		<u>10,411</u>	<u>13,741</u>	<u>12,926</u>
Total assets		<u><u>144,237</u></u>	<u><u>180,543</u></u>	<u><u>156,033</u></u>
Liabilities				
Current liabilities				
Bank loans		(47,970)	(52,915)	(54,407)
Trade and other payables		(5,378)	(6,205)	(5,637)
		<u>(53,348)</u>	<u>(59,120)</u>	<u>(60,044)</u>
Non-current liabilities				
Bank loans		-	(14,996)	-
Derivative financial liabilities		(160)	-	(431)
		<u>(160)</u>	<u>(14,996)</u>	<u>(431)</u>
Total liabilities		<u><u>(53,508)</u></u>	<u><u>(74,116)</u></u>	<u><u>(60,475)</u></u>
Net assets		<u><u>90,729</u></u>	<u><u>106,427</u></u>	<u><u>95,558</u></u>
Equity				
Ordinary share capital		17,439	17,266	17,385
Share premium account		52,173	51,829	52,044
Capital redemption reserve		1,463	1,463	1,463
Share-based payment reserve		542	834	425
Retained earnings		19,112	35,035	24,241
Total equity		<u><u>90,729</u></u>	<u><u>106,427</u></u>	<u><u>95,558</u></u>

CONSOLIDATED STATEMENT OF CASHFLOWS
for the 6 months ended 30 June 2024

	Six months to 30 June 2024 (Unaudited) £'000	Six months to 30 June 2023 (Unaudited) £'000	Year ended 31 December 2023 (Audited) £'000
Cashflows from operating activities			
Loss after taxation	(3,171)	(779)	(9,407)
Adjustments for:			
Depreciation	1	-	1
Deficit/(gain) on sale of investment property	80	(737)	182
Net valuation loss	4,863	4,073	13,197
Share based payment	300	75	-
Finance income	(88)	(51)	(177)
Finance costs	1,734	1,294	2,371
(Gain)/loss on financial liabilities held at fair value	(270)	(388)	499
Increase in inventories	(9)	(4)	(6)
(Increase)/decrease in trade and other receivables	(59)	231	560
Decrease in trade and other payables	(159)	(164)	(624)
	<u>3,222</u>	<u>3,550</u>	<u>6,596</u>
Cash flows from investing activities			
Expenditure on investment properties	(2,121)	(425)	(733)
Proceeds from sale of property, plant and equipment	6,459	3,318	17,279
Interest received	88	51	177
	<u>4,426</u>	<u>2,944</u>	<u>16,723</u>
Cash flow from financing activities			
Interest paid	(1,734)	(1,294)	(2,371)
Equity dividends paid	(2,058)	(1,448)	(3,721)
Repayment of bank loans	(6,437)	(3,560)	(17,064)
	<u>(10,229)</u>	<u>(6,302)</u>	<u>(23,156)</u>
Net (decrease)/increase in cash and cash equivalents	(2,581)	192	163
Cash and cash equivalents at beginning of period	<u>7,981</u>	<u>7,818</u>	<u>7,818</u>
Cash and cash equivalents at end of period	<u>5,400</u>	<u>8,010</u>	<u>7,981</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION for the 6 months ended 30 June 2024

1. BASIS OF PREPARATION

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

The interim financial report for the period ended 30 June 2024 (including the comparatives for the year ended 31 December 2023 and the period ended 30 June 2023) was approved by the board of directors on 20 September 2024.

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 announcement does not constitute statutory accounts within the meaning of the Companies Act 2006. The full accounts for the year ended 31 December 2023 received an unqualified report from the auditor and did not contain a statement under Section 498 of the Companies Act 2006.

2. ACCOUNTING POLICIES

The interim financial information 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 2023 financial statements approved by the Board on 25 March 2024.

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

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.

Interest rate swap valuation

The Group carries the interest rate swap as a liability at fair value through the profit or loss at a valuation. This valuation has been provided by the Group's bankers.

Critical judgements in applying the Group's accounting policies

The Group makes critical judgements in applying accounting policies. The critical judgement that has been made is as follows:

REIT Status

The Group elected for REIT status with effect from 1 January 2015. As a result, providing certain conditions are met, the Group's profit from property investment and gains are exempt from UK corporation tax. In the Directors' opinion the Group has met these conditions.

4. SEGMENTAL REPORTING

Primary reporting - business segment

The only material business that the Group has is that of investment in commercial properties. Revenue relates entirely to rental income from investment properties.

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 2022	173,030
Additions	425
Disposals	(2,582)
Revaluation	<u>(4,073)</u>
Carrying amount at 30 June 2023	166,800
Additions	308
Disposals	(14,879)
Revaluation	<u>(9,124)</u>
Carrying amount at 31 December 2023	143,105
Additions	2,121
Disposals	(6,538)
Revaluation	(4,863)
Carrying amount at 30 June 2024	<u><u>133,825</u></u>

6. EARNINGS AND NAV PER SHARE

The calculation of the basic earnings per share is based on the profit 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.

The calculation of the basic NAV per share is based on the balance sheet net asset value divided by the weighted average number of shares in issue during the period. The calculation of the diluted NAV per share is based on the basic NAV per share adjusted to allow for all dilutive potential ordinary shares.

The European Public Real Estate Association (“EPRA”) earnings and NAV figures have been included to allow more effective comparisons to be drawn between the Group and other businesses in the real estate sector.

EPRA EPS per share

	30 June 2024		Earnings per share	30 June 2023		Earnings per share
	Earnings	Average number of shares		Earnings	Average number of shares	
	£'000		P	£'000		P
Basic loss per share	(3,171)	173,977,342	(1.82)	(779)	172,651,577	(0.45)
Fair value of investment properties	4,863			4,073		
Deficit/(gain) on disposal of investment properties	80			(737)		
STIP provision	300			-		
Change in fair value of derivatives	(271)			(388)		
EPRA Earnings	1,801	173,977,342	1.04	2,169	172,651,577	1.26

NET ASSET VALUE PER SHARE

The Group has adopted the new EPRA NAV measures which came into effect for accounting periods starting 1 January 2020. EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures. The new NAV measures as outlined in the BPR are EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV).

The Group considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NNNAV per share metrics. EPRA NTA excludes the intangible assets and the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

	30 June 2024		
	EPRA NTA	EPRA NRV	EPRA NDV
	£'000	£'000	£'000
Net assets	90,729	90,729	90,729
Fair value of derivatives	160	160	-
Real estate transfer tax	-	7,360	-
EPRA NAV	90,889	98,249	90,729
Number of ordinary shares issued for diluted and EPRA net assets per share	174,738,511	174,738,511	174,738,511
EPRA NAV per share	52.0p	56.2p	51.9p

The adjustments made to get to the EPRA NAV measures above are as follows:

- Real estate transfer tax: Gross value of property portfolio as provided in the Valuation Certificate (i.e. the value prior to any deduction of purchasers' costs).
- Fair value of derivatives: Exclude fair value financial instruments that are used for hedging purposes where the company has the intention of keeping the hedge position until the end of the contractual duration.

	31 December 2023		
	EPRA NTA	EPRA NRV	EPRA NDV
	£'000	£'000	£'000
Net assets	95,558	95,558	95,558
Fair value of derivatives	431	431	-
Real estate transfer tax	-	8,586	-
EPRA NAV	95,989	104,575	95,558
Number of ordinary shares issued for diluted and EPRA net assets per share	174,702,476	174,702,476	174,702,476
EPRA NAV per share	54.9p	59.8p	54.7p

	30 June 2024	31 December 2023
	No of Shares	No of Shares
Number of ordinary shares issued at end of period	174,381,971	173,844,434
Dilutive impact of options	356,540	858,042
Number of ordinary shares issued for diluted and EPRA net assets per share	174,738,511	174,702,476
Net assets per ordinary share		
Basic	52.0p	54.9p
Diluted	56.2p	59.8p
EPRA NTA	51.9p	54.7p