



REI
Real Estate Investors Plc

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Results for the period ended 30 June 2024

Investor and Analyst Presentation

REAL ESTATE INVESTORS PLC

MAXIMISING SHAREHOLDER RETURNS



REI Portfolio Today

- Gross property assets of **£136.2 million**
- **Internally managed** portfolio
- **100+ years** of combined Board experience
- Board alignment – **12.6%** shareholding

Diversified Portfolio

- **Multi-sector diversification**, no material reliance on any sector, asset or occupier
- **167** tenants & **39** assets
- **Resilient** subsectors of convenience, retail government and out of town offices

Active Asset Management

- **Break up** opportunities within assets to satisfy strong private investor demand
- **Value creation** rent reviews, lease renewals, lettings & change of use
- **Disposals** at/above book value maximising returns

Multi-banked

- Banked across **3 lenders**
- **Net LTV of 31.8%** providing certainty and security
- Bank **covenant compliant**
- Ongoing **Debt repayment** programme

Attractive Returns

- **Uninterrupted and Fully Covered** dividend policy
- Dividend paid **quarterly**
- **£52.4 million** declared/paid to shareholders since commencement of dividend policy in 2012

Orderly Sale of Assets

- Persistent/substantial discount between share price and NAV
- Embarking on a 3-year **orderly strategic sale** of portfolio assets to maximise value
- Receipts of disposals will be used to **pay down debt** and **return cash to shareholders**

HIGHLY EXPERIENCED BOARD ALIGNED WITH SHAREHOLDERS

Non-Executive



William Wyatt
Non-Executive Chairman

- Joined REI Board in 2010, appointed Chairman in 2021
- **0.18% shareholder in REI**
- Joined Caledonia in 1997 from Close Brothers Group Plc. He was appointed a director in 2005 and served as Chief Executive from 2010 until becoming non-executive in 2022
- Non-executive Director of Cobehold, and Chair of The Rank Foundation



Peter London
Non-Executive Director

- Joined REI Board in 2014
- **0.15% shareholder in REI**
- Consultant for a leading firm of Independent Financial Advisers
- Peter has a lifetime of experience in providing IFA services to HNW individuals and sold his IFA company to a Swiss Bank in 2007
- Non-Executive Chairman of a number of property related companies



Ian Stringer
Non-Executive Director

- Joined REI Board in 2021
- **0.06% shareholder in REI**
- Chartered Surveyor with over 40 years' experience
- Previous Regional Managing Director for GVA, serving over 22 years on the Board
- Current Principal of Avison Young following its acquisition of Bilfinger GVA

Executive



Paul Bassi CBE
Chief Executive Officer

- Joined REI Board in 2006
- **9.75% shareholder in REI**
- Non-executive Chairman of Bond Wolfe
- Non-executive Chairman of Likewise Plc (listed)
- Former Non-executive Chairman of CP Bigwood
- Former Regional Chairman & Strategy Advisor to Coutts Bank (West Midlands)
- Awarded a CBE in 2010 for services to business and the community



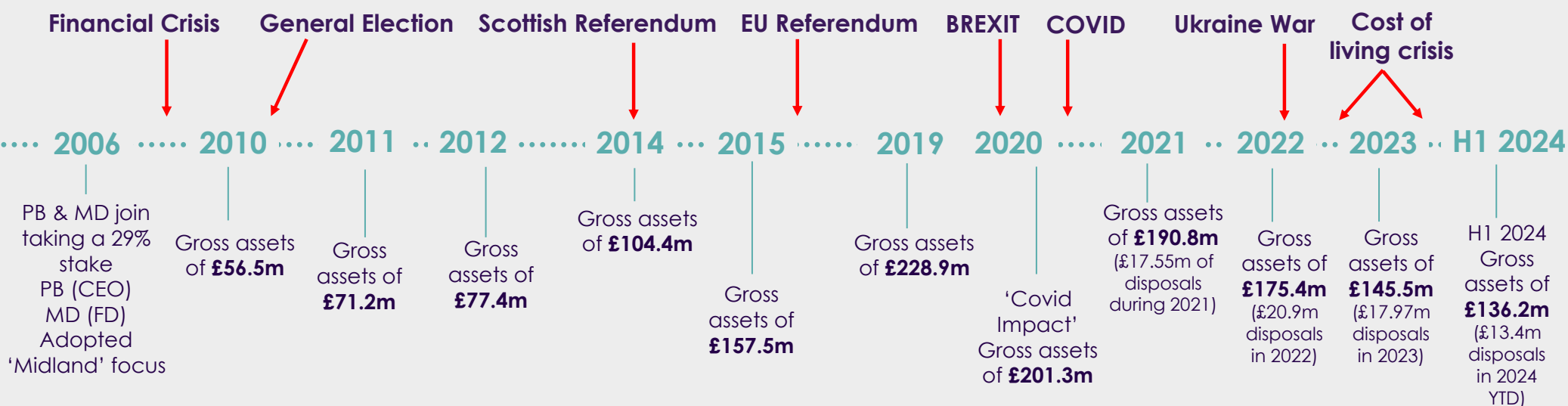
Marcus Daly FCA
Finance Director

- Joined REI Board in 2006
- **2.48% shareholder in REI**
- Chartered Accountant with over 40 years' experience in advising on strategic matters and corporate planning, particularly in the property sector
- Former non-executive director of CP Bigwood Chartered Surveyors
- Former non-executive Chairman of the Tipton & Coseley Building Society

WITH EFFECT FROM 1 JANUARY 2024 - EXECUTIVE SALARIES & NON-EXECUTIVE FEES REDUCED BY ONE THIRD / REDUCTION IN LTIP AWARDS OF C.£1.2 MILLION & INTRODUCTION OF NEW 'SHORTER TERM INCENTIVE PLAN' TO BETTER ALIGN EXECUTIVE MANAGEMENT TO DISPOSAL STRATEGY

A RESILIENT RECORD THROUGHOUT CHALLENGING TIMES

**IN LINE WITH THE COMPANY'S COVERED DIVIDEND POLICY
SINCE 2012 TOTAL DIVIDENDS DECLARED/PAID TO SHAREHOLDERS = £52.4 MILLION
3-YEAR DISPOSAL STRATEGY ANNOUNCED IN JANUARY 2024**



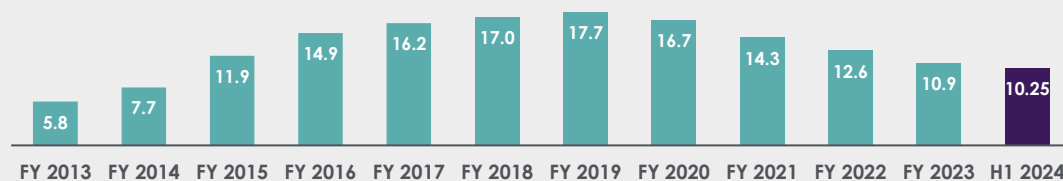
H1 2024 OPERATIONAL HIGHLIGHTS

- Strong overall rent collection for H1 2024 of **99.6%**
- Contracted rental income: **£10.3 million p.a.** (FY 2023: £10.9 million p.a.) due to disposals and lease events
- Gross property assets: **£136.2 million** (FY 2023: £145.5 million)
- Net LTV reduced to **31.8%** (excludes post period sales) (FY 2023: 32.4%) despite valuation reduction of **3.5%**
- On a like for like basis the portfolio valuation has reduced by **3.5%** to **£133.8 million**, (FY 2023: **£138.7 million**)
- **£10.3 million** like-for-like rental income due to portfolio asset management, despite loss of income associated with sales and lease events
- H1 2024 completed sales of **£6.7 million** (before costs) & contracted sales of **£1.6 million**
- Active asset management with **14** lease events during the period
- Occupancy: **86.42%** (FY 2023: 83.03%)
- Improved WAULT of **5.55 years** to break / **6.61 years** to expiry (FY 2023: 5.24 years / 6.01 years) post period now 5.64 years to break/ 6.75 years to expiry

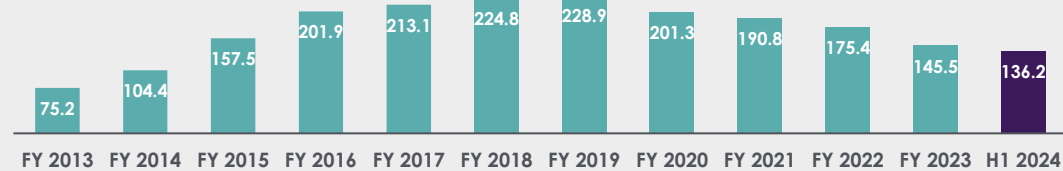
Post period activity:

- Additional sales of **£5.1 million** with significant pipeline in legals
- Further **£3.6 million** debt repaid, reducing total drawn down debt to **£44.4 million**
- 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

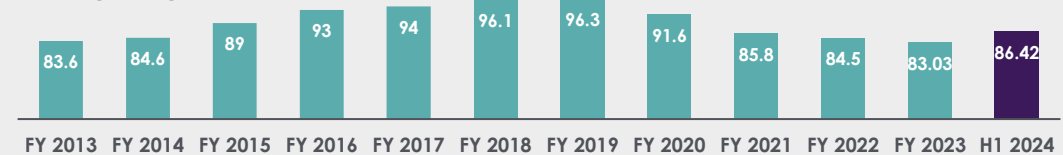
Contracted Rental Income £m



Gross Property Assets £m



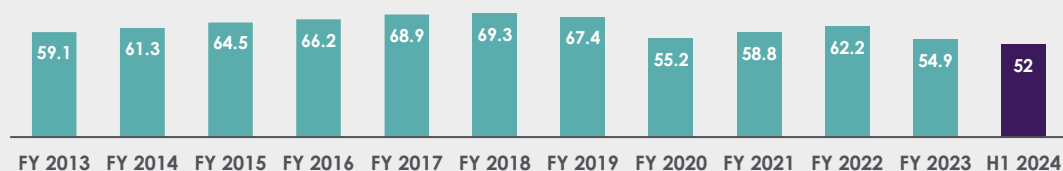
Occupancy %



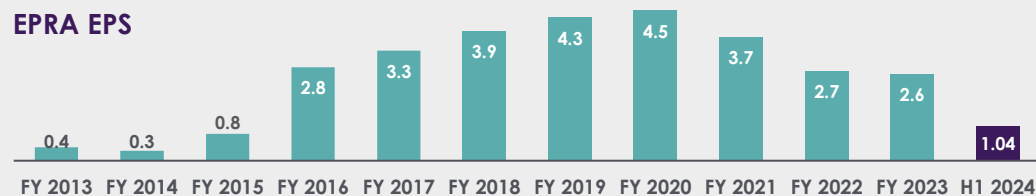
H1 2024 FINANCIAL HIGHLIGHTS

- EPRA NTA per share of **52.0p** (FY 2023: 54.9p)
- EPRA EPS of **1.04p** (FY 2023: 1.26p)
- Q2 2024 dividend per share of **0.5p** (Q2 2023: 0.625p) paid as an Ordinary Dividend
- Reduction in holding costs of void space and direct costs to **£1.1 million** (due to sale of void and part-void assets) (H1 2023: £1.3 million). Further void cost savings ahead
- Administrative costs/ overhead expenses reduced by **£360,000** to **£1.3 million** (H1 2023: £1.4 million), predominantly due to the agreed reduction in directors' remuneration, however these savings were offset by a provision of **£300,000** (H1 2023: Nil) for the STIP

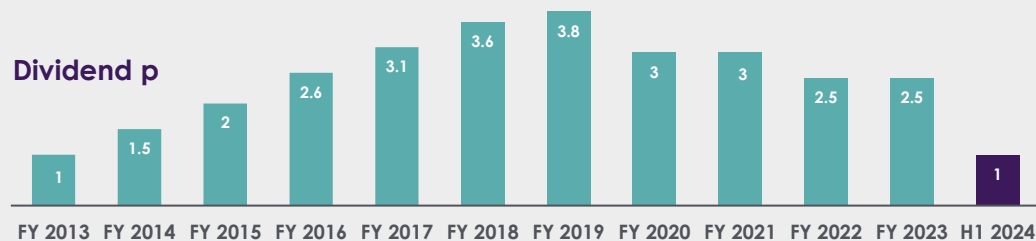
EPRA NTA



EPRA EPS



Dividend p



H1 2024 FINANCIALS

REDUCING COSTS

- Revenue of **£5.6 million** (H1 2023: £6.1 million) reduction due to sales
- Underlying profit before tax* of **£1.8 million** (H1 2023: £2.2 million)
- Loss before tax of **£3.2 million** (H1 2023: £800,000 loss) including:
 - **£4.9 million** loss on property revaluations (H1 2023: £4.1 million loss) representing a 3.5% portfolio valuation decline (non-cash item)
 - a deficit of **£80,000** on the sale of investment properties (H1 2023: £737,000 profit)
 - a surplus on the market value of our interest rate hedging instrument of **£271,000** (H1 2023: £388,000 surplus) (non-cash item)
 - A provision for the STIP of **£300,000** (H1 2023: Nil)

Income Statement	H1 2024 £m	H1 2023 £m
Revenue	5.6	6.1
Cost of sales	(1.1)	(1.3)
Admin expenses	(1.3)	(1.4)
Property revaluation and sales	(4.9)	(3.3)
EBIT	(1.7)	0.1
Underlying profit before tax	1.8	2.2
(Loss)/profit on ordinary activities before tax	(3.2)	(0.8)
EPRA EPS	1.04p	1.26p
DPS	1p	1.25p

*Adjusted for movement on property revaluations, sales, hedge revaluation and STIP provision

H1 2024 FINANCIALS

STRONG BALANCE SHEET



Gross property assets

£136.2m

Net assets

£90.7m

EPRA NTA per share

52.0p

Net LTV

31.8%

Net Debt

£48.0m

Balance Sheet	H1 2024 £m	H1 2023 £m
Property	136.2	169.2
Cash	5.4	8.0
Debt	(48.0)	(67.9)
Other	(2.9)	(2.9)
Net assets	90.7	106.4
Adjustments	0.1	(0.4)
EPRA NTA	90.8	106.0
EPRA NTA per share	52.0p	60.3p
Net Debt	42.6	59.9
LTV (net of cash)	31.8%	35.9%

H1 2024 FINANCIALS

SIMPLIFIED DEBT POSITION

- Cost of debt **6.5%** (H1 2023: 3.7%) & **18.4%** of debt was fixed
- Net LTV **31.8%** (H1 2023: 35.9%) & Interest cover of **2.0x** (H1 2023: 2.6x)
- Total drawn debt of **£48.0 million** (H1 2023: £67.9 million)
- Multi-banked across **3** lenders
- **£6.4 million** of debt repaid with disposal proceeds in H1 2024
- **£5.4 million** cash at bank as at 30 June 2024
- Surplus in market value of Hedge facility of **£271,000** (H1 2023: £388,000 surplus) (non-cash item)

Post period activity:

- Additional sales of **£5.1 million** with healthy pipeline of sales in legals
- Further **£3.6 million** debt repaid
- Total drawn debt now reduced post period to **£44.4 million** and set to reduce further
- 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
- It is the Group's intention to **prioritise the repayment of debt** from property sales proceeds, as reflected by the short-term nature of the facilities

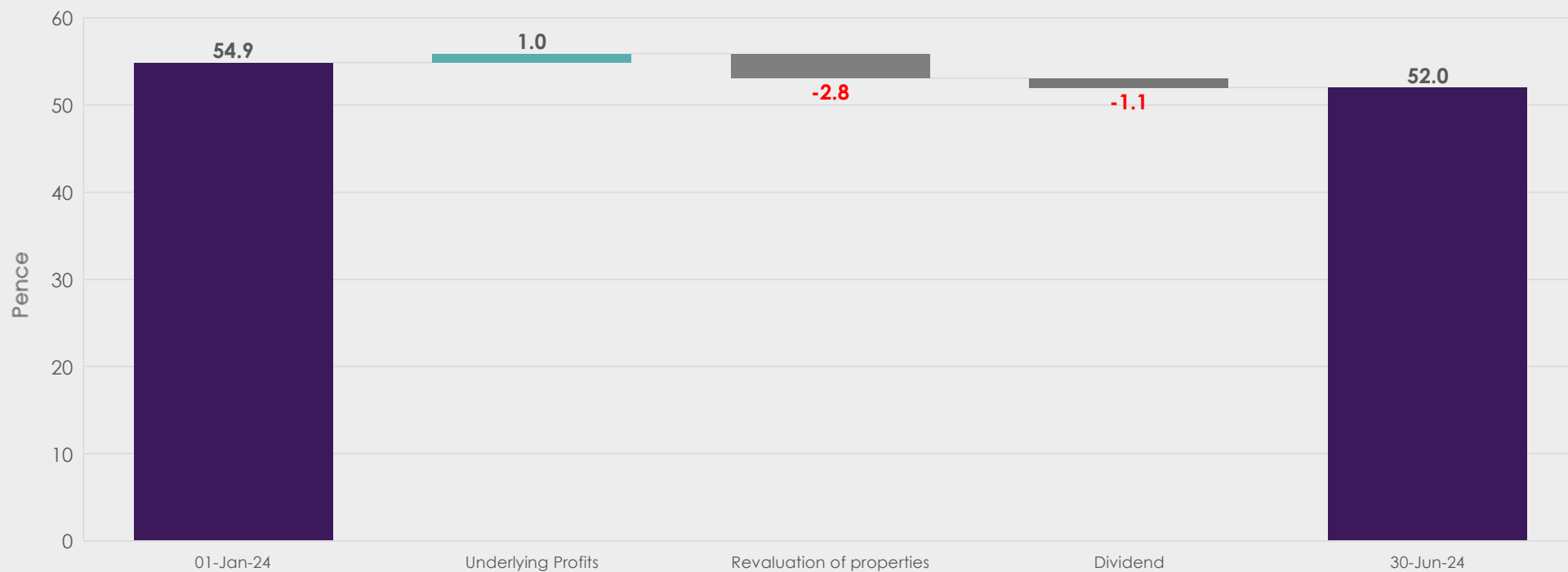
Debt Profile Year-to-Date

Lender	Debt Facility (£m)	Debt Maturity
Lloyds Banking Group	14.5	May 2025
National Westminster Bank	24.0	June 2025
Barclays	5.9	June 2025

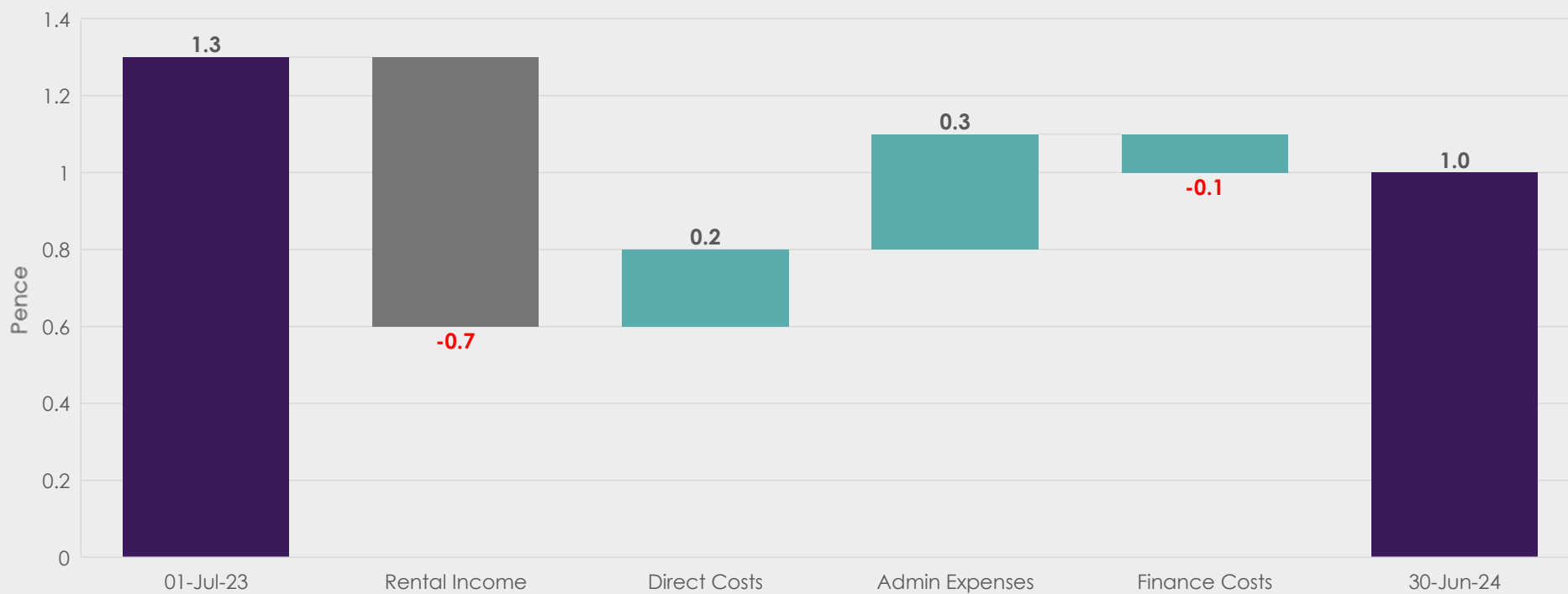
Sales & Debt Repayment Year-to-Date

	2021	2022	2023	H1 2024	Post Period	Total
Sales	£17.6m	£20.9m	£18.0m	£8.3m	£5.1m	£69.9m
Debt Repaid	£11.9m	£18.0m	£17.0m	£6.4m	£3.6m	£56.9m
Total Drawn Debt	£89.4m	£71.4m	£54.4m	£48.0m	£44.4m	£44.4m

MOVEMENT IN EPRA NTA PER SHARE (P)



MOVEMENT IN EPRA EARNINGS PER SHARE (P)



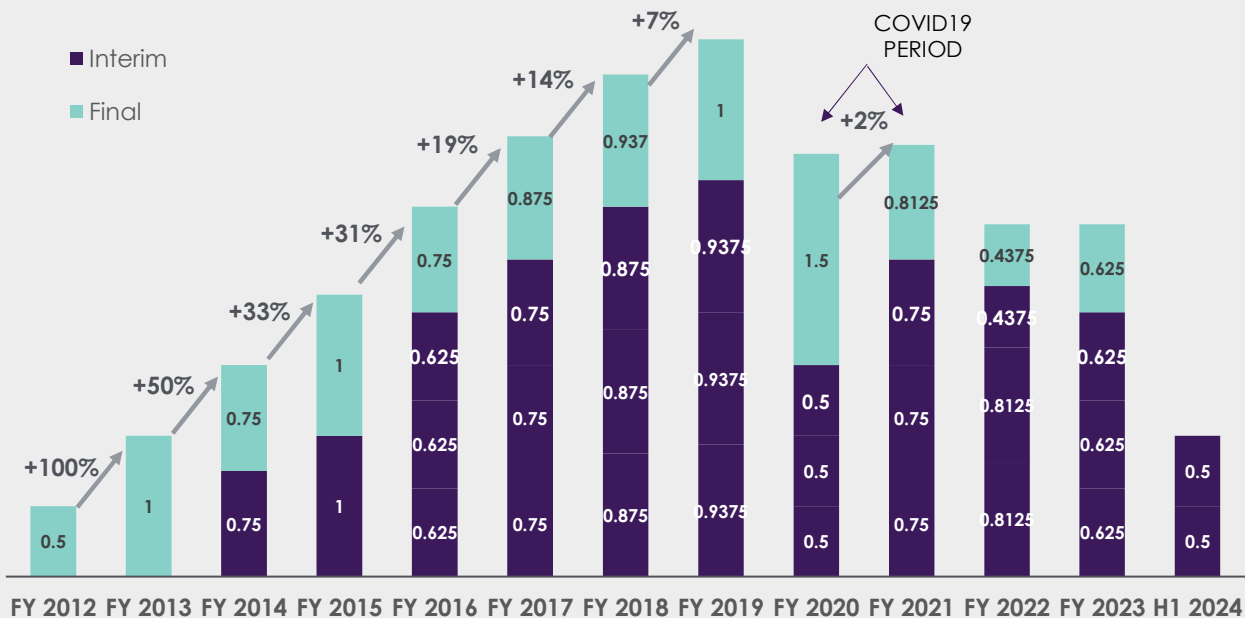
UNINTERRUPTED DIVIDEND DELIVERING CONSISTENT RETURNS

- ✓ **Uninterrupted** dividend payments despite disposals
- ✓ **£52.4 million** total dividends declared/paid since 2012
- ✓ Q2 2024 dividend of **0.5p** per share (Q2 2023: 0.625p)
- ✓ Dividend paid quarterly
- ✓ Dividend is **fully covered** by EPRA earnings
- ✓ Management are committed to a **covered dividend policy** subject to the pace of the disposal programme

Dividend	Total	Announcement	Payment
Q1 2024	0.5p	June 2024	July 2024
Q2 2024	0.5p	September 2024	October 2024
Q3 2024	TBC	December 2024	January 2025
Q4 2024	TBC	March 2025	April 2025

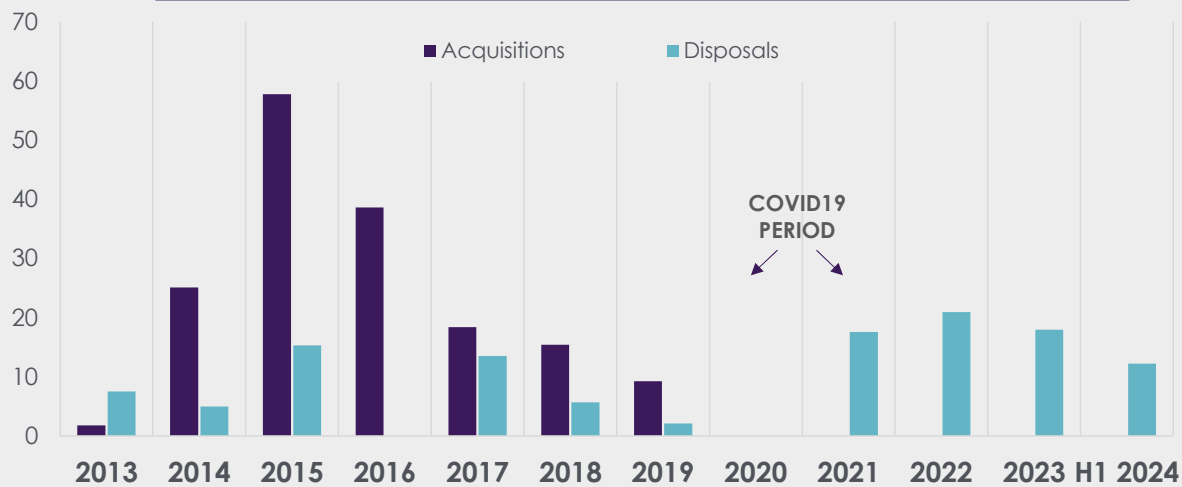
Note: Timings for quarterly payments are indicative only

Shareholder Distribution Year on Year



CONTINUED SALES AT A PREMIUM TO BOOK VALUE

Acquisitions & Disposals



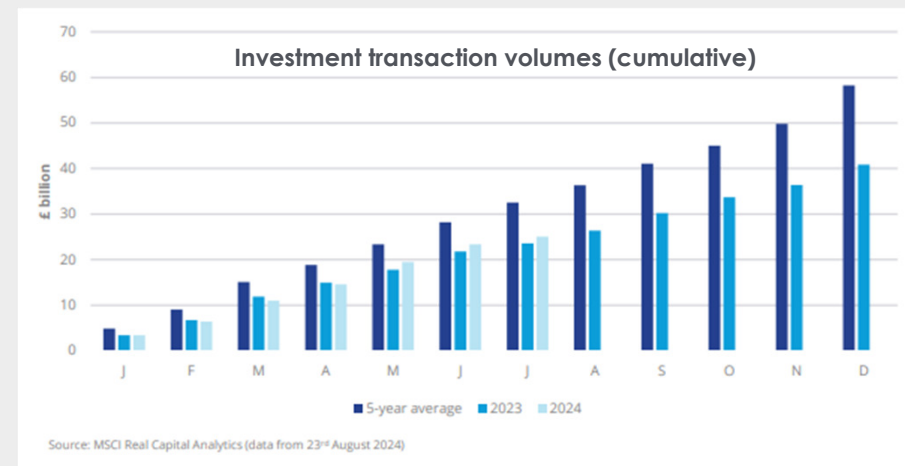
- Completed disposals of **£6.7 million** and contracted disposals of **£1.6 million** at H1 2024, with a further **£5.1 million**, totalling **£13.4 million year to date 2024** (aggregate uplift of **3.5%** before costs above book value)
- Disposals in 2024 - **average lot size of £956,000** given break up of units
- Strong pipeline** of sales in legals to **satisfy private investor demand** and **pay down debt**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	H1 2024
Contracted Rental Income £m	£5.8	£7.7	£11.9	£14.9	£16.2	£17.0	£17.7	£16.7	£14.3	£12.6	£10.9	£10.3
Gross Property Assets £m	£75.2	£104.4	£157.5	£201.9	£213.1	£224.8	£228.9	£201.3	£190.8	£175.4	£145.5	£136.2

H1 2024 MARKET SENTIMENT & ACTIVITY LEVELS

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.

- Political uncertainty in election year
- Interest rates remain elevated
- Elevated inflation levels
- Subdued market with very low levels of investment transactions
- Inactive corporate and institutional investors and funds
- Subdued capital values across the market due to negative sentiment



On track with 2024 sales

PRIVATE INVESTOR & OWNER OCCUPIER DEMAND CONTINUES

Summary of 2024 to date:

- Sales of **£13.4 million**
- An average lot size of **£956,000**
- **3.5%** (pre-costs) above 2023 year-end book values
- **£10.0 million** debt repaid using proceeds
- Strong pipeline of assets for sale in legals

Further sales 2024/2025

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 environment 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.



LARGER LOT SIZES OVEN READY – EXAMPLES FOR SALE

We have a number of properties in the portfolio which are ready for sale, all of which have undergone successful business plans and improvements. Due to the current subdued marketplace our normal buyer pool of property companies, REITs, UK funds, pension funds, overseas or private equity buyers are inactive. As a result, some assets are being held for income until we see an opportunity to sell. Examples include:

Avon House, Bromsgrove (Single Let Office Building)

Recently, we successfully re-negotiated the lease with AFH Financial Group Limited for an additional 11 years, with no break clauses. The property generates a passing rent of £396,077 per annum, with further rental growth potential.

Virginia House, Worcester (Single Let Student Accommodation)

Following a full refurbishment and conversion from offices to student housing, the building is now fully leased to Virginia House Limited. The lease extends for over 120 years, with a passing rent of £145,000 per annum.

Jasper Retail Park, Tunstall (Multi-Let Retail Park)

We have secured a new imminent letting to McDonald's on the last vacant unit, solidifying the tenant base. The park produces an annual rent of £750,900, with the lease extending for 10 more years.

Boundary House, Wythall (Single let office building)

The property is let to Grafton Group Plc, at a passing rent of £316,500 per annum. This is a strong tenant covenant and should appeal to most investors.

Sandwell Valley School, Birmingham (School)

The property is let on an overriding lease to a strong covenant backed by the Local Authority, generating £100,000 per annum. The lease runs until September 2041.

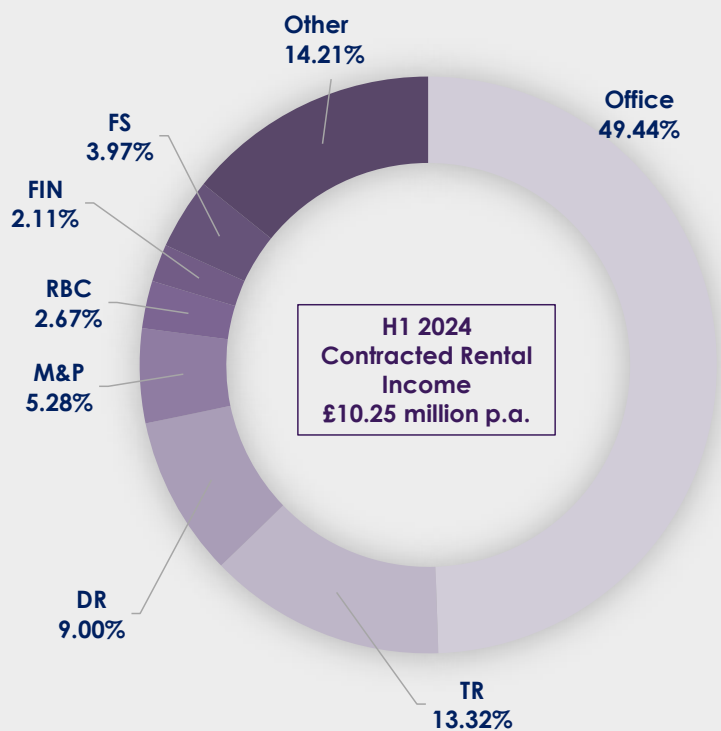
Maypole, Birmingham (Hotel & Retail Units)

Comprises a 60-bed Travelodge hotel and six ground-floor retail units, fully let to tenants such as InHealth, Ladbrokes, Subway, and Poundstretcher generating £402,700 per annum. We recently signed a new lease with InHealth Limited for 15 years, with phased rent increases starting at £60,000 per annum.

Birch House, Oldbury (Office Building)

Following a comprehensive refurbishment, the property was recently let to DHU Healthcare CIC on a new 10-year lease, generating £625,608 per annum.

DIVERSE AND ATTRACTIVE PORTFOLIO BALANCED RISK













Sector	Income by Sector (£)	Income by Sector (%)
Office	5,068,890	49.44%
Traditional Retail	1,365,681	13.32%
Discount Retail - Poundland/B&M etc	922,500	9.00%
Medical & Pharmaceutical - Boots/Holland & Barrett etc	541,749	5.28%
Restaurant/Bar/Coffee - Costa Coffee etc	273,286	2.67%
Financial/Licences/Agency - Bank of Scotland etc	216,500	2.11%
Food Stores - Co-op, Iceland etc	406,545	3.97%
Other - Hotels (Travelodge & Vine Hotels), Leisure (The Gym Group & Luxury Leisure), Car parks, AST	1,457,307	14.21%
Total	10,252,458	100%

85.15% of our office investments are 'non- Birmingham City centre core'

14.71% of our office income is government income

28.26% of our portfolio is neighbourhood, convenience and essential

TOP 10 TENANTS BY INCOME DIVERSITY IS KEY

Rank	Tenant	Rent £'000	%	Sector	Property
1		899	8.77*	Office	Birchfield House, Oldbury
2		450	4.39	Discount Retail	Jasper, Tunstall
3		396	3.86	Office	Avon House, Bromsgrove
4		324	3.16	Office	Molineux House
5		317	3.09	Office	Boundary House, Wythall
6		300	2.93	Hotel	West Plaza, West Bromwich
7		286	2.79	Office	Westgate House, Warwick
8		282	2.75	Retail	Kingswinford, Dudley
9		230	2.24	Retail	Gateway House, Birmingham
10		222	2.17	Hotel	Maypole, Birmingham
		3,706	36.15		

Top 10 tenants represent only **36.15%** of REI's contracted income

Government income accounts for **14.71%** of our total income

Aside from government, no tenant is more than **5%** of total income

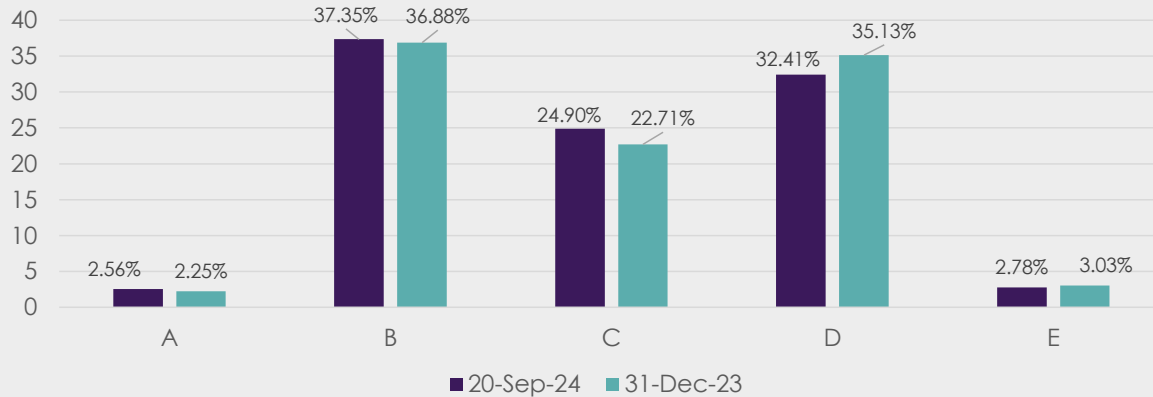
ESG & THE REI PORTFOLIO

Energy Performance Certification

In accordance with government guidelines, REI has undertaken a programme to ensure our assets meet the UK statutory regulations and timeframes for EPCs. None of the portfolio is below a grade 'E' (in line with April 2023 regulations) and we will continue to upgrade assets when required to meet 2027 regulations.

An overview of the asset EPC ratings across the portfolio is noted below:

PROGRESS MADE ON PORTFOLIO EPC RATINGS



Carbon Emissions Reporting

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.

What does ESG look like in 2024 for REI?

- Continued ESG committee meetings & assessment of framework and legislation
- Portfolio EPC programme of works to ensure compliance
- Continuing to collect and assess carbon emissions data
- Wellness programme for employees
- Ongoing EV charging & solar panel programme

OUTLOOK DISPOSAL STRATEGY TO MAXIMISE RETURNS



Disposals Programme – Complete disposals programme to the strong private investor/owner-occupier markets. Position larger assets for sale in anticipation of institutional/corporate buyers returning to the market in 2025

Debt Repayment – Prioritise the repayment of Company's total drawn debt using disposal proceeds, with a view to reducing portfolio gearing levels and interest costs in this higher interest rate environment, strengthening the balance sheet and supporting growth in NTA

Asset Management – Intensively manage remaining portfolio, taking advantage of the strength of the occupier market to secure lettings, with a view to reducing portfolio vacancy levels and void costs, maximising rental income and capital values and maintaining rent collection levels

Quarterly Dividend – Maintain attractive shareholder returns via a fully covered dividend policy, subject to the pace of disposal programme

Flexibility & Optionality – Management remain open to evaluating any portfolio or corporate transaction that is in the best interests of shareholders, in order to maximise shareholder returns

Management Alignment – New STIP & revised remuneration policies introduced from 1 January 2024 to better align management with company strategy

ESG – Continue to act responsibly, operating an efficient portfolio, monitoring and targeting carbon reduction, whilst meeting EPC regulations

APPENDICES



OPERATIONAL TEAM



Anna Durnford
Director, Investor Relations

- Joined REI in 2007
- Provides executive assistance to the Board & oversees investor relations and operations within the business
- Over 20 years experience within the legal, financial, accountancy and property sectors
- Previously worked for Ernst & Young & Independent HNW IFA



Ian Clark
BSc (Hons) MRICS
Director, Asset Manager

- Joined REI in 2011
- Responsible for the coordinating portfolio asset management strategy across the portfolio
- Qualified chartered surveyor with over 25 years experience in the property market
- Previously worked for GVA and Argent Estates Limited as Asset Manager where he was responsible for the asset management of the 1.5 million sq ft Brindleyplace Estate



Andrew Osborne
BSc (Hons)
Investment Manager

- Joined REI in 2014
- Responsible for coordinating investment strategy, specialising in investment acquisition and disposals of commercial properties
- He began his career as an Investment surveyor at CBRE and is a previous Senior Asset Manager at Square Metre Properties, on behalf of Goldman Sachs and Property Fund Manager at Canada Life and Regional Director of Highcross in Birmingham



Jack Sears
BSc (Hons) MRICS
Asset Management

- Joined REI in 2016
- Responsible for the management of portfolio assets, liaising with agents
- Qualified Chartered Surveyor with a decade of experience in the property market
- Previously worked at Bilfinger GVA and BNP Paribas Real Estate as a property manager, assisting corporate clients with the management of their residual properties



Donna Mooney
Receptionist/Administrator

- Joined REI in 2016
- Provides Front of House support and administrative support to the Executive team and operations function
- Donna has had a long and varied career as a Personal Assistant most recently supporting members of the UK&I Leadership team within Corporate Finance and Tax at Ernst & Young LLP