REI
Real Estate Investors Plc

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("REI" or the "Company" or the "Group")

Half year results for the six months to 30 June 2017

Continued progress and 20% H1 dividend growth

Real Estate Investors Plc (AIM: RLE), the Birmingham based property group and listed UK Real Estate Investment Trust, today announces its unaudited half year results for the six-month period ended 30 June 2017.

Financial Highlights
- Gross property assets of £209.4 million (FY 2016: £201.9 million) up 3.7%
- EPRA** NAV per share 67.6p (FY 2016: 66.2p) up 2.1%
- Revenue of £7.1 million (H1 2016: £6.0 million) up 19.9%
- EPRA** EPS of 1.6p (H1 2016: 1.3p) up 23.1%
- Underlying profit before tax* of £3.1 million (H1 2016: £2.4 million) up 29.2%
- Pre-tax profit of £6.4 million (H1 2016: loss of £560,000)
- Second quarter dividend of 0.75p, making total dividend for the first half of 1.5p (H1 2016: 1.25p) up 20%
- Average cost of debt 4.0% (H1 2016: 4.1%)

Operational Highlights
- Contracted rental income of £15.2 million (net of contracted sales) (FY 2016: £14.9 million), up 2.0%
- Like for like portfolio valuation £200.4 million (FY 2016: £196.6 million) up 1.9%
- Acquisitions of £8.9 million (net of acquisition costs) at a net initial yield of 7.48% and a reversionary yield of 7.72%
- Sales of £12.4 million (of which £7.2 million completed in Q3 2017) as REI recycles capital for future opportunities
- Active asset management with 11 new lettings and 3 lease renewals
- Record occupancy increased to 94.8% (FY 2016: 92.6%)
- WAULT*** of 5.1 years to break/7.2 years to lease expiry (FY 2016: 4.7 years to break/6.8 years to expiry)
- 235 tenants (FY 2016: 232)
- Total ownership 1.4 million sq ft (FY 2016: 1.4 million sq ft)
- Prime Birmingham City Centre ownership of 128,361 sq ft (FY 2016: 156,425 sq ft)
- Portfolio benefiting from active asset management programme and seeing:
    - Continued strong occupier demand, in particular in retail, restaurant and bar sector
    - Rental uplift from recessionary rents, and market demand
    - Strong investor appetite for income producing property

Definitions
**   Underlying profit excludes profit/loss on revaluation and interest rate swaps and tax*
***   EPRA = European Public Real Estate Association*
****   WAULT = Weighted Average Unexpired Lease Term*

Paul Bassi, CEO of Real Estate Investors Plc, commented:

"Despite market and political uncertainty, we continue to benefit from our focused investment strategy, and a robust investment market. The weight of investment capital remains significant and investor demand for regional real estate has continued.

"We have made some strategic sales and will consider additional sales during H2. With further acquisitions, we intend to maintain a £200 million portfolio and continue to grow the Company's dividend payments, which have now seen 5 years of year on year growth.

"The West Midlands remains economically vibrant and a beneficiary of a much weakened sterling, and occupancy demand is set to benefit from the relocation of HSBC to Birmingham City Centre and the HS2 investment in our region."

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CHIEF EXECUTIVE'S STATEMENT

As a result of our focused investment strategy and active asset management approach to property investment, we are pleased to report an excellent set of half year results. Our pre-tax profits are £6.4 million and our underlying profits excluding asset sales increased by 29% to £3.1 million. This strengthened performance allows us to continue with our progressive dividend payments, with an interim dividend payment of 0.75p giving an overall 20% increase in the dividend for H1 to 1.5p. Additionally, our revenue is £7.1 million, up 19.9% and our EPRA NAV per share has grown to 67.6p, up 2.1%.

Our portfolio remains stable and our occupancy has improved to a record 94.8%. Demand across our retail and restaurant/bar units remains very strong and we have experienced competitive bidding and rental growth.

Demand for regional investment property remains strong - we are very much in a sellers' market and have taken advantage of this by making sales totalling £12.4 million since the last year end. We anticipate further sales above book value in H2, and also anticipate growing our rental income from acquisitions and lettings from within our existing portfolio, whilst maintaining a £200 million portfolio and a progressive dividend payment. There is limited criteria compliant property available to buy, and yet despite the level of competition for assets, we anticipate securing further criteria compliant property during H2, via our privileged network. We currently have £5 million of deals agreed and in legals and we are confident of securing further acquisitions before the year end.

Market Overview

Against a backdrop of economic and political uncertainty, in particular the Brexit discussions, we anticipate continued demand for income producing regional property investments and expect valuations to remain strong in H2, with interest rates remaining at a record low.

More generally, the occupier market is stable and substantial development is taking place to accommodate HMRC, HSBC, HS2 and the continued growth of high end manufacturing, together with the growing motor industry requirements at Jaguar Land Rover and BMW. All this activity will bring significant employment to the region, which in turn has boosted demand for housing, both rental and sales. This has naturally driven substantial residential development across Birmingham, the Black Country and the West Midlands, and we are seeing rental and house price growth.

However, it is possible that there may be moments of concern during this period of uncertainty, that may provide a "short term" buying opportunity to a well established and credible buyer like ourselves. We have retained significant cash and banking facilities that will allow us to capitalise on any opportunities that meet our acquisition criteria, and these financial resources will be further boosted from intended sales in H2 2017.

According to Colliers International, despite post-EU referendum uncertainty, pricing and volumes have held firm, mostly due to the insatiable demand from overseas investors, who took advantage of sterling's devaluation. Indeed, foreign buyers acquired £16.2bn worth UK assets in the first seven-and-a-half months of the year, representing 51% of all transactions. Demand for real estate assets has also come from local authorities aiming to take a more active role in the regeneration of their locations, who can also take advantage of the low cost of debt on offer from the Public Works Loan Board (PWLB).

The Midlands' regional yield discount to London is still evident but there has been a noticeable shift in focus from the South East markets to core regional markets including Birmingham. There has also been strong interest in more secondary assets which is in part due to a lack of availability of prime assets. In H2 2017 prime yields are expected to remain unchanged, although transaction volumes are likely to increase as vendors look to capitalise on the depth of investor demand.

Recent press comment has also identified Birmingham as an emerging tech hub and further growth within this sector is expected. We anticipate further space requirements to follow as a consequence of the gathering momentum around the delivery of HS2 and its associated supply chain. Active demand in the first half was boosted following HS2 securing Royal Assent in late February, which is likely to be reflected in lettings as the year progresses. Consequently, vacancy levels have continued to fall and landlords are beginning to have the upper edge in negotiations. Although many tenant negotiations remain finely balanced, it should be possible to improve our occupancy further and secure further rental growth across the Company's portfolio in the second half of this year.

Property Overview

We have enjoyed an excellent period of activity, during which we have secured a further £8.9 million of criteria compliant investment property (net of acquisition costs) and further improved our occupancy and contracted rental income together with £12.4 million of strategic sales, whilst maintaining a £200 million portfolio.

These acquisitions provide immediate income and asset management opportunities and have the potential to provide capital growth. We believe that economic uncertainty from Brexit negotiations will provide further opportunities for acquisitions.

We remain confident that we can continue to acquire properties that meet the Company's investment criteria and improve the portfolio mix. In the remainder of this financial year, we expect to see continued rental growth and low vacancy rates supporting the Company's investment objectives and support our strategy of delivering further growth in our fully covered dividend payments.

Property Acquisitions

Total acquisitions of £8.9 million (net of acquisition costs) were made during the period, with a combined income of £708,575 per annum and a potential reversion to £731,571 per annum, which reflects a 7.48% net initial yield and 7.72% reversionary yield. New tenants from acquisitions include Travelodge, Ladbrokes, Halfords, Subway, Xercise4less and Domino's.

New acquisitions include:

- **Maypole Retail Parade, Alcester Road South, Maypole, Birmingham - 27 February 2017**
  (Retail/Leisure - £6.1 million excluding acquisition costs). Acquired in an off market transaction from a private investor, at a net initial yield of 7.22% with a reversionary yield of 7.31%. The investment incorporates a sixty bed hotel, together with six ground floor retail units, with a combined contracted rental of £469,875 per annum, of which £201,000 per annum is secured against Travelodge for a further 24 years and subject to CPI-linked rent reviews. The property is well let with other covenants including Wilko Retail, Ladbrokes, Halfords, Subway and KFC, and with a WAULT of 12.25 years.

- **Barracks Road, Newcastle-under-Lyme – 26 May 2017**
  (Retail/Leisure - £2.8 million, excluding acquisition costs). Acquired from London Metric Property Plc at a net initial yield of 8.00% and a minimum reversionary yield of 8.78% in February 2018, producing £238,700 per annum, rising to £261,696 per annum in February 2018. The property comprises a Leisure and Retail investment of four purpose-built units and is let to three tenants – Xercise4Less, Bathstore and Domino's, with a WAULT of 9.25 years. Following acquisition, we have since extended the Bathstore lease by a further 5 years, taking the WAULT on acquisition to 11.03 years. Strategically located within the centre of this busy town, the property and immediate vicinity will further benefit from substantial on-going developments of new student accommodation and new head offices for the Local Council.

Overall availability in the investment market for criteria compliant stock has been limited as few investors have been willing to sell. However, we are considering investment opportunities including retail and office sector assets with existing income or angles to improve value. We expect to see good value opportunities throughout the coming months and are well placed to react when potential acquisitions become available. We expect some of the larger funds to sell smaller lots regarded as being sub-scale in comparison to other larger assets that are considered to be less management intensive.

With our established network of regional contacts and our well established reputation for efficient transactions we will continue to target good income with low gearing in a well-diversified regional portfolio and continue to focus on delivering stable long term returns for shareholders.

Sales

We completed the sale of Latitude, Bromsgrove Street, Birmingham for £2.7 million on 27 January 2017 (exchanged 23 December 2016), representing a net initial yield of 7.95% and ahead of cost and 31 December 2016 valuation. We sold a non-core retail property in London Road, Norwich in April 2017 (exchanged 5 December 2016) for £800,000 at a sale yield of 8.46% and The Broadway, Crawley in January 2017 (exchanged 1 December 2016) for £1,925,000 at a sale yield of 8.87%. More recently, we exchanged contracts on 5 June 2017 to sell 6 Bennetts Hill, 102 Colmore Row, & 104-106 Colmore Row, three adjoining City Centre offices, for a total consideration of £7.2million, reflecting a current net initial yield of 4.36% and a 4.35% capital premium above the December 2016 valuation. The sale completed on 2 August 2017, and so will be reflected in the H2 results.

Including sales that completed in Q3 2017, in total, we have disposed of £12.4 million of assets which provided a combined income of £816,710 per annum and a running yield of 6.07%. The Company will use the proceeds from these disposals to fund acquisitions better aligned to its stated investment strategy. In view of the low interest environment and limited supply, we expect demand for stock to increase in the second half of this year. We have identified a number of properties that are suitable for sale and will monitor this position over the coming months, and will only seek to make sales above existing book values.

Asset management

We have continued to focus on active asset management initiatives including rent reviews, new lettings, lease extensions and the retention of tenants beyond their contractual obligations, which has resulted in valuation increases, with further initiatives expected to complete over the coming months.

Key asset management initiatives undertaken during the period include:

- **Gateway House, 50-53 High St, Birmingham** – The building comprises a mixed retail and office scheme of 27,071 sq. ft. extending over seven floors. Following the refurbishment of the second floor offices, Instant Offices has taken two floors in the building. The building is now fully-let. The deal was done at £13.00 per sq ft, a new high for the building. Additionally, the letting on the ground floor to Holland & Barrett already shows signs of a positive reversion.

- **Acocks Green Shopping Centre, Acocks Green** – The property comprises a 60,457 sq ft retail scheme in Acocks Green on the outskirts of Solihull and Birmingham. The scheme is anchored by Wilkinson, Boots, Argos and Lloyds Bank. Wilkinson has re-geared its lease, the new lease is a 10 year term at the passing rent. This has enhanced the value of the scheme. Work is underway on the refurbishment of all vacant units. The Lloyds TSB tenant only lease break in December 2017 has been removed, giving a lease expiry of December 2022.

- **Peat House, 1 Waterloo Way, Leicester** – Prime City centre office building. Innes England taken part of second floor at £13.50psf on a 10 year term. First and second floor common areas have been comprehensively refurbished by the landlord and there is interest from a number of parties for the vacant space.

- **Dudley Street, Wolverhampton** - the lease expired shortly after purchase and we assumed the tenant would vacate. Our intention was to take the benefit of the short term income and market the unit to find a new tenant. After negotiations we have a renewed lease with River Island. The new lease commenced in March 2017 and secures a rent of £187,300 per annum and a lease term of 10 years with a break option at the fifth year.

- **Dutton Road, Coventry** – We extended Personal Hygiene Services' lease, with expiry moving from July 2019 to July 2024, in exchange for 3 months' rent free. With the benefit of more attractive unexpired lease term, we have recently sold our long leasehold ownership to the freeholder (Coventry City Council).

- **Bearwood Shopping Centre, Bearwood** - We let the only vacant retail unit on a new lease to Costa Coffee at £42,500 per annum for a term of 15 years.

- **Market Centre, Crewe** – We have re-geared the lease to Roman Originals for a further two years at £60,000 per annum and have re-geared the lease with Sky UK for a further 3 year term. Additionally, we are in the process of negotiating with local landowners to acquire the adjoining Victoria Centre with potential redevelopment of a larger amalgamated shopping centre.

- **24 Bennetts Hill, Birmingham** – Active asset management (including a refurbishment of the reception and common areas) has resulted in an occupancy rate of just under 90%. The most recent letting being to Singh & Jones Ltd, a niche recruitment agency. The rent review with Punch Taverns was recently settled at £135,000p.a. an increase from £117,000p.a.

- **37a Waterloo Street, Birmingham** – New lease to 'Dirty Martini Limited' on better terms and a strengthened covenant following the administration of Viva Brazil. The deal was off market and completed in under a week with potential to convert upper floors to residential.

Portfolio Conclusion

As at 30 June 2017, the Company's property portfolio comprised 56 assets and 235 tenants. Further to recent acquisitions, the portfolio is split (by income) into the following sectors: Retail (57%); Offices (39%); and Other (4%). Our existing occupancy is currently at 94.8%.

Our recent acquisitions have improved the tone of the portfolio and continue to provide us with a variety of opportunities to add value and increase rental income. In comparison to FY 2016 figures, allowing for sales, our contracted rent is up 2%, despite disposals comprising £816,710 per annum of contracted rent, and our like for like valuation and capital value per square foot have increased by 1.9%. Our revenue is up 19.9% to £7.1 million per annum compared to H1 2016.

Outlook

Our objective for H2 is to grow the portfolio further, subject to making strategic sales, and to grow our rental income. This will allow us to continue with our objective of growing our quarterly dividend payments, which have now seen 5 years of year on year growth, in line with our progressive dividend policy. We expect property yields to remain stable or compress further, particularly with the secondary market place increasing demand and a shortage of investment stock at the end of the year.

REI remains confident that the outlook for our regional economy is positive, and that our portfolio will benefit from healthy occupancy levels and a growing rental income and revenues.

There is no doubt that we are operating in a sellers' market, and we will continue to make sales of assets that we believe are ready for sale or where we receive attractive offers. At the same time, our privileged network within the regional property community and our market reputation will assist us in securing further criteria compliant property that will provide capital growth potential and additional rental income.

Our local economy is going through a period of 're-birth' and will continue to do so, regardless of some of the national economic uncertainty and will benefit further as the uncertainty falls away.

Our team has the capacity to grow the portfolio, without the need for any material additional overheads, and we remain committed to maintaining a £200 million portfolio, with the potential to grow further, whilst growing our dividend payment to our shareholders.

At 30 June 2017	Value £	%	Sq Ft	Contracted Rent £	ERV £	Net Initial Yield %	Equivalent Yield %	Reversionary Yield %	Occupancy %
Birmingham City Centre	39.4m	18.8%	128,361	1,802,544	2,330,783	4.25	6.42	5.49	82.56
Other Midlands	162.4m	77.5%	1,239,124	13,088,792	14,640,587	7.58	7.89	8.47	95.91
Total Core	**201.8m**	**96.3%**	**1,367,485**	**14,891,336**	**16,971,370**	**6.93**	**7.60**	**7.90**	**94.66**
Non Core Portfolio	3.9	1.9	33,027	332,826	360,826	8.14	8.04	8.83	100
Land	3.7	1.8	-	-	-	-	-	-	-
Total Portfolio	**209.4m**	**100%**	**1,400,512**	**15,224,162**	**17,332,196**	**6.95**	**7.61**	**7.91**	**94.78**

Finance Review

The underlying profit for the six months to 30 June 2017 was £3.1 million (2016: 2.4 million), an increase of 29.2% (underlying profit excludes the effect of property revaluations and financial instrument valuations).

The statutory profit before tax for the period was £6.4 million (H1 2016: loss £560,000) due to property revaluation surplus of £2.9 million (2015: deficit £1.8 million) and a surplus on revaluation of financial instruments of £465,000 (2016: deficit £1.2 million).

Revenue increased due to acquisition of properties and letting of void space and was up 19.9% to £7.1 million (2016: £6.0 million). Direct costs increased during the period to £960,000 (2016: £600,000) due to professional fees on new leases as well as void costs on certain buildings, which have subsequently been re let or sold. Property acquisitions during the period were £9.7 million and the revaluation surplus has absorbed the SDLT costs on these properties.

	30 June 2017	31 December 2016	Change
Gross Property Assets	£209.4m	£201.9m	+ 3.7%
EPRA NAV per share	67.6p	66.2p	+ 2.1%
EPRA NNNAV per share	65.8p	64.2p	+ 2.5%
Net Assets	£125.0m	£121.2m	+ 3.1%
Loan to Value	41.5%	43.1%	+ 3.7%
Loan to Value (net of cash)	37.8%	37.2%	- 1.6%
Like for like rental income	£14.5m	£14.6m	- 0.7%
Like for like capital value per sq ft	£141.20	£138.60	+ 1.9%
Like for like valuation	£200.4m	£196.6m	+ 1.9%

Banking

REI is multi banked and we continue to receive excellent support from our bankers, who are open to us increasing our facilities. Banks have remained 'open for business', with healthy competition amongst banks to secure new lending to experienced management teams with diversified portfolios and prudently geared balance sheets. REI comfortably meets these criteria.

As at 30 June 2017, we had cash and undrawn facilities of £12 million. Our current average cost of debt has reduced to 4.0% (H1 2016: 4.1%) and the average term of debt is 4.6 years (H1 2016: 5 years), with our £20 million facility with Lloyds Banking Group to be renewed in January 2018.

The RBS facilities at 1.75% above Libor demonstrate our ability to secure debt going forward, with a number of other banks prepared to lend on similar terms. We are capitalising on the low interest rate environment and it is our intention to grow the portfolio further, whilst maintaining prudent levels of gearing.

Currently, 57% of our facilities are on variable terms and we are exploring terms to convert some of this variable debt to fixed rates and capitalise on the low interest rate environment. This will provide protection against rates rising in the future and fix our outgoings to allow us to manage our dividend growth with confidence.

Dividend

From January 2016, the Company commenced quarterly dividend payments. For 2017, the first quarterly interim dividend of 0.75p was paid in July 2017 and the second quarterly interim dividend of 0.75p will be paid in October 2017. The third quarterly interim dividend will be paid in January 2018 and the final dividend will be announced with the results in March 2018 and paid in April 2018.

The dividend for the first half year is therefore 1.50p, an increase of 20%. We have now seen 5 years of year on year growth.

The Board's intention is to continue with a sustained, covered and progressive dividend.

Dividend Timetable

Q2 Ex-dividend date:	28 September 2017
Q2 Record date:	29 September 2017
Q2 Dividend payment date:	31 October 2017

REI's Regional Review

Economy/Trade/Business/Employment

- The West Midlands attracted more foreign businesses than anywhere outside of London and the South East in 2016/2017, according to new Department for International Trade figures
- The Midlands continues to lead the rest of the UK in regional output growth, increasing at the fastest rate in two years. The West Midlands PMI recorded 60.3 in April - the strongest nationally
- Business activity increased in the West Midlands at a faster pace than any region in the UK, according to the Lloyds Bank UK Regional PMI survey, rising to 58.6 in August from 56.7 in July
- Birmingham has been ranked among the top ten UK cities that are most attractive to businesses in the creative industries sector in the CBRE Creative Regions report
- West Midlands business confidences edges higher with the latest ICAEW Business Confidence Index standing at -0.5 in the region, with domestic and export sales "on an upward trend"
- A total of 21 companies in the Midlands have won places on a league table of UK businesses with the fastest-growing international sales, up 17 from last year with 11 new entrants
- The relocation of Channel 4 to Birmingham could add £5 billion to the region's economy, according to the West Midlands Combined Authority (WMCA) with an estimated £2.3 billion of gross value added (GVA) between 2021 and 2030, along with a further £2.7 billion indirect GVA
- The West Midlands is set to become a leading UK financial services centre according to report by TheCityUK suggesting the West Midlands could become the third fastest-growing financial services (FS) centre in the UK, growing by around 23% and sharing in an industry creating £16 billion of additional GVA by 2025
- Birmingham is named one of top global cities for start ups ahead of cities like Rome and Moscow in terms of quality of life for those employed in a start-up business. The city is also the best in England after London for young professionals looking to start their careers
- The Midlands is "well placed" for the future despite uncertainty sparked by Brexit, due to initiatives such as the Midlands Engine according to an MBO specialist. The region's economy is "resilient" and businesses should take advantage of private equity funds. "Mid-market deal volumes are likely to continue to grow but private vendors need to be realistic on pricing. Foreign owned divestments declined in 2016 and dependent on how Brexit pans out, then foreign owners could be selling off subsidiaries which will bring additional opportunities for private equity-backed deals."
- West Midlands Mayor Andy Street's 2020 aims include making everyone's commute to work quicker, have wages rising faster in the West Midlands than in any other British city region, and to build 25,000 homes
- A challenger bank is set to move into the West Midlands with the opening of a new flagship store in the heart of Birmingham city centre

Property

- Birmingham is set to become a commercial property hotspot as large pension funds battle it out with foreign investors for opportunities and to capitalise on a calmer environment outside of London

- House prices continue to rise in the West Midlands with 31% of RICS chartered surveyors reporting an uplift, according to the August 2017 UK Residential Market Survey, a marked contrast to the picture in Central London, where the reading remains in negative territory
- Office take up in Birmingham city centre could reach 750,000 sq ft in 2017, driven by strong demand from engineering companies preparing for HS2, a new report from Savills has claimed
- Retail rents in Birmingham are now higher than Manchester, Leeds, Edinburgh, Bristol and Belfast, according to the Midsummer Retail Report 2017, by Colliers with a 4% increase in Birmingham in prime zone A retail rental growth, compared to 0.2% regionally and 0.8% nationally, excluding London
- Birmingham office availability declines with the amount of lettable office space in the city centre at a ten-year low, CBRE has claimed. Current availability in the city is 1.76 million sq ft, 19% lower than the five-year average
- More than a quarter of UK student accommodation sales totalling £950 million were struck in the Midlands in the first three months of 2017, according to a new report by property consultancy JLL. Student beds worth approximately £250 million have changed hands in the year so far, equating to 29% of total UK deals
- Institutions in the region are also investing heavily with four of Birmingham's five universities planning to spend £870 million and 3,932 student beds have planning permission across the city
- The Midlands is facing stagnation over commercial property shortage later this year unless a greater quantity of large scale commercial property becomes available, GVA's latest Industrial Intelligence suggests
- A Birmingham development investment site which could create up to 10,000 jobs and contribute £350 million to the city region's economy has been officially launched. The Peddimore scheme was unveiled at this year's MIPIM property exhibition in Cannes and Birmingham City Council has now invited expressions of interest for the massive site

Manufacturing/Technology

- Thousands of new jobs to be created as JLR expands again, boosting its UK workforce by 15% to more than 40,000 staff
- Midland carmaker Aston Martin has announced plans for £500 million in investment and trade with Japan
- The West Midlands' manufacturing sector is among the top performing in the UK according to a new report by insolvency trade body R3. The report found just 18.4% of manufacturers were operating with an above average risk of insolvency in April 2017
- The number of manufacturing businesses in the West Midlands has increased while employment figures have swelled by more than four times the national average, according to The annual Regional Manufacturing Outlook report by EEF and accountancy and business advisory company BDO has revealed the number of manufacturers in the region has risen by 3.1% to 14,670 over the last year, while the number of jobs in the sector has been boosted by 9.9%

Travel/Tourism

- Birmingham has been selected by the government as the UK's preferred City to host the Commonwealth Games in 2022, beating Liverpool
- Emirates records record breaking month at Birmingham Airport with 4,000 passengers travelling to Dubai using the airline
- The country's largest hotel outside of London, the 790 bedroom Hilton Birmingham Metropole has been sold as part of a £500 million plus deal
- Jet2 has announced it will expand its offering at Birmingham Airport, with 13 new destinations, 900,000 seats, two new planes and thousands of hotel choices for customers travelling from Birmingham in Summer 2018
- World-famous restaurant brand The Ivy has lined up a site in Birmingham for a new venue and will opens its doors in the first quarter of 2018 on a 25-year lease
- The West Midlands rail network is set for a £1 billion investment, delivered by the new West Midlands rail franchise operator, announced by the Department for Transport
- Birmingham Airport's passenger numbers soar to an average of 1 million per month, up more than 30% in the last three years with the Airport's latest financial figures revealing that its pre-tax profits were up 52% to £38.1 million in the year to March, a 55% increase on 2016. Revenues rose 12% to £145.8 million

PAUL BASSI
CHIEF EXECUTIVE
15 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 June 2017

	Note	Six months to 30 June 2017 (Unaudited) £'000	Six months to 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 £'000
Revenue		7,142	5,957	13,453
Cost of sales		(964)	(600)	(1,600)
Gross profit		6,178	5,357	11,853
Administrative expenses		(1,464)	(1,598)	(3,503)
Change in fair value of investment properties		2,899	(1,776)	3,531
Profit from operations		7,613	1,983	11,881
Finance income		13	26	45
Finance costs		(1,674)	(1,351)	(3,157)
Profit/(loss) on financial liabilities held at fair value		465	(1,218)	(566)
Profit/(loss) on ordinary activities before taxation		6,417	(560)	8,203
Income tax charge		(93)	(5)	(121)
Net profit/(loss) after taxation and total comprehensive income		6,324	(565)	8,082
Basic earnings per share	6	3.4p	(0.3p)	4.3p
Diluted earnings per share	6	3.3p	(0.3p)	4.3p
EPRA Earnings per share	6	1.6p	1.3p	2.8p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months ended 30 June 2017

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Other Reserve £'000	Retained Earnings £'000	Total £'000
At 31 December 2015	18,642	51,721	45	300	47,230	117,938
Share based payment	-	-	-	300	-	300
Dividends – final 2015	-	-	-	-	(1,864)	(1,864)
Dividends – interim 2016	-	-	-	-	(1,165)	(1,165)
Transactions with owners	-	-	-	300	(3,029)	(2,729)
Loss for the period and total comprehensive income	-	-	-	-	(565)	(565)
At 30 June 2016	18,642	51,721	45	600	43,636	114,644
Share based payment	-	-	-	200	-	200
Dividends – interim 2016	-	-	-		(2,330)	(2,330)
Transactions with owners	-	-	-	200	(2,330)	(2,130)
Profit for the period and total comprehensive income	-	-	-	-	8,647	8,647
At 31 December 2016	18,642	51,721	45	800	49,953	121,161
Share based payment	-	-	-	300	-	300
Dividends – final 2016	-	-	-	-	(1,398)	(1,398)
Dividends – interim 2017	-	-	-	-	(1,398)	(1,398)
Transactions with owners	-	-	-	300	(2,796)	(2,496)
Profit for the period and total comprehensive income	-	-	-	-	6,324	6,324
At 30 June 2017	18,642	51,721	45	1,100	53,481	124,989

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Note	30 June 2017 (Unaudited) £'000	30 June 2016 (Unaudited) £'000	31 December 2016 £'000
Assets				
Non current assets				
Intangible assets		-	171	-
Investment properties	5	205,681	190,872	198,202
Property, plant and equipment		15	15	14
Deferred taxation		592	806	685
		206,288	191,864	198,901
Current assets				
Inventories		3,742	3,599	3,695
Trade and other receivables		2,824	3,576	2,925
Cash and cash equivalents		7,437	9,413	11,775
		14,003	16,588	18,395
Total assets		220,291	208,452	217,296
Liabilities				
Current liabilities				
Bank loans		20,456	20,499	20,412
Trade and other payables		5,880	6,887	6,023
		26,336	27,386	26,435
Non-current liabilities				
Bank loans		64,836	61,177	65,106
Financial liabilities		4,130	5,245	4,594
		68,966	66,422	69,700
Total liabilities		95,302	93,808	96,135
Net assets		124,989	114,644	121,161
Equity				
Ordinary share capital		18,642	18,642	18,642
Share premium account		51,721	51,721	51,721
Capital redemption reserve		45	45	45
Other reserves		1,100	600	800
Retained earnings		53,481	43,636	49,953
Total equity		124,989	114,644	121,161

CONSOLIDATED STATEMENT OF CASHFLOWS
for the 6 months ended 30 June 2017

	Six months to 30 June 2017 (Unaudited) £'000	Six months to 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 £'000
Cashflows from operating activities			
Profit/(loss) after taxation	6,324	(565)	8,082
Adjustments for:			
Depreciation	2	2	4
Net goodwill written off	-	-	53
Net valuation (surpluses)/deficits	(2,899)	1,776	(3,531)
Share based payment	300	300	500
Finance income	(13)	(26)	(45)
Finance costs	1,674	1,351	3,157
(Surplus)/loss on financial liabilities held at fair value	(465)	1,218	566
Taxation charge recognised in profit and loss	93	5	121
Increase in inventories	(47)	(1,219)	(1,315)
Decrease/(increase) in trade and other receivables	101	(191)	461
(Decrease)/increase in trade and other payables	(376)	1,140	281
	4,694	3,791	8,334
Interest paid	(1,674)	(1,351)	(3,157)
Net cash from operating activities	3,020	2,440	5,177
Cash flows from investing activities			
Purchase of investment properties	(9,729)	(37,556)	(39,462)
Purchase of property, plant and equipment	(2)	(2)	(2)
Proceeds from sale of property, plant and equipment	5,149	-	-
Interest received	13	26	45
	(4,569)	(37,532)	(39,419)
Cash flow from financing activities			
Equity dividends paid	(2,563)	(1,864)	(4,194)
Proceeds from bank loans	-	38,000	42,200
Payment of bank loans	(226)	(408)	(766)
	(2,789)	35,728	37,240
Net (decrease)/increase in cash and cash equivalents	(4,338)	636	2,998
Cash and cash equivalents at beginning of period	11,775	8,777	8,777
Cash and cash equivalents at end of period	7,437	9,413	11,775

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 2017 (including the comparatives for the year ended 31 December 2016 and the period ended 30 June 2016) was approved by the board of directors on 15 September 2017. 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 announcement does not constitute statutory accounts within the meaning of the Companies Act 2006. The full accounts for the year ended 31 December 2016 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 2016 financial statements approved by the Company on 17 March 2017.

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 have 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 2015	155,092
Additions	37,556
Revaluation	(1,776)
Carrying amount at 30 June 2016	190,872
Additions	1,906
Adjustment	117
Revaluation	5,307
Carrying amount at 31 December 2016	198,202
Additions	9,729
Disposals	(5,149)
Revaluation	2,899
Carrying amount at 30 June 2017	205,681

6. EARNINGS PER SHARE

The calculation of the 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 basic earnings per share has been calculated on the profit for the period of £6,417,000 (31 December 2016: £8,082,000 profit and 30 June 2016: £565,000 loss) and on 186,420,598 ordinary shares being the weighted average number of shares in issue during the period, and at 31 December 2016 and 30 June 2016.

The European Public Real Estate Association ("EPRA") earnings and asset value 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 2017			31 December 2016		
	Earnings	**Shares**	**Earnings per share**	**Earnings**	**Shares**	**Earnings per share**
	£'000		**p**	£'000		p
Basic earnings per share	**6,324**	**186,420,598**	**3.4**	**8,082**	**186,420,598**	**4.3**
Fair value of investment properties	(2,899)			(3,531)		
Profit on disposal of investment properties	-			-		
Change in fair value of derivatives	(465)			566		
Deferred tax in respect of EPRA adjustments	93			121		
EPRA Earnings	**3,053**	**186,420,598**	**1.6**	**5,238**	**186,420,598**	**2.8**

EPRA NAV per share

	30 June 2017			31 December 2016		
	Net Assets	**Shares**	**Net asset value per share**	**Net Assets**	**Shares**	**Net asset value per share**
	£'000	**£'000**	**p**	**£'000**	**£'000**	p
Basic	**124,989**	**186,420,598**	**67.0**	**121,161**	**186,420,598**	**65.0**
Dilutive impact of share options and warrants	-	**3,588,563**		-	**2,406,745**	
Diluted	**124,989**	**190,009,161**	**65.8**	**121,161**	**188,827,343**	**64.2**
Adjustment to fair value of derivatives	4,130	-		4,594	-	
Deferred tax	(592)	-		(685)	-	
EPRA NAV	**128,527**	**190,009,161**	**67.6**	**125,070**	**188,827,343**	**66.2**
Adjustment to fair value of derivatives	(4,130)	-		(4,594)	-	
Deferred tax	592	-		685	-	
EPRA NNNAV	**124,989**	**190,009,161**	**65.8**	**121,161**	**188,827,343**	**64.2**