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

Half Year Results
For the six months to 30 June 2020

STABILITY THROUGH DIVERSIFICATION

Real Estate Investors Plc (AIM: RLE), the UK’s only Midlands-focused Real Estate Investment Trust (REIT) with a portfolio of 1.6 million sq ft of investment property across all sectors, is pleased to report its unaudited half year results for the six-month period ended 30 June 2020.

STABLE PERFORMANCE AGAINST COVID-19 BACKDROP

- Revenue up by 1.2% to £8.2 million (H1 2019: £8.1 million)
- 2.4% increase in underlying profits before tax* £4.1 million (H1 2019: £4.0 million)
- EPRA** EPS 2.20p (H1 2019: 2.15p) up 2.3%
- EPRA** NAV per share of 64.3p (FY 2019: 67.4p) down 4.6%
- Pre-tax loss of £3.8 million (H1 2019: £1.7 million profit) allowing for a 3% reduction in property values and interest hedging costs (both non-cash items)
- In line with the revised dividend strategy announced in June 2020, the Company will make a quarterly dividend payment of 0.5p per share in respect of Q2, with the expectation that this will also be the level of dividend for Q3 and with the option to make a larger final quarter dividend payment once the financial year has been completed

DIVERSIFIED AND STABLE PORTFOLIO

- Completed 18 value enhancing lease events
- Gross portfolio valuation remains relatively stable at £221.8 million (FY 2019: £228.9 million) taking into account the impact of Covid-19 and our valuers’ inclusion of a ‘material uncertainty clause’ on the independent valuations (in accordance with VPS3 and VPGA 10 of the RICS valuation – Global Standards)
- Significantly improved WAULT*** of 5.06 years to break and 6.73 years to expiry (H1 2019: 4.04 years to break and 6.0 years to expiry)
- No material exposure to indoor shopping centres, out of town retail, department stores or prime retail/fashion locations
- Contracted rental income of £17.0 million p.a. maintained (H1 2019: £17.0 million p.a.)
- Occupancy 93.45% (FY 2019: 96.3%) due to known lease event expiries
- £9.0 million cash at bank to fund opportunistic acquisitions
- Average cost of debt 3.4% (H1 2019: 3.7%) and LTV (net of cash) of 44% (FY 2019: 42%)
- 83% of debt fixed

RENT COLLECTION

- Rent collection for the March quarter (March to June - adjusted for monthly and deferred agreements) is 90.7% and improved from 90.2% as reported in our 15 July trading update and 81.0% reported in our 15 June trading update
- June quarter (June to September) rent collection so far is 86.9% (adjusted for monthly and deferred agreements), up from 81.9% reported in our 15 July trading update
- There remain a handful of larger, corporate tenants, who are not engaging in discussions and continue to hide behind the government’s ‘shield’ on the enforcement of bad debts. These debts will be collected in due course and represent the majority of the uncollected rent to date

POST PERIOD ACTIVITY – OPPORTUNITIES

- Pipeline sales in legals or exchanged totalling £9.1 million
- Revised government planning guidance will reveal further permitted development to residential use and provide other potential opportunities for value creation, in particular from retail holdings

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

"Against extremely challenging circumstances, our business model has proved itself to be resilient as shown in our trading performance delivering increases to both revenues and underlying profit before tax. We have worked closely with our tenants throughout this very unusual period and, where needed, we have agreed a way forward that is mutually beneficial."

"There are a small number of established tenants who have not paid since March using the government restrictions on landlords to recover rents to delay their payments to us, however, we are confident we will receive these payments when the restrictions lift."

"Importantly, our confidence in the appeal of our assets is unchanged. We continue to see healthy demand across our portfolio and we are reviewing all our assets in light of the government relaxation of the planning laws, which we believe could result in a number of material value creation opportunities across the portfolio. We have taken a cautious approach to dividend payments in the short term in case of a second lockdown, however, we remain committed to a progressive dividend policy."

FINANCIAL & OPERATIONAL RESULTS

	30 June 2020	30 June 2019	Change
Revenue	£8.2 million	£8.1 million	+1.2%
Underlying profit before tax	£4.1 million	£4.0 million	+2.4%
Contracted rental income	£17.0 million	£17.0 million	-
EPRA EPS**	2.20p	2.15p	+2.3%
Pre-tax (loss)/profit	(£3.8 million)	£1.7 million	-
Dividend per share	1.0p	1.875p	-
Average cost of debt	3.4%	3.7%	-8.1%
Like for like rental income	£16.5 million	£17.0 million	-3%

	30 June 2020	31 December 2019	Change
Gross property assets	£221.8 million	£228.9 million	-3%
EPRA NAV per share	64.3p	67.4p	-4.6%
EPRA NNNAV per share	62.5p	66.0p	-5.4%
Like for like capital value psf	£139.35 psf	£143.70 psf	-3%
Like for like valuation	£221.8 million	£228.9 million	-3%
Tenants	277	280	-1%
WAULT***	5.06 years (to break)	3.82 years (to break)	+32.5%
Total ownership (sq ft)	1.59 million sq ft	1.59 million sq ft	-
Net assets	£118.7 million	£125.4 million	-5.4%
Loan to value	48.2%	46.7%	+3.2%
Loan to value net of cash	44.0%	42.2%	+4.3%

Definitions

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

** EPRA = European Public Real Estate Association

*** WAULT = Weighted Average Unexpired Lease Term

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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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 1.6 million sq ft 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 Company's strategy is to invest in well located, real estate assets in the established and proven markets across the Midlands, with income and capital growth potential, realisable through active portfolio management, refurbishment, change of use and lettings. 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 aims to deliver capital growth and income enhancement from its assets, supporting its progressive dividend policy. Further information on the Company can be found at www.reiplc.com.

CHAIRMAN & CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

For over a decade we have traded through a financial crisis, numerous elections, Scottish and European Referendums plus the Brexit fiasco and as a result we believed that our business model had been fully tested. In practice, Covid-19 managed to present a new level of challenge and tested our business model even further. We are pleased to say that we remain a stable and secure business, with a diversified income stream and the ability to add value through lease events, planning gains and new lettings.

Underlying profits before tax have remained steady at £4.1 million, up 2.4% on H1 2019 (£4.0 million) whilst active asset management has supported an improvement in our WAULT to break of 5.06 years and 6.73 years to expiry, which has also provided us with a stable portfolio valuation of £221.8 million as at 30 June 2020.

The diversity of our portfolio, managed on a regional basis by an experienced team, remains the foundation of REI, which has allowed us to continue to pay dividends, whilst others have withdrawn their payments. We have now delivered £31.9 million in dividend payments to our shareholders since the commencement of our dividend policy, against a series of unprecedented events and the present global pandemic.

Lease expiries that provide opportunities to improve rental income, lease terms, WAULT and generally enhance capital value, have resulted in a slight short-term occupancy reduction from 96.3% (31 December 2019) to 93.45%. The portfolio has multiple opportunities to provide capital and rental growth and we are in discussions to let existing voids or potential voids.

We continue to operate without any exposure to prime fashion retail and department stores. Occupancy at our convenience, town centre and neighbourhood retail has been excellent during H1 and our office exposure, which is predominantly outside City centres and generally multi-let (between 1,000-5,000 sq ft), has seen renewed interest as occupiers look for locations closer to home with minimal travel and exposure to public transport for their employees. Additionally, recent government planning legislation will almost certainly provide opportunities to make capital gains from change of use to residential.

Investor demand for our multi-let offices and convenience retail investment property remains stable, based on property auction results which the Group has a close association with. These type of assets within our ownership have seen heightened demand and we have accepted offers totalling £6.5 million with a view to unconditionally exchanging contracts in Q3 2020, at levels above our 2019 year-end valuations.

We remain confident in our ability to operate a profitable regional property company, committed to a dividend policy, based in the heart of the Midlands, where we expect activity to prosper over the coming months and welcome the further economic benefits of Coventry City of Culture year in 2021 and the Commonwealth Games in 2022.

FINANCIAL RESULTS

Contracted rental income has remained stable at £17.0 million against the half year 2019. Revenue for the period under review is up 1.2% to £8.2 million although £300,000 below budget. This loss of income was a result of negotiating new deals with tenants to extend leases and/or remove break clauses, together with a CVA on one Travelodge and a couple of small insolvencies. Underlying profits were up 2.4% to £4.1 million.

The loss before tax for the period was £3.8 million, impacted by non-cash items relating to valuation reductions of £7.3 million and hedge costs of £700,000. The overall reduction in valuations was circa 3% and was spread broadly across the portfolio, with retail assets seeing the larger reductions – Crewe £1.3 million and Walsall and Tunstall £800,000 each. However, the management team have worked hard to take the opportunity to extend and re-finance leases where possible and this activity has assisted in the stability of our valuations.

Further acquisitions and asset management initiatives will enhance our asset base and income whilst supporting our Net Asset Value growth, together with delivering on our commitment to a progressive dividend policy.

FINANCE & BANKING

Total drawn debt at 30 June 2020 was £105 million (31 December 2019: £105 million). In April, the Group agreed a new facility with Barclays Bank for £3.5 million, fixed at 2.2% until December 2023, and repaid Santander £3.5 million. The average cost of debt of the Group has decreased to 3.4% and the weighted average debt maturity is 3 years, with 83% of the debt fixed. The loan to value (LTV) at 30 June 2020 was 48.2% (31 December 2019: 46.7%) and the LTV net of cash was 44% (31 December 2019: 42.2%).

We anticipate reducing debt further from the sales proceeds of contracted sales.

The facility with RBS of £41 million is due for renewal in February 2021 and the facility with AIB matures in April 2021. We have had discussions with both banks who are keen to renew the facilities.

All banking covenants continue to be met and, should we experience any potential covenant issues, we have the ability to comply through the repayment of debt from existing cash, property sales and additional security from our debt free properties.

DIVIDEND

As a Real Estate Investment Trust (REIT), we are required to pay 90% of the Company's rental taxable profit in dividends to shareholders. REI currently pays in excess of the required level of dividend.

As stated in earlier trading updates, the Board is very mindful of the ongoing uncertainties surrounding the Covid 19 pandemic and the potential for the markets in which we operate to deteriorate. The Board therefore decided to reduce the quarterly dividend payments and leave the option to pay a larger final quarter dividend payment, to be decided once the financial year has been completed.

We have paid the reduced first quarterly dividend of 0.5p per share in July 2020. The Board has decided to pay a Q2 quarterly dividend of 0.5p in October 2020.

The proposed timetable for the final dividend, which will be a Property Income Distribution (PID), is as follows:

Ex-dividend date:	1 October 2020
Record date:	2 October 2020
Dividend payment date	23 October 2020

POTENTIAL SHARE BUY BACKS

The Board believes that an investment in REI's ordinary shares at the prevailing price and discount to net asset value offers attractive value for its shareholders. If the significant discount to net asset value persists, then the Board will consider using proceeds from selective and opportunistic sales to fund share buybacks as part of its overall capital allocation strategy.

RENT COLLECTION

The unprecedented and fast changing circumstances surrounding Covid-19 have created an uncertain environment. However, our diversified portfolio, controlled overheads and excellent banking relationships, combined with our experience of operating in periods of crisis, means we are well positioned to weather this storm whilst also supporting our occupiers and stakeholders.

Rent collection for the March quarter (March to June) (adjusted for monthly and deferred agreements) is 90.7% and improved from 90.2% as reported in our 15 July trading update and 81.0% reported in our 15 June trading update.

June quarter (June to September) rent collection so far is 86.9% (adjusted for monthly and deferred agreements), a direct reflection of the diversification of our portfolio and strong relationship with our tenants and up from 81.9% reported in our 15 July trading update.

Based on current constructive dialogue with a number of tenants, we anticipate that rent collections for both periods will further improve as these tenants recommence trading from their premises.

Some tenants have taken this opportunity to engage with us and explore lease event opportunities in return for incentives, which has proven supportive for the tenant and provided REI with capital enhancement potential.

However, there are some established tenants who have the ability to pay but are delaying doing so, using the ongoing restriction imposed by the government on the ability of landlords to recover rent. These arrears will be pursued at the appropriate time and the Company is confident in securing full rental payments.

Additionally, 24.0% of our portfolio represents key worker/essential services and many of these continued to trade during lockdown with government permission.

Nationally, some neighbourhood and convenience stores (the subsector that underpins the retail element of our portfolio) experienced a rise in trade during lockdown as they served their communities, in the four weeks to 22 March 2020, sales saw an increase of 45% on the same period in 2019 (according to the Sunday Times).

Rent Collections	**March Quarter**	**June Quarter**
Collected	78.54%	83.56%
Deferred arrangement	12.14%	3.31%
Total	**90.68%**	**86.87%**
Debtors	9.32%	13.13%

OUTLOOK

Assuming no further drastic Covid-19 related events, we see scope for a renewed level of occupier and investor demand across our portfolio, with particular improvement in occupier demand and rental growth for our office sector. This is due to the lack of supply and greater demand for offices closer to employee residential areas and away from city centres, to avoid the need to travel and use public transport. We are in active dialogue with interested parties looking for out of town office space.

We expect the stability in our convenience and neighbourhood retail to continue with improved demand from investors for these assets and government tenanted assets. Overall, we remain optimistic that REI, as a regional investor, with a diversified portfolio and a potentially thriving regional economy, will see a gradual return to positive levels of economic activity over the next 12 months.

We are pleased to note that, according to the latest NatWest West Midlands PMI report, the region has seen the fastest growth in new business across the whole of the UK following the pandemic. Business activity for July showed a quick recovery on the back of the coronavirus, with the rate of growth surging to the second-fastest level since the survey started in mid-1996 and was the fastest across the 12 monitored regions.

REI PORTFOLIO

Investment Market

The year started with the return of some confidence following the General Election and reduced uncertainty around Brexit. Unfortunately, this confidence was overtaken by the outbreak of Covid-19. However, following very limited activity in April and May, investment volumes are slowly picking up again. Underpinned by low interest rates, there is demand for UK commercial property assets and pricing is generally firm. When transactional activity fully recovers, further modest yield re-compression is anticipated.

Due to Covid-19, our June 2020 independent valuations, like most property company valuations, are subject to a 'material uncertainty clause', which states that:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity.

As at the valuation date, in the case of these properties there is a shortage of market evidence for comparison purposes, to inform an opinion of value. Our valuation of these properties is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS3 and VPGA 10 of the RICS valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case."

Investment Marketplace

Since lockdown began, the pattern shown by MSCI data has been a sharp decline in capital values in March, followed by further monthly falls, albeit with the rate of decline slowing each month. In total, according to MSCI, all-property capital values fell by 5.9% in the four months to June. However, there has been a wide divergence between the sectors where businesses were hardest hit by lockdown restrictions such as retail (-11.1%) and hotels (-8.8%) and the more modestly impacted office (-3.9%) and industrial (-2.7%) sectors.

Our overall valuations have reduced by 3%, having benefitted from the diversity of offices and convenience retail. Lease events that would in a normalised marketplace have added value, have counteracted some downward valuation sentiment.

Improved demand for certain assets

We have seen an increase in appetite for smaller lot sizes, driven by the private investor market, as evidenced through the success in the auction rooms in the number of lots sold and the levels achieved. Unlike the 2008 recession, finance remains accessible and the yield gap for investors is clear and compelling, and a very positive indicator for the smaller lot size investor.

Some areas of the retail market including long income assets, pharmacies, grocery shops and supermarkets have seen stronger interest and sharper prices than pre-lockdown especially from smaller private investors. There has been an understandable rise in investor demand for supermarkets since the start of the pandemic with £322 million of supermarket investments sold since March 2020 (Source: Allsop Q2 Property Market Update). Convenience Stores have also been clear winners as they have stayed open in many formats and have been trading, achieving 5.25% as a benchmark.

We have witnessed institutional demand for properties let on long term income to strong tenant covenants, with even relatively short 5-year income becoming popular for government income.

There are a wide range of core and value add investors looking at the regional office markets, but currently limited supply. We are expecting more stock to be marketed in Q4 2020. Whilst regional prime office yields remain competitively low at around 5%, we anticipate that the widening yield gap between London and the regions should fuel interest from investors who are seeking value.

Sales & Acquisitions

While we have made no acquisitions during H1 2020, we have a pipeline of potential opportunities which we have not been prepared to transact until vendor's expectations of value become more realistic. As previously reported, we have unconditionally exchanged contracts on the sale of Citygate House, Leicester at £2.6 million with completion expected in December 2020 to a residential developer.

Post period end, following a rise in investor interest we have accepted offers totalling £6.5 million for 2 properties with the view to unconditionally exchanging contracts in Q3 2020, at levels above our 2019 year-end valuations.

We remain open to sales on terms that offer us value at book price or better and remain a focused selective opportunistic cash buyer, looking for mixed-use commercial assets, orphaned disposals by institutions/closed-end funds, or properties with strong prospects of income and capital growth.

CAPITAL GAIN POTENTIAL - GOVERNMENT LEGISLATION CHANGES

The government has recently announced radical changes to the UK planning system, overhauling the current Use Classes Order in favour of increased flexibility to support the recovery of our high streets and towns. The new provisions came into force on 1 September 2020 and will allow significantly greater flexibility to change uses within towns across England without the need to obtain planning permission. We see this as a positive move as the rules allow enabling of selected accommodation to be repurposed into a viable alternative use and will assist in improvement in values overall. This is in addition to the existing permitted development potential of 250,000 sq ft of offices within our portfolio.

PORTFOLIO MIX

Maintaining a well-balanced and mixed-use portfolio has reduced our exposure to Covid. A number of our tenants fell within the 'key use' categories (24%) and have seen turnover increase significantly during lockdown as they remained open throughout. A large proportion of the portfolio is underpinned by the non-city centre office sector, plus 8% of government income.

The last three months have been an active period with Covid-19 related negotiations on rent being agreed alongside lease extensions, which has resulted in 18 new lease events, leading to an improvement in our WAULT (Weighted Average Unexpired Lease Term) to 5.06 years to break and 6.73 years to expiry (31 December 2019: 3.82 years to break and 5.79 years to expiry). These agreements act as a catalyst for some valuation gain or at least assist in combatting downward valuations.

As at 30 June 2020, our portfolio consists of 53 assets and 277 occupiers, with £17.0 million contracted rental income and occupancy at 93.45%. Our diversified portfolio ensures that we have no material reliance on any single sector, asset or tenant and our largest occupier being the government at 8.0%.

Generally, our tenants confirm they are gradually returning towards normalised trading with convenience retail continuing to outperform historic trading levels, a sector that REI has a healthy exposure to.

Occupiers have reacted to the present crisis in a responsible and co-operative manner. A small proportion have asked for a rent-free period, despite having strong balance sheets and being eligible for substantial government funding, to include, 12-month business rates waiver, VAT deferral and salary support. We have responded to provide some flexibility in their rental payments, but we will not be looking to accommodate a full waiver of rents.

Moving forward, we anticipate further receipts from well capitalised occupiers as government restrictions are lifted from landlords, providing an uplift in cash receipts.

The current sector weightings are:

Sector	**Rent £**	**30 June 2020 % by Income**
Office	5,061,985	29.77%
Essential/key services/food stores etc	4,080,940	24.00%
Government	1,373,057	8.07%
Traditional Retail	3,332,047	19.59%
Discount Retail	68,902	0.41%
Medical and Pharmaceutical	237,050	1.39%
Restaurant/Bar/Coffee	1,077,150	6.33%
Financial/Licences/Agency	434,252	2.55%
Leisure	545,596	3.21%
Hotel	201,000	1.18%
Car Park	432,213	2.54%
Industrial	52,500	0.31%
Assured Shorthold Tenancies	9,500	0.06%
Charity	100,000	0.59%
TOTAL	**17,006,192**	**100.00%**

ACTIVE ASSET MANAGEMENT

The recent months have been an opportunity for both parties (Landlord and Tenant) to focus on any upcoming lease events and actively work together to explore and enter into mutually beneficial arrangements. In return for a compensatory lease event, REI has offered rent-free periods to Tenants. This has allowed them to re-balance their business operation and helped REI improve the WAULT across the portfolio.

On the back of the above, 18 key lease events have been completed during the period and include the following:

- McDonalds at Leamington had a lease end in June 2022. Discussions took place around a new deal and a new reversionary lease was entered into, adding a further ten years to the term. The rent-free offered has allowed the tenant to invest in the unit.
- The Gym Group at Southgate Retail Park used the opportunity to remove the break in March 2021 and also extend the lease by a further five years. In return, they were offered 12 months rent-free, that they will amortise over the next two years.

- Greggs entered into a Deed of Variation at Bearwood Shopping Centre to remove the break in August 2021, opting to secure the rent-free incentive at the current time to assist with cash-flow.
- Also, at Bearwood High Street, Levines entered into a Deed of Variation to remove the break in December 2020, again opting to secure the rent-free incentive at the current time to assist with cash-flow.
- The Works at Crewe has added 12 months to the lease, in return for some rent-free (taken now) to enable them to continue to trade.
- At Kings Heath, Bon Marche entered into a new five-year lease, taking the unit out of administration to re-open. Both parties benefitted from working together to structure a deal that retained the presence on the High Street, whilst securing a further five years for REI.

All have supported capital retention or upside, to combat the more general downward sentiment in the property sector.

	Value (£m)	Area (sq ft)	Contracted Rent (£)	REI ERV (£)	NIY (%)	EQY (%)	RY (%)	Occupancy
Central Birmingham	30,075,000	114,049	1,576,650	2,046,836	5.24	6.60	6.81	82.85
Other Birmingham	34,020,000	215,895	2,652,032	2,775,690	7.80	7.49	8.16	96.67
West Midlands	80,915,000	647,387	6,356,305	6,862,526	7.85	8.05	8.48	93.69
Other Midlands	70,360,000	586,347	6,142,553	6,175,951	8.73	8.20	8.78	93.91
Other Locations	2,635,000	28,779	278,652	236,810	10.58	8.43	8.99	96.15
Land	3,785,000	-	-	-	-	-	-	-
Total	**221,790,000**	1,592,457	**17,006,192**	**18,097,813**	**7.80**	**7.81**	**8.30**	93.45

*Our land holdings are excluded from the yield calculations
**ERVs are provided by REI management and views are based upon assumptions on rental value and guidance from external valuations

OUR STAKEHOLDERS

Our continued thanks to our shareholders, advisors, occupiers and staff for their support and assistance.

John Crabtree OBE D. Univ
Chairman
18 September 2020

Paul Bassi CBE D. Univ
Chief Executive
18 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 June 2020

	Note	Six months to 30 June 2020 (Unaudited) £'000	Six months to 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Revenue		8,204	8,071	16,596
Cost of sales		(716)	(851)	(1,485)
Gross profit		7,488	7,220	15,111
Administrative expenses		(1,552)	(1,463)	(3,553)
Surplus on sale of investment properties		-	8	8
Change in fair value of investment properties		(7,284)	(2,078)	(4,349)
(Loss)/profit from operations		(1,348)	3,687	7,217
Finance income		14	23	41
Finance costs		(1,857)	(1,773)	(3,554)
Loss on financial liabilities held at fair value		(657)	(212)	(41)
(Loss)/profit on ordinary activities before taxation		(3,848)	1,725	3,663
Income tax charge		-	-	-
Net (loss)/profit after taxation and total comprehensive income		(3,848)	1,725	3,663
Basic (loss)/earnings per share	6	(2.0)p	0.9p	2.0p
Diluted (loss)/earnings per share	6	(2.0)p	0.9p	2.0p
EPRA earnings per share	6	2.2p	2.2p	4.3p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months ended 30 June 2020

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
At 31 December 2018	18,642	51,721	45	1,002	57,261	128,671
Share based payment	-	-	-	150	-	150
Dividends – final 2018	-	-	-	-	(1,747)	(1,747)
Dividends – interim 2019	-	-	-	-	(1,748)	(1,748)
Transactions with owners	-	-	-	150	(3,495)	(3,345)
Profit for the period and total comprehensive income	-	-	-	-	1,725	1,725
At 30 June 2019	18,642	51,721	45	1,152	55,491	127,051
Share based payment	-	-	-	(50)	-	(50)
Dividends – interim 2019	-	-	-	-	(3,496)	(3,496)
Transactions with owners	-	-	-	(50)	(3,496)	(3,546)
Profit for the period and total comprehensive income	-	-	-	-	1,938	1,938
At 31 December 2019	18,642	51,721	45	1,102	53,933	125,443
Share based payment	-	-	-	(93)	-	(93)
Dividends – final 2019	-	-	-	-	(1,864)	(1,864)
Dividends – interim 2020	-	-	-	-	(932)	(932)
Transactions with owners	-	-	-	(93)	(2,796)	(2,889)
Loss for the period and total comprehensive income	-	-	-	-	(3,848)	(3,848)
At 30 June 2020	18,642	51,721	45	1,009	47,289	118,706

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Note	30 June 2020 (Unaudited) £'000	30 June 2019 (Unaudited) £'000	31 December 2019 (Audited) £'000
Assets				
Non-current assets				
Investment properties	5	218,005	217,345	225,075
Property, plant and equipment		6	10	8
Deferred taxation		405	405	405
		218,416	217,760	225,488
Current assets				
Inventories		3,785	3,780	3,780
Trade and other receivables		3,632	2,194	2,423
Cash and cash equivalents		8,983	12,153	10,092
		16,400	18,127	16,295
Total assets		234,816	235,887	241,783
Liabilities				
Current liabilities				
Bank loans		49,188	378	7,368
Trade and other payables		7,413	7,086	8,114
		56,601	7,464	15,482
Non-current liabilities				
Bank loans		55,801	98,150	97,807
Financial liabilities		3,708	3,222	3,051
		59,509	101,372	100,858
Total liabilities		116,110	108,836	116,340
Net assets		118,706	127,051	125,443
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		1,009	1,152	1,102
Retained earnings		47,289	55,491	53,933
Total equity		118,706	127,051	125,433

CONSOLIDATED STATEMENT OF CASHFLOWS
for the 6 months ended 30 June 2020

	Six months to 30 June 2020 (Unaudited) £'000	Six months to 30 June 2019 (Unaudited) £'000	Year ended 31 December 2019 (Audited) £'000
Cashflows from operating activities			
(Loss)/profit after taxation	(3,848)	1,725	3,663
Adjustments for:			
Depreciation	3	3	5
Surplus on sale of investment property	-	(8)	(8)
Net valuation deficits	7,284	2,078	4,349
Share based payment	(93)	150	100
Finance income	(14)	(23)	(41)
Finance costs	1,857	1,773	3,554
Deficit on financial liabilities held at fair value	657	212	41
Taxation charge recognised in profit and loss	-	-	-
Increase in inventories	(5)	(16)	(16)
(Increase)/decrease in trade and other receivables	(1,209)	83	(146)
(Decrease)/increase in trade and other payables	114	(915)	113
	4,746	5,062	11,614
Cash flows from investing activities			
Purchase of investment properties	(214)	(383)	(10,384)
Purchase of property, plant and equipment	-	(1)	(2)
Proceeds from sale of property, plant and equipment	-	2,008	2,008
Interest received	14	23	41
	(200)	1,647	(8,337)
Cash flow from financing activities			
Interest paid	(1,857)	(1,773)	(3,554)
Equity dividends paid	(3,612)	(3,379)	(6,874)
Proceeds from bank loans	3,500	-	8,500
Repayment of bank loans	(3,686)	(247)	(2,100)
	(5,655)	(5,399)	(4,028)
Net (decrease)/increase in cash and cash equivalents	(1,109)	1,310	(751)
Cash and cash equivalents at beginning of period	10,092	10,843	10,843
Cash and cash equivalents at end of period	8,983	12,153	10,092

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 2020 (including the comparatives for the year ended 31 December 2019 and the period ended 30 June 2019) was approved by the board of directors on 18 September 2020.

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 2019 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 2019 financial statements approved by the Company on 16 March 2020.

Some accounting pronouncements which have become effective from 1 January 2020 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.

Due to Covid-19, our June 2020 independent valuations, like most property company valuations, are subject to a 'material uncertainty clause', which states that:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity.

As at the valuation date, in the case of these properties there is a shortage of market evidence for comparison purposes, to inform an opinion of value. Our valuation of these properties is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS3 and VPGA 10 of the RICS valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case."

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 2018	221,040
Additions	383
Disposals	(2,000)
Revaluation	(2,078)
Carrying amount at 30 June 2019	217,345
Additions	10,001
Disposals	-
Revaluation	(2,271)
Carrying amount at 31 December 2019	225,075
Additions	214
Disposals	-
Revaluation	(7,284)
Carrying amount at 30 June 2020	218,005

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 2020			30 June 2019		
	Earnings	**Shares**	**Earnings per share**	**Earnings**	**Shares**	**Earnings per share**
	£'000	**No**	**P**	**£'000**	No	**P**
Basic (loss)/earnings per share	**(3,848)**	**186,420,598**	**(2.06)**	**1,725**	**186,420,598**	**0.93**
Fair value of investment properties	7,284			2,078		
Profit on disposal of investment properties	-			(8)		
Change in fair value of derivatives	657			212		
Deferred tax in respect of EPRA adjustments	-			-		
EPRA Earnings	**4,093**	**186,420,598**	**2.20**	**4,007**	**186,420,598**	**2.15**

EPRA NAV per share

	30 June 2020			31 December 2019		
	Net Assets £'000	**Shares No**	**Net asset value per share P**	**Net Assets £'000**	**Shares No**	**Net asset value per share p**
Basic	**118,706**	**186,420,598**	**63.7**	**125,443**	**186,420,598**	**67.3**
Dilutive impact of share options and warrants	-	**3,426,589**		-	**3,756,216**	
Diluted	**118,706**	**189,847,187**	**62.5**	**125,443**	**190,176,814**	**66.0**
Adjustment to fair value of derivatives	3,708	-		3,051	-	
Deferred tax	(405)	-		(405)	-	
EPRA NAV	**122,009**	**189,847,187**	**64.3**	**128,089**	**190,176,184**	**67.4**
Adjustment to fair value of derivatives	(3,708)	-		(3,051)	-	
Deferred tax	405	-		405	-	
EPRA NNNAV	**118,706**	**189,847,187**	**62.5**	**125,443**	**190,176,814**	**66.0**