HIGHLIGHTS

- Net rental income increased by 27% to €2,713,000 as at 30 June 2002 compared to €2,139,000 as at 30 June 2001
- Profit on ordinary activities before taxation €628,000 (30 June 2001: €7,149,000 includes the result of the sale of the majority of the UK portfolio)
- Net asset value remains unchanged at €2.69 after full provision for deferred tax. Unrecognised trading stock value increases would add approximately 72.0 eurocents per share to the NAV net of deferred tax; making a total of €3.41 per share NAV net of the full provision for deferred tax at 30 June 2002
- Proposed interim dividend maintained at 3.0 pence, or 4.8 eurocents, per share (30 June 2001: 3.0 pence, or 4.8 eurocents, per share)
- Earnings per share 4.0 eurocents per share (30 June 2001: 74.0 eurocents including the result of the sale of the majority of the UK portfolio)
- Change of name from Criterion Properties Plc to International Real Estate Plc.

At the Annual General Meeting, 30 May 2002, the shareholders approved the change of the name of the company from Criterion Properties Plc to International Real Estate Plc.

Following the normal registration procedure the change of name was implemented on 11 June 2002.

The London Stock Exchange ticker symbol was changed from CNP to IRE on 13 June 2002.

THE CHAIRMAN'S STATEMENT

The Interim Report and Accounts to 30 June 2002 show the refocused Group with the majority of its operations now located in Belgium. In the comparative period for the first half of 2001, the results reflected the profits associated with disposal of the majority of the UK portfolio.

During the current period several possible property acquisitions were considered and are still being analysed, but no transactions have yet been concluded.

The remaining UK portfolio consists of the Limited Partnership property in Basingstoke, in which the Group has a 25% interest. Since the sole tenant went into administration on 1 August 2001 the Limited Partnership has generated income through an insurance policy covering one year's loss of rent. The Limited Partnership has been actively searching for a new tenant but the Basingstoke property market is under pressure from an oversupply of new developments and refurbished properties. In the meantime we are planning a refurbishment programme that, given the difficult market situation, will be necessary in order to provide a building of quality acceptable to the market.

Currently the main activity of the Group is management of its three trading properties in Belgium – the IT Tower and QPT Tower office blocks in Brussels, and the Aartselaar warehouse property in Antwerp.

Regarding the IT Tower, the 22,778 square metre landmark office tower situated on Avenue Louise, our main efforts have been focused on the letting situation, the rolling refurbishment programme and the improvement programme for the communal areas. We have taken back three floors for refurbishment and intend to re-let these at an increased rent as soon as the works are finished. So far this has proved successful since we have been able to pre-let 703 square metres at €185/sqm/year. All other areas in the office tower are let. As a consequence the present occupancy ratio for the entire building is 80% excluding the pre-let space and 83% including the pre-let space.

Fully let, the property should produce rents of €4.34 million per annum, giving a gross yield of 10.1% on cost including refurbishments.

The improvement programme for the communal areas is progressing according to plan, and we expect it to be finalised during the first half of next year.

Our most recent acquisition is the 11,255 square metre QPT Tower located at Quai aux Pierres de Taille in Brussels. We are in negotiations with one of the existing tenants to let the remaining empty floor for which we have a rental guarantee until 31 December 2002.

Fully let, the property should produce rents of €1.07 million per annum, giving a gross yield of 11.3% on cost.

On 3 July we sold to the local municipality 214 square metres of land (out of the 2,792 square metres that we purchased) following an expropriation application that our purchase of the property was subject to. This sale generated a profit of €205,000 for the company which will be recognised in the second half year results.

At our third Belgian property, the 36,288 square metre warehouse and office building in Aartselaar near Antwerp, we continued with the rolling refurbishment programme. At present we are actively working on letting two empty warehouse units and the empty office units.

Fully let, the property should produce rents of €1.25 million per annum, giving a gross yield of 11.4% on cost.

A full explanation of the ongoing litigation with our Joint Venture Partners, Stratford UK Properties LLC (Oaktree) and Mr Aubrey Glaser, the former Managing Director, is included in Note 6 'Contingent liabilities' in the attached Interim Accounts. Oaktree's appeal against the judgement in the Group's favour has been fixed to take place during the week commencing 25 November 2002. It would be inappropriate to comment further at this stage.

Net rental income increased by 27% to €2,713,000 (six months to 30 June 2001; €2,139,000).

During the six months to 30 June 2002 profit on ordinary activities before taxation was €628,000 (six months to 30 June 2001: €7,149,000).

Net asset value remains unchanged at €2.69 after full provision for deferred tax. Unrecognised trading stock value increases would add approximately 72.0 eurocents per share to the NAV net of deferred tax; making a total of €3.41 per share NAV net of the full provision for deferred tax at 30 June 2002.

As stated in this report the company has implemented FRS 19 in the period, resulting in full provision, without discounting, for deferred taxes relating to our Belgian operations at the current Belgian rate of 40.17%. The implementation has resulted in an increase of the deferred tax charge of €347,000 for the reporting period and €127,000 for previous periods. The total effect of which has decreased shareholder funds by €474,000 or 6.4 eurocents (4 pence) per share.

Pending a change in legislation we intend to only publish our annual accounts and interim statements on the Internet (www.IREplc.com) in order to speed up distribution and to reduce costs.

The outlook for the second half of the year is difficult to project, and will depend on the outcome of the Oaktree appeal and whether we execute any transactions during the period. Our rental income is more than adequate to cover our financing costs and administrative expenses. Our properties in Brussels are performing well and producing a strong cash flow, while we still have the potential to further enhance cash flow and thus property values.

The share price has performed well over the period, however it is trading at a substantial discount to net asset value and your Board of Directors continues to examine ways of reducing this discount.

The Board proposes to maintain an interim dividend at 3.0 pence (4.8 eurocents) per share (30 June 2001: 3.0 pence or 4.8 eurocents per share) payable on 18 October 2002, to shareholders on the register on 20 September 2002. Last years final dividend resulted from the major profits on the disposal of the UK portfolio. The board will review the level of distribution based on the second half year's results.

Rolf L Nordström, Chairman
12 September 2002

International Real Estate

INDEPENDENT REVIEW REPORT TO INTERNATIONAL REAL ESTATE PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2002 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the reconciliation of movements in shareholders' funds, the statement of total recognised gains and losses, and the related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' reponsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six month period ended 30 June 2002.

Deloitte & Touche
Chartered Accountants
London

12 September 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

	Note	**Six month period ended 30.6.2002**	Six month period ended 30.6.2001 As restated	Year ended 31.12.2001 As restated
		€'000 Unaudited	€'000 Unaudited	€'000 Audited
Turnover	2			
Net rental income		**2,713**	2,139	4,733
Property sales		**–**	37,028	37,811
		2,713	39,167	42,544
Cost of sales		**–**	(26,972)	(28,607)
Gross Profit		**2,713**	12,195	13,937
Exceptional charges – Litigation	3(a)	**–**	(396)	(469)
Exceptional charges – Other	3(a)	**–**	(566)	(740)
Other administrative expenses		**(997)**	(1,298)	(1,926)
Administrative expenses		**(997)**	(2,260)	(3,135)
Operating Profit	2	**1,716**	9,935	10,802
Impairment in value of investment property	3(a)	**–**	(420)	(1,163)
Impairment of fixed asset investments	3(b)	**–**	(231)	(457)
Profit on Ordinary Activities before Interest and Taxation		**1,716**	9,284	9,182
Interest receivable and similar income		**171**	554	492
Interest payable and similar charges		**(1,259)**	(1,256)	(2,467)
Exceptional finance costs	3(c)	**–**	(1,433)	(1,439)
Profit on Ordinary Activities before Taxation		**628**	7,149	5,768
Tax on profit on ordinary activities	4	**(363)**	(1,735)	(1,581)
Profit for the Financial Period		**265**	5,414	4,187
Equity dividends		**(354)**	(357)	(1,160)
Retained (Loss)/Profit for the Financial Period		**(89)**	5,057	3,027
Basic and diluted eurocent earnings per share	5	**4.0**	74.0	57.0

The results for the above periods reflect the continuing operations of the group.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2002

	Note	**30.6.2002**	30.6.2001 As restated	31.12.2001 As restated
		€'000 Unaudited	€'000 Unaudited	€'000 Audited
Fixed Assets				
Investment properties	7	**1,157**	2,013	1,226
Other tangible assets		**66**	189	90
Investments		**2**	286	20
		1,225	2,488	1,336
Current Assets				
Stock – trading properties	8	**63,367**	53,453	62,026
Debtors		**1,726**	2,788	2,064
Cash at bank and in hand		**5,884**	11,115	7,234
		70,977	67,356	71,324
Current Liabilities				
Creditors: amounts falling due within one year				
– Borrowings		**(1,433)**	(1,242)	(725)
– Other		**(4,401)**	(5,360)	(4,482)
		(5,834)	(6,602)	(5,207)
Net Current Assets		**65,143**	60,754	66,117
Total Assets Less Current Liabilities		**66,368**	63,242	67,453
Creditors: amounts falling due after more than one year				
– Borrowings		**(46,045)**	(41,210)	(47,388)
Provisions for liabilities and charges:				
Deferred taxation		**(566)**	(156)	(219)
Net Assets		**19,757**	21,876	19,846
Capital and Reserves				
Called up share capital		**4,683**	4,683	4,683
Share premium account	9	**7,957**	7,957	7,957
Capital redemption reserve	9	**291**	291	291
Profit and loss account	9	**6,826**	8,945	6,915
Equity Shareholders' Funds		**19,757**	21,876	19,846

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

	Note	**Six month period ended 30.6.2002**	Six month period ended 30.6.2001 As restated	Year ended 31.12.2001 As restated
		€'000	€'000	€'000
Profit for the financial period		**265**	5,414	4,187
Dividends		**(354)**	(357)	(1,160)
		(89)	5,057	3,027
Impairment of investment properties		**–**	(150)	(150)
Net addition to Shareholders' funds		**(89)**	4,907	2,877
Opening Shareholders' funds as previously reported		**19,973**	16,969	16,969
Prior year adjustment	4	**(127)**	–	–
Opening Shareholders' funds as restated		**19,846**	16,969	16,969
Closing Shareholders' Funds		**19,757**	21,876	19,846

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

	Note	**Six month period ended 30.6.2002**	Six month period ended 30.6.2001 As restated	Year ended 31.12.2001 As restated
		€'000	€'000	€'000
Profit for the financial period		**265**	5,414	4,187
Impairment of investment properties		**–**	(150)	(150)
Total recognised gains and losses relating to the period		**265**	5,264	4,037
Prior year adjustment	4	**(127)**		
Total recognised gains and losses since the last annual report		**138**		

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

	Note	**Six month period ended 30.6.2002**	Six month period ended 30.6.2001	Year ended 31.12.2001
		€'000	€'000	€'000
Net cash inflow/(outflow) from operating activities	10(a)	**2,166**	2,365	(6,127)
Returns on investments and servicing of finance				
Interest paid		**(1,121)**	(2,949)	(3,263)
Interest received		**170**	280	492
		(951)	(2,669)	2,771
Taxation paid		**(940)**	(123)	(832)
Capital expenditure and financial investment				
Purchase of and additions to investment properties		**–**	–	(3)
Disposal of investment properties		**–**	10,645	10,645
Purchase of other tangible fixed assets		**(14)**	(2)	(13)
		(14)	10,643	10,629
Equity dividends paid		**(775)**	–	(829)
Cash (outflow)/inflow before financing	10(b)	**(514)**	10,216	70
Financing				
New loans drawn down		**–**	33,027	40,648
Repayment of amounts borrowed		**(530)**	(34,872)	(35,800)
		(530)	(1,845)	4,848
(Decrease)/increase in cash		**(1,044)**	8,371	4,918
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash		**(1,044)**	8,371	4,918
Cash inflow from increase in debt		**530**	1,845	(4,848)
Movement in net debt		**(514)**	10,216	70
Exchange movements		**(201)**	201	(195)
Net debt at 1 January		**(40,879)**	(40,754)	(40,754)
Net debt at end of period/year	10(b)	**(41,594)**	(30,337)	(40,879)

NOTES TO THE ACCOUNTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

1 Preparation of interim financial information

This financial information has been prepared on the basis of the accounting policies set out in the full accounts for the year ended 31 December 2001, except for the implementation of FRS19, the new deferred tax accounting standard which has become mandatory for the company to adopt from 1 January 2002 (Note 4).

The financial information contained in this report does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2001 have been delivered to the Registrar of Companies and the audit report on those accounts was unqualified and did not contain any statements under section 237 of the Companies Act.

Since the euro is the main currency in which the Group's business is transacted, the Group changed its reporting currency from sterling to euro with effect from 1 January 2001.

2 Segmental Analysis

	Six month period ended 30.6.2002			Six month period ended 30.6.2001			Year ended 31.12.2001		
	Turnover	**Operating (Loss)/ Profit**	**Net Assets**	Turnover	Operating Profit	Net Assets	Turnover	Operating (Loss)/ Profit	Net Assets
	€'000	**€'000**	**€'000**	€'000	€'000	€'000	€'000	€'000	€'000
United Kingdom									
Investment	**69**	**69**	**(234)**	776	601	432	169	(1,548)	(363)
Trading	**–**	**–**	**–**	37,028	8,699	262	38,187	9,681	3,747
Other	**–**	**(715)**	**2,198**	–	–	5,273	–	–	–
	69	**(646)**	**1,964**	37,804	9,300	5,967	38,356	8,133	3,384
	€'000	**€'000**	**€'000**	€'000	€'000	€'000	€'000	€'000	€'000
Continental Europe									
Trading	**2,644**	**2,362**	**17,793**	1,363	635	15,971	4,188	2,669	16,589
	2,713	**1,716**	**19,757**	39,167	9,935	21,938	42,544	10,802	19,973

NOTES TO THE ACCOUNTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

3 Exceptional charges

		Six month period ended 30.6.2002	Six month period ended 30.6.2001	Year ended 31.12.2001
		€'000	€'000	€'000
(a)	Other litigation and related exceptional costs	**–**	396	469
	Costs associated with the divestment of properties from the UK market	**–**	566	740
	Provision for impairment in value of investment properties	**–**	420	1,163
		–	1,382	2,372
(b)	Provision for impairment in Directors' revaluation of unlisted property share investment	**–**	231	457
(c)	Exceptional finance costs			
	Loan breakage costs	**–**	404	402
	Other finance costs associated with the divestment from the UK market	**–**	503	500
	Interest rate floor breakage costs	**–**	526	537
		–	1,433	1,439

4 Tax on Profit on Ordinary Activities

	Six month period ended 30.6.2002	Six month period ended 30.6.2001	Year ended 31.12.2001
	€'000	€'000	€'000
The tax charge on the profit on ordinary activities for the period was as follows:			
UK Corporation tax at 30.00%	**–**	(1,799)	(1,762)
Overseas tax	**–**	87	–
Deferred taxation	**(347)**	(63)	(127)
Adjustment to prior year	**(16)**	40	308
	(363)	(1,735)	(1,581)

As stated in note 1 International Real Estate plc has implemented FRS19 in the period. Under FRS19 the group is required to make full provision for deferred tax in respect of timing differences. No discounting has been applied. The deferred tax relates solely to operations in Belgium and has been provided at 40.17%, the current Belgian tax rate. The change in accounting policy has increased the deferred tax charge of the period from nil to €347,000. The adoption of FRS19 has reduced equity shareholders' funds at 1 January 2002 by €127,000 with respect to the deferred tax liability, and the profit for the six months to 30 June 2001 and for the year ended 31 December 2001 by €63,000 and €127,000 respectively.

NOTES TO THE ACCOUNTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

5 Earnings per share

	Six month period ended 30.6.2002	Six month period ended 30.6.2001	Year ended 31.12.2001
Earnings per share are calculated as follows:			
Profit for the period	**€265,000**	€5,414,000	€4,187,000
Weighted average number of shares in issue	**7,357,446**	7,357,446	7,357,446
Basic and diluted eurocent earnings per share	**4.0**	74.0	57.0

6 Contingent Liabilities

By a circular dated 11 February 1998, the Company announced its entry into a limited partnership with Stratford UK Properties LLC ('Oaktree'), an entity owned by Oaktree Capital Management LLC who are based in the United States of America. On 30 March 2000 a Supplemental Agreement ('Agreement') was entered into with Oaktree purporting to vary the terms of the partnership. It was executed on behalf of the Company, by the then Managing Director, Aubrey Glaser, and the then Company Secretary. This Agreement purported to give Oaktree the right (*inter alia*) to require the Company to buy out the Oaktree share of the partnership on terms highly beneficial to Oaktree in the event of a change of control of the Company or the departure or non involvement in management of the Chairman (who had no knowledge of the Agreement) or Aubrey Glaser.

In June 2001 Oaktree invoked the Agreement and required the Company to buy out the Oaktree share on the basis set out above. The current estimates by the Company are that if it were obliged to pay the amount claimed by Oaktree the loss to the Company would have been approximately €10.6 million. The amount claimed by Oaktree is increasing at 25% per annum compounded monthly.

On 10 July 2001 the Company issued proceedings in the High Court for an order that the Agreement be set aside. The Company applied subsequently for summary judgement, and this was heard on 13 and 14 March 2002. Judgement was given by Mr. Justice Hart on 27 March 2002 when he found in favour of the Company and made a declaration that the Agreement was unenforceable against the Company. Oaktree were given three weeks' leave to appeal. The Company was informed that on 16 April 2002 a notice of appeal was filed by Oaktree and that the provisional date for the appeal hearing is between 25 and 27 November 2002. On the basis of legal advice received, the opinion of the Board of Directors is that the Company is unlikely to incur a material loss as a result of this Agreement. Therefore no provision has been included in the accounts for this contingent liability.

In September 2001 the Company received a claim from Mr. Glaser for compensation for loss of office totalling €432,000 (£280,000). The Company is vigorously defending this claim and having regard to the legal advice received by the Company, no provision has been included in the accounts.

NOTES TO THE ACCOUNTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

7 Investment Property

Investment property comprises the Company's 25% share of the investment in Mobius House, Basingstoke. The property was valued at €4,628,000 by Jones Lang LaSalle, Chartered Surveyors, in accordance with the requirements of the Royal Institute of Chartered Surveyors on 31 December 2001, on the basis of open market value.

It is the Group's policy not to revalue investment property in the interim financial report. The group's share of this property is therefore valued at €1,157,000.

8 Stocks – trading properties

Trading properties comprise the Aartselaar property near Antwerp, the IT Tower and the QPT Tower, Brussels.

9 Reserves

	Share premium Account	Capital Redemption Reserve	Profit and Loss Account As restated	Total As restated
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2002	7,957	291	6,915	**15,163**
Loss retained for the financial period	–	–	(89)	**(89)**
	7,957	**291**	**6,826**	**15,074**

NOTES TO THE ACCOUNTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2002

10 Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	Six month period ended 30.6.2002	Six month period ended 30.6.2001	Year ended 31.12.2001
	€'000	€'000	€'000
Operating profit	**1,716**	9,935	10,802
Depreciation and amortisation charges	**44**	198	333
Loss on sale of tangible fixed assets	**–**	–	2
Increase in stock	**(1,341)**	(18,142)	(25,644)
Decrease in debtors	**423**	9,949	9,319
Increase/(decrease) in creditors	**1,324**	425	(939)
Net cash inflow/(outflow) from operating activities	**2,166**	2,365	(6,127)

(b) Analysis of net debt

	At 1 January 2002	Cash Flow	Other non-cash movements	Exchange Movements	**At 30 June 2002**
	€'000	€'000	€'000	€'000	**€'000**
Cash at bank and in hand	7,234	(1,056)	–	(294)	**5,884**
Overdraft	(12)	12	–	–	**–**
Debt due within one year	(713)	530	(1,252)	2	**(1,433)**
Debt due after one year	(47,388)	–	1,252	91	**(46,045)**
	(40,879)	(514)	–	(201)	**(41,594)**

PROPERTY SCHEDULE

AT 31 AUGUST 2002

Location		Land m²	Freehold or Leasehold	Lettable m²	Occupancy	Ground rent per annum
INTERNATIONAL REAL ESTATE PLC WHOLLY OWNED						
IT Tower Brussels, Belgium	Office	4,311	Leasehold to 2066	22,778	80%	€4,000
Quai Aux Pierres de Taille Brussels, Belgium	Office	2,792	Freehold	11,696	92%	
Aartselaar Antwerp, Belgium	Warehouse + Office	70,000	Freehold	36,288	85%	
Total, wholly owned properties:		**77,103**		**70,762**		
PARTNERSHIP PROPERTIES						
Criterion-Stratford (Basingstoke) Limited at 25% interest						
Basingstoke – Mobius House Viables Industrial Estate, Basingstoke	Office	13,719	Leasehold to 2107	4,093		18% of rent received
TOTAL, OWNED OR UNDER MANAGEMENT:		**90,822**		**74,855**		
SUMMARY:						
International Real Estate PLC wholly owned properties		**77,103**		**70,762**		
International Real Estate share of Partnership Properties @ 25%		**3,430**		**1,023**		
TOTAL, WHOLLY OWNED AND SHARE OF PARTNERSHIP:		**80,533**		**71,785**		

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