



International Real Estate

Interim Accounts

30 June 2007

International Real Estate Plc

Chairman's Statement

As emphasised in the last set of results, the Group is focussing on expanding its property portfolio by targeting properties that have strong potential for improvement and provide IRE with the opportunity to gain value uplift through the implementation of refurbishment programmes. In line with this, during the six months to June 2007 the Group completed a number of transactions to increase the size of its property portfolio.

Property Portfolio - Germany

Germany remains the primary area of activity for the Group, where the focus is on investment in residential projects. IRE now holds circa 270,000 sq m of property in the country primarily in central Berlin, Magdeburg, Halle and the North Rhine-Westphalia area.

Deal flow remains positive and the Board continues to select opportunistic property acquisitions in addition to substantially upgrading existing property assets to further enhance and add value to the Group's German portfolio. As reported in the results for the year ended 31 December 2006 the Group increased its German portfolio during the period, with the purchase of both residential and commercial properties. The Group remains particularly active in the desirable Hegelstraße area of Magdeburg.

Property Portfolio - Belgium

We continue to evaluate property opportunities in Belgium where we perceive there to be value uplift potential. In line with this we recently announced that we have entered into a contract to acquire a circa 88,000 sq m leasehold site close to Brussels from Shell Research SA. This includes the circa 27,600 sq m Monnet Centre International Laboratory building and outline permission for a circa 50,000 sq m extension has been granted. Completion of the acquisition is expected in May 2008.

Elsewhere, the development of a 5,166 sq m project consisting of 29 apartments and parking on Rue du Gouvernement Provisoire, close to the Royal Palace in the centre of Brussels, is progressing well with the construction phase on-going and completion on schedule for mid-2008.

Results

In the six months to 30 June 2007 pre-tax profits increased to €4.8 million (30 June 2006: €1.2 million). At 30 June 2007, total Group assets had increased to €181.2 million (31 December 2006: €129.1 million), and the net asset value per share was €5.64 per share (31 December 2006: €4.98 per share).

Financial Position

As at 30 June 2007, properties held as investments were €161.4 million (31 December 2006: €112.0 million). The Group had cash as at 30 June 2007 of €6.5 million (31 December 2006: €12.2 million) and net borrowings as at 30 June 2007 of €97.2 million (31 December 2006: €60.0 million).

Dividend

The Board proposes to pay an interim dividend of 5 pence (€0.07) per share (2006: 4 pence or €0.06 per share) payable on 19 October 2007, to shareholders on the register on 21 September 2007.

Outlook

IRE is a property investment and development Group. With a structured and proven investment process in place, an established office and staff in Berlin, the Group believes it is well positioned to continue to perform and build its property portfolio in Europe with a focus on Germany. By utilising its regional knowledge and local relationships, it can target and acquire property with strong potential and add value through refurbishment programmes as previously demonstrated. The Board sees opportunity in its areas of operation and believes that IRE will continue to grow.

Rolf L Nordström, Chairman

31 August 2007

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 2007 set out on pages 4 to 9. 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.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained 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 International Standards on Auditing (UK and Ireland) 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 months ended 30 June 2007.

BDO Stoy Hayward LLP
Chartered Accountants
Epsom
31 August 2007

INTERNATIONAL REAL ESTATE PLC

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

	Note	Six month period ended 30.06.2007 €'000	Six month period ended 30.06.2006 €'000	Year ended 31.12.2006 €'000
		Unaudited	Unaudited	Audited
Revenue		9,175	2,331	5,365
Cost of Sales	2	(1,303)	914	(4,793)
Gross Profit		7,872	3,245	572
Gain on revaluation of investment properties		963	-	20,695
Administration expenses		(1,598)	(1,392)	(3,052)
Other operating expenses		(34)	(18)	(1,932)
Operating Profit		7,203	1,835	16,283
Finance income		162	245	292
Profit on sale of subsidiaries		-	-	2,656
Finance costs		(2,567)	(875)	(2,445)
Profit Before Tax		4,798	1,205	16,786
Tax charge		(242)	(129)	(5,785)
Profit for Period		4,556	1,076	11,001
Attributable to:				
Equity holders of the parent		4,605	1,102	10,500
Minority interest		(49)	(26)	501
		4,556	1,076	11,001

Earnings per Share

From continuing operations

Basic	3	€0.66	€0.16	€1.59
Diluted	3	€0.66	€0.16	€1.59

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2007

There is no difference between the profit for the periods shown in the Consolidated Income Statement and total recognised income and expenses for the respective periods.

INTERNATIONAL REAL ESTATE PLC

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	30.06.2007 Unaudited €000	30.06.2006 Unaudited €'000	31.12.2006 Audited €'000
Non-Current Assets				
Investment properties	5	161,370	67,921	112,036
Available for sale investments		-	2	2
		161,370	67,923	112,038
Current Assets				
Inventories		2,565	1,963	1,962
Trade and other receivables		10,775	6,321	2,884
Cash and cash equivalents		6,464	8,937	12,168
		19,804	17,221	17,014
Total Assets		181,174	85,144	129,052
Current Liabilities				
Other payables		(29,718)	(6,875)	(6,692)
Current tax liabilities		(37)	(36)	(37)
Bank loans		(8,474)	(808)	(8,474)
Provisions		(2,346)	(404)	(9,011)
Finance leases		-	-	(37)
		(40,575)	(8,123)	(24,251)
Non-Current Liabilities				
Bank loans		(64,339)	(45,143)	(63,688)
Bond		(30,892)	-	-
Deferred tax liabilities		(6,316)	(341)	(6,056)
Long term provisions		-	(6,000)	-
Finance leases		-	(563)	(561)
		(101,547)	(52,047)	(70,305)
Total Liabilities		(141,122)	(60,170)	(94,556)
Net Assets		39,052	24,974	34,496
Equity				
Share capital		4,408	4,408	4,408
Share premium account		7,957	7,957	7,957
Capital redemption reserve		566	566	566
Retained earnings		25,669	12,069	21,064
Equity Attributable to Equity Holders of the Parent		38,600	25,000	33,995
Minority Interest		452	(26)	501
Total Equity		39,052	24,974	34,496

INTERNATIONAL REAL ESTATE PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007**

		Six month period ended 30.06.2007 Unaudited	Six month period ended 30.06.2006 Unaudited	Year ended 31.12.2006 Audited
	Note	€000	€'000	€'000
Net cash inflow/(outflow) from operating activities	6	14,108	(3,016)	(3,075)
Investing activities				
Interest received		162	106	273
Acquisition of investment properties		(54,030)	(16,187)	(39,627)
Sale of investment property		5,420	-	-
Sale of subsidiary undertaking		-	-	4,687
Purchase of subsidiary undertaking		-	-	(2,031)
Net cash used in investing activities		(48,448)	(16,081)	(36,698)
Financing activities				
Dividends paid		-	-	(805)
Interest paid		(2,567)	(875)	(2,374)
Repayments of borrowings		(340)	(306)	(21)
New bank loans raised		651	12,100	38,026
Issue of listed bond net of issue costs		30,892	-	-
Net cash generated by financing activities		28,636	10,919	34,826
Net decrease in cash and cash equivalents		(5,704)	(8,178)	(4,947)
Cash and cash equivalents at beginning of year		12,168	17,115	17,115
Cash and cash equivalents at end of period		6,464	8,937	12,168

INTERNATIONAL REAL ESTATE PLC

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 30 JUNE 2007

1. Accounting Policies

Basis of accounting

The interim financial information for the six months ended 30 June 2007 and that for the equivalent period in 2006 is unaudited. The comparatives for the full year ended 31 December 2006 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

The interim financial information has been prepared in accordance with the accounting policies and presentation required by International Financial Reporting Standards, incorporating International Accounting Standards and Interpretations (collectively "IFRS") as endorsed by the European Union.

The interim report is presented and prepared in a form consistent with that which has been adopted in the Company's annual accounts having regard to the accounting standards applicable to such accounts.

2. Cost of Sales

Included in costs of sales is a provision release of €6.0m (30 June 2006 €3.7m, 31 December 2006 €nil) representing the utilisation of provisions charged to cost of sales in previous periods in connection with property disposals.

3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

<i>Earnings</i>	Six month period ended 30.06.2007	Six month period ended 30.06.2006	Year ended 31.12.2006
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent	€4,556,106	€1,075,769	€11,000,746
<i>Number of shares</i>	Six month period ended 30.06.2007	Six month period ended 30.06.2006	Year ended 31.12.2006
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	6,927,446	6,927,446	6,927,446
Basic and diluted earnings per share	€0.66	€0.16	€ 1.59

4. Dividends

	Six month period ended 30.06.2007 €'000	Six month period ended 30.06.2006 €'000	Year ended 31.12.2006 €'000
Amounts recognised as distributions to equity holders in the period			
Final dividend for the year ended 31 December 2005 of €0.06 (4.0p) (2004 - €0.04 (3.0p)) per share	-	402	403
Interim dividend for the year ended 31 December 2006 of €0.06 (4.0p) (2005 - €0.04 (3.0p)) per share	-	-	402
	-	402	805
Proposed interim dividend for the year ending 31 December 2007 of €0.07 (5.0p) (2006 - €0.06 (4.0p)) per share	485	404	402

Final dividend for the year ended 31 December 2006 of €0.07 (5.0p) (2005 - €0.06 (4.0p)) per share was paid on 10 August 2007

5. Investment Property

	Six month period ended 30.06.2007 €'000	Six month period ended 30.06.2006 €'000	Year ended 31.12.2006 €'000
Fair value			
At 1 January	112,036	51,734	51,734
Additions during the period	53,791	16,187	36,033
Additions resulting from business combinations	-	-	3,574
Disposals during the period	(5,420)	-	-
Increase in fair value during the period	963	-	20,695
At end of period	161,370	67,921	112,036

6. Notes to the Cash Flow Statement

	Six month period ended 30.06.2007	Six month period ended 30.06.2006	Year ended 31.12.2006
	€000	€'000	€'000
Operating profit	7,203	1,835	16,283
Adjustments for:			
Increase in fair value of investments	(963)	-	(20,695)
Decrease in provisions	(6,665)	(3,742)	(1,135)
Operating cash flows before movements in working capital	(425)	(1,907)	(5,547)
Increase in inventories	(603)	(1)	-
(Increase)/decrease in receivables	(7,891)	(3,324)	113
Increase in payables	23,027	2,216	2,359
Cash generated/(used) from operations	14,108	(3,016)	(3,075)
Income taxes paid	-	-	-
Net cash inflow/(outflow) from operating activities	14,108	(3,016)	(3,075)

7. Issue of Listed Bonds

During the period IRE German Property Holding BV, a subsidiary company, in a private placement issued bonds, in the amount of €32 million with the purpose of refinancing shareholder loans from IRE plc and a bridge loan from a bank. The bonds are secured on the related properties and the bondholders do not have legal recourse against IRE plc.

On 23 May 2007 the bonds were dual listed on the OMX Stockholmbörsen AB and on the Copenhagen Stock Exchange.

The senior bond carries a fixed interest rate of 7.7326% and the junior bond carries a fixed interest rate of 8.5%. Interest on both tranches is payable annually in arrears.

The bonds are scheduled to be repaid in full at maturity on 1 March 2015, subject to the Company not exercising its right to early repayment.

8. Post Balance Sheet Events

Details of post balance sheet events are given in the Chairman's Statement on pages 1 and 2.