

The Redab Times

Interim Report

1st June 2010 - 31st March 2011



Developers able to secure funding, will not satisfy demands over the next 24 months.

There is a good chance of rent rises.

Issued 11th May 2011

Q&A's with CG Pettersson

By Bo Lundström

Come rain or shine, the market for commercial properties in London is certainly as variable as the English weather. C G Pettersson, managing director and main shareholder of Redab Properties Plc, has been active in London since 1989 and has been through many ups and downs in the market. Even if this downturn has been one of the toughest, he is still optimistic.

“A market downturn generates new possibilities. London is still growing and will continue to do so even in the future.”

“The big difference compared to previous fluctuations in the market is that this time the banks have run out of money”, says CG, “with the effect that their means to finance commercial property development have been seriously reduced”. Banks are also more dependent on other banks for their own refinancing. CG also emphasizes that the banks for a long time had a too positive approach to private mortgage for residential use. Private mortgages generally were granted at a very high gearing; in some cases the mortgage could even exceed the market value. “That’s why housing prices have grown approximately five times faster than inflation over more than 15 years”, says CG Pettersson.

“The situation for commercial property has been different. After the last big financial crisis in 1990-1991 the maximum mortgage on commercial properties fell to 50-60% and has remained on that level until now. This time it will take longer to return to a normal level again.”

Shareholders in Redab Properties Plc have for many years experienced a solid growth in net asset value with recurrent bonus issues, the last time 2007. But since then the net asset value has been substantially reduced, and now the nominal value of the shares will be reduced from £1 to 30 pence. What is your message to worried shareholders?

“Early investors in Redab Properties Plc have achieved a very high return on invested capital. Between 1996 and 2007 the share capital of £50,000 grew to taxed net asset value of more than £8 million, with only £687,260 as paid up capital. After that we have depreciated our properties to market value and we have also had some one-off costs, which together have reduced the net asset value to just over £3 million, the level we had in year 2000.

But I want to strongly emphasize that the economic strength of Redab Properties Plc still is sound, even after the last few years setback. Were the Company’s properties to be sold at the current market prices we would have a net of over £6 million in cash for repayment of loans from shareholders and repurchase shares after all the Company’s liabilities have been settled.



Differences Assets minus Bank Loans

Kilburn	£2,242,000
East London Portfolio	£2,320,000
Commercial Road	£1,750,000
	£6,312,000

The change of the nominal value of the share is a practical technical solution to make it possible to raise capital by new share issues, or even make bonus issues possible, when the financial situation permits.”

You are now asking the shareholders to increase their investments. Why?

“Theoretically, selling the Company’s assets, pay back the loans and use the remaining cash to repurchase shares is always a possibility. But this is not the right moment to do so. With the refinancing package we have offered our shareholders, I see an opportunity for us to grow and create shareholder value again, the way we have done over the years.

For the foreseeable future I believe it will be necessary for us to operate without bank loans in the early stages of a development. Banks won’t consider financing until space is let and generates income, but even then probably only up to 40-50%. That is the reason why Redab Properties Plc has to reinforce the capital base.

Each investor shall of course make his or her own decision of their further commitment to our company. But a property developer like Redab Properties Plc, with a good financial status and low gearing, can always continue to use its skills for development, based on no bank funding.

Through Redab Plc I own 55.8% which will be reduced through the outcome of the new issue. In capital value Redab Plc will suffer a loss of some hundred

thousand pounds, but the conditions for future growth are good.”

You turned 63 earlier this year. When will you retire?

“Subject to my health I will continue working into my seventies, perhaps even eighties! Regarding my health, I have regular health checks every year and my recent test results over the past few months are all positive. So the doctor’s prediction is what I base my prognosis on, when I say my intention is to work for a further 10-20 years.”

The 50-50 joint venture with Sättila Holding was presented at the AGM 2007 vividly and positively, but this has now ended with a break up earlier this year. The results obviously didn’t meet the forecast in 2007. What went wrong and what experience has Redab’s management team got from this?

“A divorce is very seldom predicted on a wedding day. The engagement period was short and we had £12M cash in the bank without any mortgages at that time. Sättila had good bank connections and £5M at least to invest. But the financial crisis hit all involved, including Sättila’s bank connections and Redab Properties Plc Bristol & West operation.

In the tougher climate each of the involved party’s policies grew in different directions because you look after yourself in the first hand. So at a Board Meeting 18th January 2011 we came to the conclusion that a “divorce”

was the best solution to suit both parties.

Redab Properties Plc has had joint ventures in the past and will probably have again in the future.”

Presently Redab Properties Plc has two development projects, Commercial Road and Jubilee Heights. All the necessary permissions are granted for the development of Commercial Road, but for a couple of years the company has had discussions with the Brent Council for a go-ahead to build more flats in Jubilee Heights. CG Pettersson shakes his head in despair and says that he can't understand why they haven't got a planning consent yet. “It is the fifth time that we've got a negative answer on our application, although Brent Council, in writing, has said this site could be possible for development. The latest application was negatively received on a number of grounds, but we have found there has been a complete misunderstanding of our application. We are now working hard on preparing a comprehensive report where we will explain correctly what has been misunderstood by the planning department.”

At the moment some of the flats in Jubilee Heights remain unsold, but they are all on short lets on terms that give a feasible return on invested capital. The slow progress of sales depends more on the bank Bristol & West, which has granted a loan from February 2009 to February 2014, than on anything else. The bank sees that the value of the security has gone up and therefore do not want an early repayment.

“An apartment presented 31st December 2010 at a value of £435,000

can now be presented to a potential purchaser at £465,000”, says CG Pettersson.

In the latest Interim Report you were talking of a “New Start”. By the end of May you will see how your shareholders have received your offer to convert loans and debentures and sign up for new capital. How soon will the results be evident of the “New Start”?

“When we have the result of the shareholders decisions we can start to plan in more detail for the ‘New Start’. But we are already negotiating refunding of existing loans and we are waiting for the financing of the Commercial Road project. At the same time we are open for new acquisitions, although the supply is inadequate at the moment. Since early this year only 3 freeholds at the price level £4.5-5M have been on the market in Midtown, including 109-111 Farringdon Road, where our office is at the moment.

Finally, what are the three most important factors you consider could resuscitate the London commercial property market?

I think that's the wrong question! The fact that London is a truly international city, it has both investment and occupational demand and a limited supply of office accommodation and investments, makes it an attractive place in which to invest. We have already seen and continue to see both rental and capital growth, and this is anticipated to continue.

Letter to The Board

Till styrelsen i Redab Properties Plc

Beväran om utlåtande från bolagets oberoende rådgivare

Vi har tagit del av oroande rapporter och information från bolaget under de senaste månaderna.

Q1

Informationen har inte i alla delar varit lätt att tyda och förstå. Det har inte tidigare, exempelvis vid den senaste bolagsstämman i augusti 2010, på något sätt betryggt att bolaget befinner sig i en så svår situation, som nu delgivna ägarna och någon förvarning om att bolaget skulle drabbas av extracrediträna kostnader i den omfattning som nu meddelats. Gavs inte heller.

Det är en närmast dramatisk utveckling som nu delgivits aktieägarna utan förvarningar.

Q2

Vi nedan namngivna aktieägare begär därför att styrelsen uppdrar till den oberoende rådgivaren bolaget engagerat att avge en rapport till bolagets aktieägare som dels belyser den situation bolaget befinner sig i samt även vilka alternativa förslag till åtgärder för bolaget som han ser som möjliga för att i så hög grad som möjligt tillvarata aktieägarnas intresse.

Alternativen bör vara inriktade på dels kost sikt, ex 1 år för att i så hög grad som möjligt optimera värdet på ägarnas fordran och dels på den tidssikt, 2014, som bolaget i utstärda handlingar föreslår aktieägarna att acceptera för tillrägning av lån eller omvandling av lån till aktier.

Vi har i informationen från bolaget kunnat ta del av att man engagerat en fristående rådgivare. Det beslutet i sig utvisar ju att bolaget känner osäkerhet för det fortsatta agerandet.

Vi anser att det finns ett stort behov av ett utlåtande som ger aktieägarna en rådgivning för vilken såldspunkt man ska inta då det gäller fortsatt engagemang i bolaget.

Vi anser det nödvändigt att en sådan rapport med ett utlåtande kan tillställas aktieägarna före den aviserade extra bolagsstämman.

Stockholm 2011-04-14

Bengt Mårten Sune Hellström Helena Krausz-Hellström

Q1. The information has not in all parts been easy to understand. At the last AGM in August 2010 the information was not given that the Company was in difficulties, which first now becomes an issue for the shareholders. Neither was there a hint given that the Company should suffer extraordinary costs to that extent that has now been presented. It is an almost dramatic development that has been shown the shareholders without any warning

A. The last slide at AGM in August 2010 presented a need of capital from the shareholders to start development because the banks will currently not fund developments.

What happened in late 2010 and the first few days of 2011 in the joint venture was not possible to foresee at the time of the AGM.

The worst destruction of capital was to break up the joint ventures, which we did explain to the joint venture partner. However, this fell on deaf ears.

Commercial Road will generate surplus as soon as we can start. However, at the moment we don't have the £2.5M necessary capital to start.

Surplus from sale of apartments at Commercial Road created over 2 years or shorter is +30% at net sales £310/sqft up to +80% with a new sale at £470/sqft, compared to capital for development of £2.5M.

Q2. The Company should present alternatives on how to optimize values after 1 year, as well as by 31st December 2014, which is the date the Company proposes the shareholders to extend their commitment to, following the above heavily decreased share value.

A. The Company's Net Asset Value is £3,150,000 after reservation of one-off costs.

If the shareholders want their Debenture money or Subordinated loan repaid in December 2011 that will mean £2,271,226 should be repaid. That leads to:

* No start at Commercial Road and risk of the planning consent being cancelled 2013.

* Forced sale of apartments.

Company costs unchanged, approximately £100,000 to £150,000/annum

The Net Asset Value in the 12 month alternative will mean a Net Asset Value of a few hundred thousand less than now.

For shareholders that choose to stay on it also means no possibility to use the market on the upturn and they will suffer depending on shareholders who force a sale and repayment by end of 2011.

Alternatively, if shareholders accept an extension to December 2014 it means

- ✓ No forced sale of apartments.
- ✓ Start of Commercial Road later than planned, but on the way Autumn 2011. Company costs unchanged, but other activities will compensate the negative result.
- ✓ Hopefully, we will get further fund in a new issue so new business can be made in an upwards market.

All this can lead to uplift in Net Asset Value so the offered new unit investors reach over +10% per annum.

Slides from the presentation given at The AGM 2010

Subject to everything going to plan, compared to current book values 

Kilburn		+£ 250,000
Commercial Road	50%	+£1,150,000
Thereafter, Orsman Road	50%	+£1,625,000

£2,260,000

WE NEED MORE FUNDS!!

£8,000,000 +

Can we do it all? 

• Cash by 20/08/10	£1,100,000
• Kilburn "pool"	-£ 70,000
• Other costs	-£ 100,000
• Sale of The Penthouse	£ 550,000
• Completion for 2 apartments in East London	-£ 350,000
• Mortgage for East London	£ 700,000
• Loan, 83 Lower Sloane Street	<u>£ 430,000</u>
• Forecasted total cash 30 th September 2010	£2,260,000

Dream fundraising

- The Road Show
- Create market interest to invest in a progressive business Redab Properties Plc
- Analysis for floatation
- Do what is possible to mortgage assets

•We dream of getting £5-10M!!!! 

Extra Ordinary General Meeting 3rd May 2011

When the call in for the meeting was issued to all Redab Properties Plc shareholders 7th April 2011 along with a proxy and a preaddressed envelope.

Currently, 305 shareholders represent 7,628,025 shares. 120 shareholders responded by proxy.

Support for the Resolution was received from 118 shareholders representing 6,866,407 shares, which means 90.01% in support of the Resolution.

In order to receive a Court decision in favour of the Resolution the Company

would need 75% in support of the Resolution.

2 shareholders proxies representing 1,872 shares were declared not valid as it was unclear what they wanted.

There were no proxies voting against the Resolution.

Subject to everything working as it should, the Court Order should be issued 25th May 2011 decreasing the nominal share from £1 per share to 30 pence.



Left to right: Laurence McKenzie, Graham Jacob, CG Pettersson, James O'Brien, Gerald Bowey

Presentation of Current Investments

Jubilee Heights & Cedar Lodge

A) Status as of 31st March 2011

Flat No	Details	Sq. ft.	Market value £	
3	2 bed, 2 bath	1056	£435,000	£460,000
4	2 bed, 2 bath	1051	£435,000	£460,000
5	2 bed, 2 bath	1039	£435,000	£440,000
6	1 bed, 1 bath	650	£295,000	} £600,000
7	1 bed, 1 bath	650	£285,000	
8	1 bed, 1 bath	650	£285,000	
505	2 bed, 2 bath	920	£350,000	£350,000
711	1 bed, 1 bath	570	£280,000	
Sub Total			£2,800,000	
Value of Ground Rent est. 5.0% yield			£692,000	
Total			£3,492,000	

- Contract issued, non-refundable deposit of £5,000 paid.
- Verbally agreed, Heads of Terms on the way.
- Presented as a 3 bedroom apartment, non-refundable deposit paid 9th May 2011.

B) Planning application for further 5 apartments.

We have now decided to issue a new application including solving the technical matters so that it can go to appeal if necessary. The Planning Department at Brent Council now seems to have a more positive attitude than at previous pre-applications. Hopefully, all issues will be solved so an appeal will not be necessary. We will make a mixture of 2 and 3 bed apartments. Subject to planning, we can make a good surplus.

Redab Residential Ltd

After the New Year we started trying to sell the apartments. So far, we have no potential purchasers either as a whole portfolio or to sell one by one in a price range that is acceptable to us. The lack of available mortgages seems to be the reason behind this.

We will continue to work on the sale to achieve the presented prices, or better. Forecast for East London Residential is good while for this year the forecast is more difficult due to the problems of getting a mortgage.

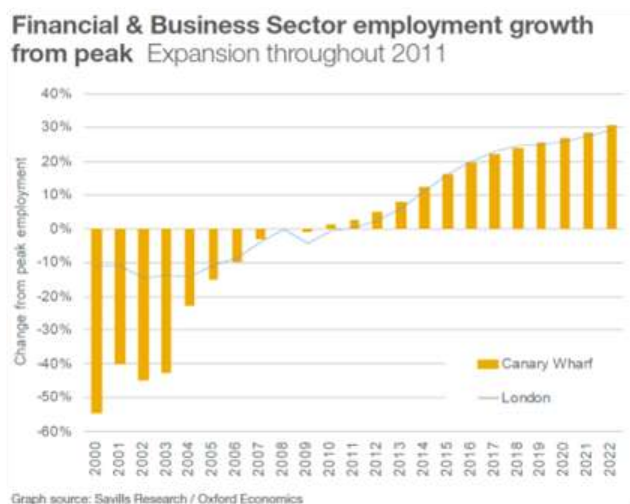
During 2010 there was growth, while 2011 is presented at -1% in the forecast, but 2012 +7% forecasted with continuous growth up to 2015.

Employment in Canary Wharf is forecasted slightly up in 2011. 2012 is forecasted +5%, 2013 +7.5%.

The time factor is the major risk. That means a forecasted sale to meet 31st December 2011 date can mean risk on values because the market is very local and the agents know each other, as well as major clients. While we are trying to get reasonable sales prices we have a Net Income yield just over 6% by letting to The London Borough of Tower Hamlets. We consider changing to private letting, which include higher risk but will move the net yield to approximately 8%.

However, the target is unchanged; to sell to a reasonable price as soon as possible.

Bristol & West have been repaid and a private loan of £230,000 is drawn against 2 of the apartments, 8 Kildare Walk and 60 Morant Street.



Capital value forecasts

	2010 (actual)	2011	2012	2013	2014	2015	5 years to end of 2015
Prime Central London	3.8%	-1.0%	10.0%	8.0%	6.5%	6.5%	33.4%
Greater London mainstream	2.7%	-1.0%	8.0%	8.0%	7.5%	8.0%	29.1%
Prime East of City	7.3%	-1.0%	7.0%	8.0%	7.0%	8.25%	31.0%

Data source: Savills Research

TABLE 2

Rental value forecasts

	2010 (actual)	2011	2012	2013	2014	2015	5 years to end of 2015
Prime Central London	5.1%	7.0%	7.5%	8.50%	8.5%	8.5%	36.3%
Greater London mainstream	16.6%	9.0%	7.0%	6.0%	5.0%	5.0%	36.3%
Prime East of City	12.3%	10.0%	7.25%	8.25%	5.25%	5.25%	38.9%

Data source: Savills Research

657, 659, 661 & 663 Commercial Road

The Tesco area and lease will be transferred into a 999 year lease held by Redab Properties Plc. The reason is to make a division between the let space and the area for development, so that a funder can minimise the risk for themselves.

The lease for the restaurant area at ground floor expired 4th April 2011. Since this area is needed during the development period the Landlord decided not to extend the lease, instead Notices were served to the tenant. A Court Order has yet to be issued on these Notices. The current structure does not meet British Standard regarding fire safety or acoustic criteria. Courts in England are very busy at the moment and therefore it is taking a long time for us to receive the Direction Order.

Funding has yet to be solved, and therefore project work hasn't started.

The funding needs to be solved either through more sales in Kilburn (the flats marked in colour on page 8 should give us a surplus of approximately £900,000 - £1,000,000 cash after repayment of loan including break costs for early repayment), or further assistance from our shareholders to create the necessary £2.5M cash to start the development.

PROJECT COST OVERVIEW

Current property		£1,750,000
Development	£2,320,000	
Upper floors inc professional team		
Interest on loan 6%	£240,000	
Tesco income (2 years)	-£130,000	
Other costs	£70,000	£2,500,000
		£4,250,000

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FORECASTED END VALUE MAY 2013

	Pessimistic	Moderate	Optimistic
18 Apartments 10,350 sqft.	£350/sq. ft	£410/sq. ft	£470/sq. Ft
	£3,622,500	£4,243,500	£4,864,500
Tesco Rent £65,000	£1,170,000	£1,200,000	£1,230,000
Un-let unit £20,000	£235,000	£252,500	£270,000
Total potential value	£5,027,500	£5,696,000	£6,364,500
Compared to prognosis, end cost	+£777,500	+£1,446,000	+£2,114,500

A project profit of up to **£2,533,000** can be achieved without the company needing to pay Capital Gain Tax

Company costs are not included in the above

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Report from The Road Show 2011

Meetings with shareholders were organised in Stockholm for 11th April and in Gothenburg 14th April 2011.

Aktiespararna in Karlskoga 12th April and Örebro 13th April had invited Redab Properties Plc to present the London property market and the Company.

We received a warm welcome and we also had some people sign up at the meetings for new units. It is too early to know the total but hopefully there will be a few more shareholders.



Days for Road Show 2011

Comment on budget

Next year's budget will be discussed at the next Board Meeting, which will be held 20th May 2011.

It will include our move from Jubilee Business Centre at the end of May 2011; this will result in a cut in rent, rates and service charge to around £20,000 per annum.

Downsizing of management costs have also taken place to approx £140,000 per annum (CG, Berit, Rofu and Caroline, plus a new part-timer. Insurance unchanged, including "Keyman" insurance for CG Pettersson).

The service level will be unchanged, and there will be capacity for at least one project per annum in a size of £1.5-2M per 12 months. Cost of loan (bank or shareholders loans) continues at interest of 6-7%.

Funding

External Loans 10th March 2011	
Private funding	£230,000
<i>Bristol & West Property Finance* Net Loan</i> Kilburn	£1,400,000
Balance	£1,630,000
Cash in the bank 31st March 2011	£220,321
Domestic Loans	
Debenture Holders - Redab Residential Ltd	£923,381
External Shareholders - Subordinated loan	£978,982
T. Ljungberg B.V. - Subordinated loan	£369,037
T. Ljungberg B.V. - Profit sharing loan Redab Residential Ltd	£438,903
Total Balance	£2,710,303
Difference between loans and market value	
Kilburn (Subject to potential sale taking place it will be more)	£2,242,000
East London Residential Ltd	£2,320,000
Commercial Road	£1,750,000
Total un-mortgaged values	£6,312,000

We will keep trying to find a funder for the development at Commercial Road, and, if possible, even some new purchases for development.

	Net Asset Value (NAV)	
Value per Share	31 st December 2010	31 st March 2011
Net Asset Value	£3,150,262	Approx. £3,151,621
Per Share: 7,628,025 shares	41.3 pence	41.3 pence

Offer to Investors

In 2007 at the top of the market with all properties sold, Redab Properties Plc had £12M in the bank. 2008-2010 were very hard financially with Lehman Brothers going into bankruptcy; large British property companies fell back in values to an early 2001 level, so did Redab Properties Plc, and in April 2011 the US was downgraded for loans.

No property company can go through such a financial turbulent world without falling back in values.

Redab Properties Plc first lending bank Anglo Irish Bank Corporation was nationalised. The next Bristol & West (its parent company being Bank of Ireland) suffered too and stopped lending, and was also nationalised.

In the current financial climate it is extremely difficult to take up loans on terms which mean a property company can continue to develop their assets. The big British property companies have issued very big new issues as well as turned to private funders for their developments. Redab Properties Plc has a very low amount of paid up capital, most of its share capital is bonus issues from taxed profits. Shareholders loans have been served as agreed during the financial recession. At the AGM in 2010 we forecasted the need for new funds from shareholders and / or new investors. Therefore, we make the following offer to existing shareholders and Debenture holders to stay with us.

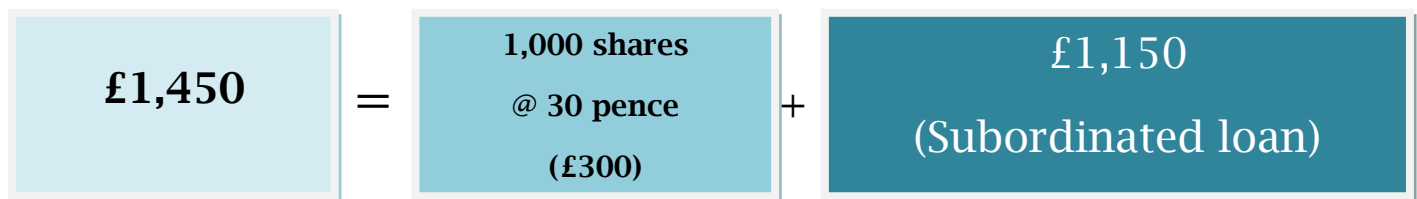
Offer to Debenture Holders

Redab Residential Ltd

When Redab Properties Plc repurchased shares in Redab Farringdon Ltd in 2007 following the sale of 77-79 Farringdon Road with a good development profit, 100 shareholders chose to reinvest in Redab Residential Ltd in the form of Debentures.

As presented earlier a forced sale in the current climate is not the best for either the debenture holders or shareholders in Redab Properties Plc.

Therefore, subject to converting current debentures to the new unit in Redab Properties Plc.



Interest on loan £1,150 = 7%

As Redab Properties Plc want you to stay on by converting into the above unit, Redab Properties Plc will repurchase your debenture for nominal £1 by paying you £1.067 (one pound 067 pence) at 27th May 2011 for each £1 including interest for the last 12 months.

In addition to the above, you will receive 50 shares in Redab Properties Plc for each £1,450 unit that you convert before 27th May 2011.

If you are not interested, you can keep your debenture and when Redab Residential Ltd manages to sell the 12 flats on the market, minus costs for sale and management, you will be repaid in accordance with terms.

The offer made 11th April 2011 by Redab Properties Plc at conversion 27th May 2011 will only be valid for this limited period.

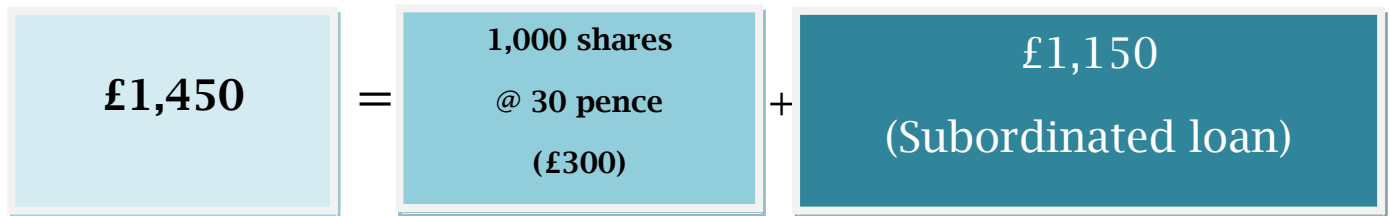
Offer to Subordinated Loan Holders

There is £578,989 subordinated loan which expires 31st December 2011.
Ljungberg BV and Flexible Office in Stockholm AB will extend their loans.

In addition £182,261 expires 2012 and £116,000 expires 2013.

The subordinated loans for 2012, 2013 and a small amount for 2014 will get the same offer just to simplify the administration and give everyone the same opportunity.

Therefore, subject to interest in converting current subordinated loans to the new unit in Redab Properties Plc.



Interest on loan £1,150 = 7%

In addition, 50 free shares per unit for the subscription before 27th May 2011.

Redab Properties Plc would like as many shareholders as possible to accept the offer of conversion.

If you are not interested Redab Properties Plc will hold the old terms but repayment will take place early 2012.

Offer for New Issue

To Shareholders

A new issue unit in Redab Properties Plc is available from 11th April to 27th May 2011 for shareholders and their friends.

£1,450	=	1,000 shares @ 30 pence (£300)	+	£1,150 (Subordinated loan)
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Interest on loan £1,150 = 7%

In addition, 50 free shares per unit for the subscription before 27th May 2011.

Introduce a friend

If you introduce friends or family members to Redab Properties Plc we will give YOU 50 free shares!! Just ask them to mention your name when purchasing units.

The Development of Share Capital

31st March 2011 in £ (Pounds Sterling)

Year	Changes	Share issues	Increase in Share Capital	Total Nos of Shares	Total Issued Share Capital
1994	The Company is formed			100	100
1995	Bonus Issue	49,900	49,900	50,000	50,000
1996	Bonus Issue 1:1	50,000	50,000	100,000	100,000
1997	Bonus Issue 1:2	50,000	50,000	150,000	150,000
1998	Bonus Issue 3:2	225,000	225,000	375,000	375,000
1998	Bonus Issue 1:3	125,000	125,000	500,000	500,000
1998	Bonus Issue 1:2	250,000	250,000	750,000	750,000
1999	Bonus Issue - lieu of interest	6,674	6,674	756,674	756,674
1999	Bonus Issue 2:5	302,669	302,669	1,059,343	1,059,343
1999	Bonus Issue 1:3	353,114	353,114	1,412,457	1,412,457
1999	Bonus Issue - lieu of interest	15,251	15,251	1,427,708	1,427,708
1999	New Issue - loan conversion	72,205	72,205	1,499,913	1,499,913
2000	New Issue	122,651	122,651	1,622,564	1,622,564
2000	New Issue	388,871	388,871	2,011,435	2,011,435
2000	Bonus Issue 4:9	893,971	893,971	2,905,406	2,905,406
2000	Bonus Issue - lieu of interest	41,776	41,776	2,947,182	2,947,182
2001	Bonus Issue 1:3	982,394	982,394	3,929,576	3,929,576
2001	Bonus Issue - lieu of interest	63,296	63,296	3,992,872	3,992,872
2002	Repurchase shares	- 75,850	- 75,850	3,917,022	3,917,022
2002	Bonus Issue - lieu of interest	34,874	34,874	3,951,896	3,951,896
2002	New Issue	6,639	6,639	3,958,535	3,958,535
2004	Bonus Issue - lieu of interest	51,540	51,540	4,010,075	4,010,075
2004	Repurchase shares	- 322	- 322	4,009,753	4,009,753
2004	Bonus Issue 1:6	668,345	668,345	4,678,098	4,678,098
2005	Bonus Issue - lieu of interest	54,567	54,567	4,732,665	4,732,665
2005	New Issue - loan conversion	96,894	96,894	4,829,559	4,829,559
2006	Bonus Issue - lieu of interest	59,063	59,063	4,888,622	4,888,622
2007	Bonus Issue - lieu of interest	49,497	49,479	4,938,119	4,938,119
2007	Bonus Issue 1:4	1,234,449	1,234,449	6,172,568	6,172,568
2007	Bonus Issue 1:4	1,543,142	1,543,142	7,715,710	7,715,710
2007	Repurchase shares	- 10,140	- 10,140	7,705,570	7,705,570
2008	Bonus Issue - lieu of interest	60,523	60,523	7,766,093	7,766,093
2008	Net repurchase shares	- 138,068	- 138,068	7,628,025	7,628,025



Graham K Jacob
Senior Partner

Brindley Jacob
Company
Auditor

Profit & Loss Accounts and Balance Sheets

31st March 2011 (Pounds Sterling)

CONSOLIDATED PROFIT AND LOSS	31/05 2007	31/05 2008	31/05 2009	31/05 2010	31/12 2010	31/03 2011
Costs	- 1,002,376	- 1,726,591	- 932,592	- 710,907	-3,294,330	-3,485,499
Income	2,347,246	1,085,878	890,225	923,701	2,501,907	2,621,438
<i>P/(L) before finance</i>	<i>1,344,870</i>	<i>- 640,713</i>	<i>- 42,367</i>	<i>212,794</i>	<i>-792,423</i>	<i>-864,061</i>
Finance	183,810	4,654,773	- 598,635	- 549,433	-1,077,211	-1,030,347
<i>P/(L) before taxation</i>	<i>1,528,680</i>	<i>4,014,060</i>	<i>- 641,002</i>	<i>- 336,639</i>	<i>-1,869,634</i>	<i>-1,894,408</i>
Tax	- 3,064	- 863,349	1,372	246,183	-28,246	-28,246
<i>P/(L) after taxation</i>	<i>1,525,616</i>	<i>3,150,711</i>	<i>- 639,630</i>	<i>- 90,456</i>	<i>-1,897,880</i>	<i>-1,922,654</i>
CONSOLIDATED BALANCE SHEET	31/05 2007	31/05 2008	31/05 2009	31/05 2010	31/12 2010	31/03 2011
Properties with Plant and Machinery	18,852,743	19,725,619	18,667,793	20,307,872	7,778,787	7,886,480
Debtors	2,823,420	219,091	1,220,168	829,310	1,836,678	270,590
Bank	1,794,265	4,409,427	2,518,255	911,065	1,023,305	220,321
Total Assets	23,470,428	24,354,137	22,406,216	22,048,247	10,638,770	8,377,391
Creditors	2,808,525	738,175	1,245,779	1,108,094	1,158,434	815,148
Taxation	127,359	** 925,750	0	0	0	0
Loan from Shareholders	1,749,239	1,565,340	1,134,767	1,330,445	1,347,845	1,348,019
Loan from partners	0	2,845,615	3,562,483	4,347,383	438,903	438,903
Debentures	835,820	923,381	923,381	923,381	923,381	923,381
Loan from banks	7,572,759	8,670,000	10,130,000	9,690,000	3,550,000	1,630,000
Share capital	6,172,568	7,628,025	7,628,025	7,628,025	7,628,025	7,628,025
Reserves	1,919,170	662,677	- 2,156,985	- 2,653,835	-4,477,763	-4,476,404
Potential tax on hidden Capital Gain	2,220,000	0	0	0	0	0
Minority Shareholders' interests in subsidiaries	64,988	395,174	- 61,234	- 325,246	69,945	70,319
Total Liabilities, Capital and Reserves	23,470,428	24,354,137	22,406,216	22,048,247	10,638,770	8,377,391

Looking forward....

- Positive trend again after the financial crisis.
- London based AGM every year.

A good time is **ALWAYS** had by all!

This year the AGM will be held 26th August 2011.

- Apartment at 83, Lower Sloane Street available to Shareholders for overnight stays.

£30 per night

(Closed Christmas, New Year and AGM Weekend)

The logo consists of a blue oval with a white border. Inside the oval, the words "REDAB" and "PROPERTIES PLC" are written in white, bold, uppercase letters, stacked vertically.

**REDAB
PROPERTIES PLC**

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