

Investor Presentation

Annual Results 2020



**The Regional Office Specialist
Consistently Delivering High Yield**

Overview

Portfolio

Appendix

Stephen Inglis
Chief Executive Officer



Derek McDonald
Managing Director



Simon Marriott
Investment Director



Income Focused – Yield of 8.2%

Performance & Dividend

Total EPRA Accounting Return

- Since IPO* +36.3% (39.2p)**
- Annualised +6.2%
- Dividend 6.4p
- Yield c. 8.2%***

FTSE EPRA NAREIT UK Index

- (5.4%)
- (1.1%) 2020 (15.9%)
- Uninterrupted high yielding dividend for our shareholders

Earnings

EPRA EPS 6.5p (2019: 7.8p)

- 6.4p dividend
- Fully covered at 102% (2019: 95%)

Key Initiatives

Maintaining Income

- Strong FY rent collection[†] 98.2%[‡] and growing

EPRA NTA

£425.6m (98.6p)
(2019: £485.7m; 112.6p)

- £54.8m unrealised revaluation decline

Portfolio

£732.4m (2019: £787.9m)

- CAPEX £8.8m still to be captured in the valuation
- NIY 6.9%

Diversification

- 153 properties
- 898 tenants
- 52% designated essential services
- Strategy of re-focusing our portfolio solely on the highly attractive regional office market

Debt and Cash

LTV 40.8% (2019: 38.9%)

- £30.7m headroom drawn down

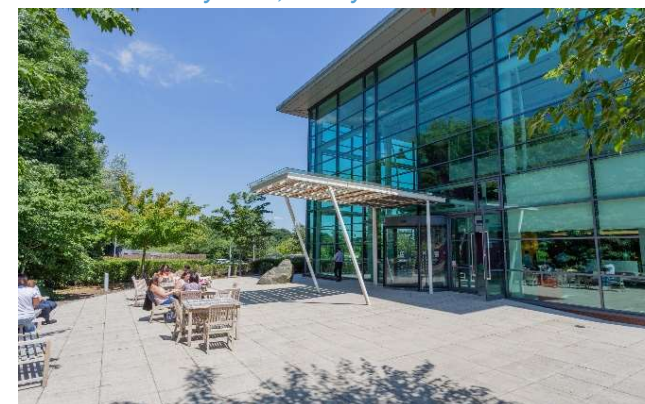
Cash

- £67.4m (2019: £37.3m)

- Ample Liquidity



Ashby Park, Ashby De La Zouch



Columbus House, Coventry



Lochside Avenue,
Edinburgh

FY 2020 Portfolio Highlights – Income Focused

Proactive property asset management

Portfolio

- EPRA Occupancy (by ERV) 89.4% (2019: 89.4%)
- Lettings 53; £2.0m gross rent roll
- Renewals 74.4% (by value) retained

→ Focus on regional properties outside M25

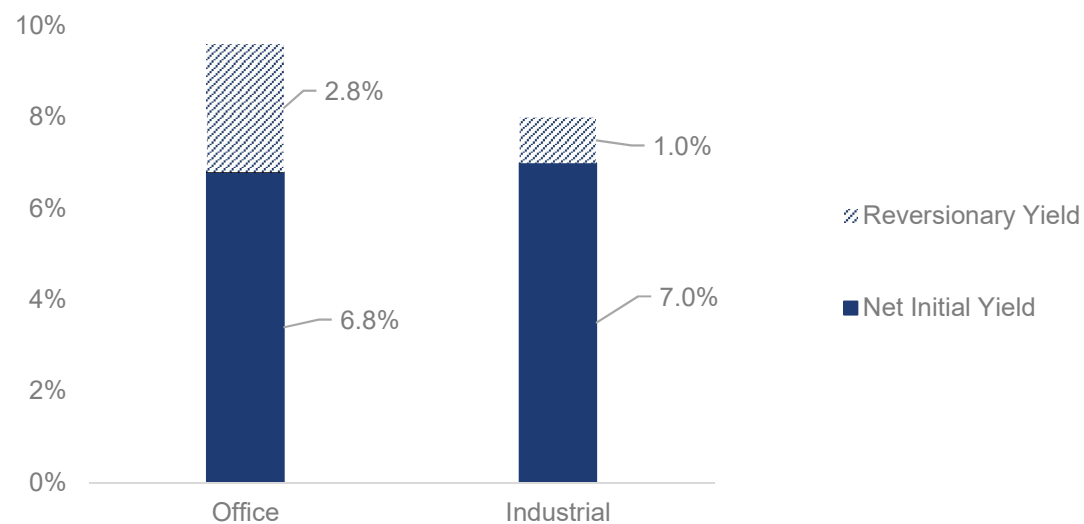
→ Offices 83.5%

▪ 61.8% - Business Parks

▪ 5.9% - Edge of town

→ Industrial 11.1%

The spread between net initial yield and reversionary yield highlights the significant potential within the portfolio for asset management initiatives to capture ERV in the medium term:



HBOS Campus, Aylesbury



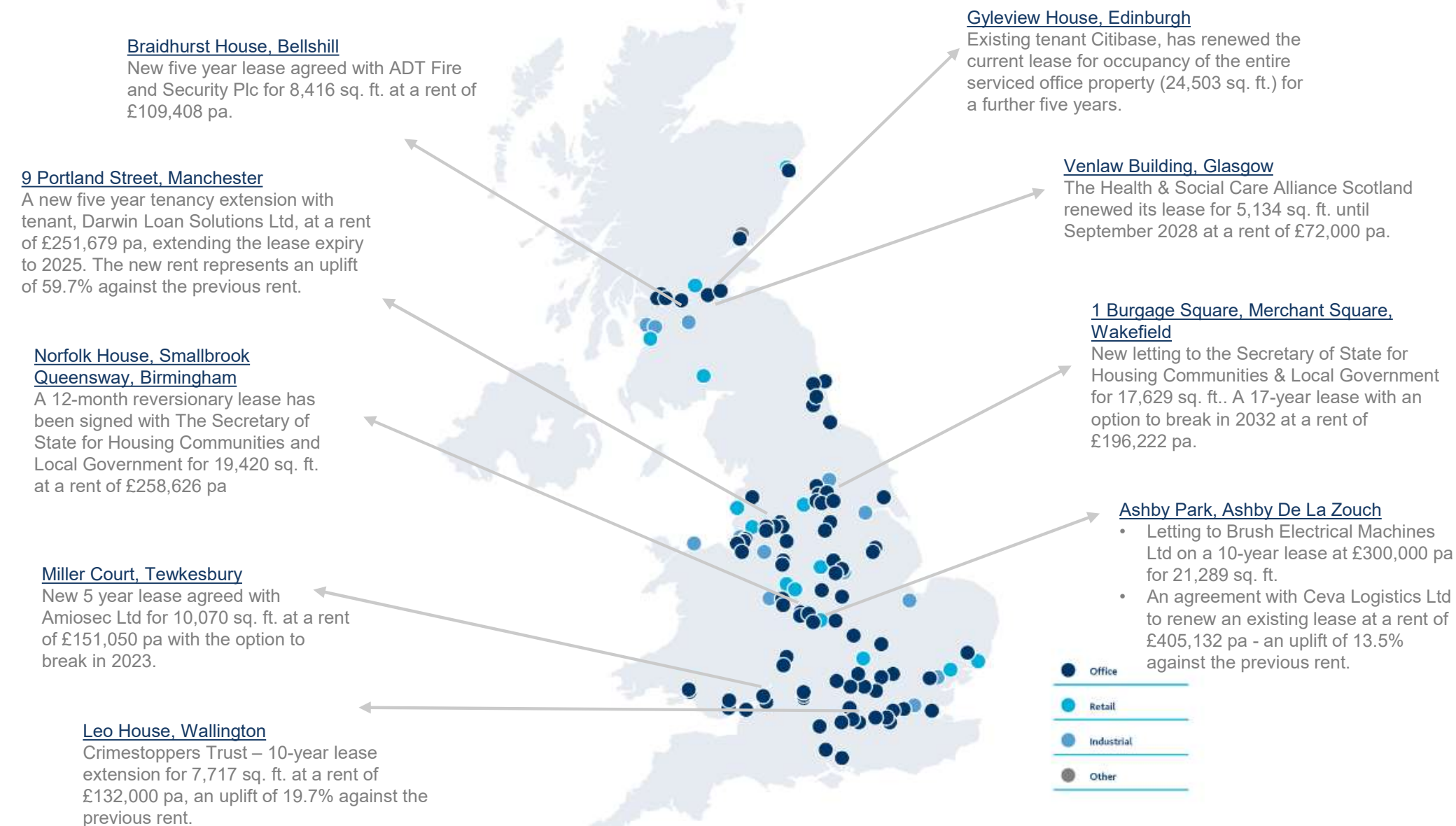
Waterside Business Park, Swansea



Finnieston Business Park, Glasgow

2020 Portfolio Highlights

Major lettings and renewals successfully secured across the regions



Regional REIT – Pivot to Office Focus

Strategy – Office focus

De-risked through diversification

- Occupier
- Geography
- Business Sector
- WAULT

Large number of income streams

→ Across the regions

Experience

Specialised Asset Management Team

- Hugely experienced senior management team, managing assets over the past 30 years, including previous downturns
- 2008-12 increased income across the portfolio

62 Staff

- Proven operational platform
- Unique vertically integrated manager
- Granular property management
- Multiple touch points with our customers

Disciplined Debt Management

Following principles:

- Long duration
- Flexibility
- Significant covenant headroom

Robust balance sheet focused on cash management

→ Significant cash

Shareholder Commitment

Quarterly uninterrupted dividend

Regular high yielding distributions



Beeston Business Park,
Nottingham

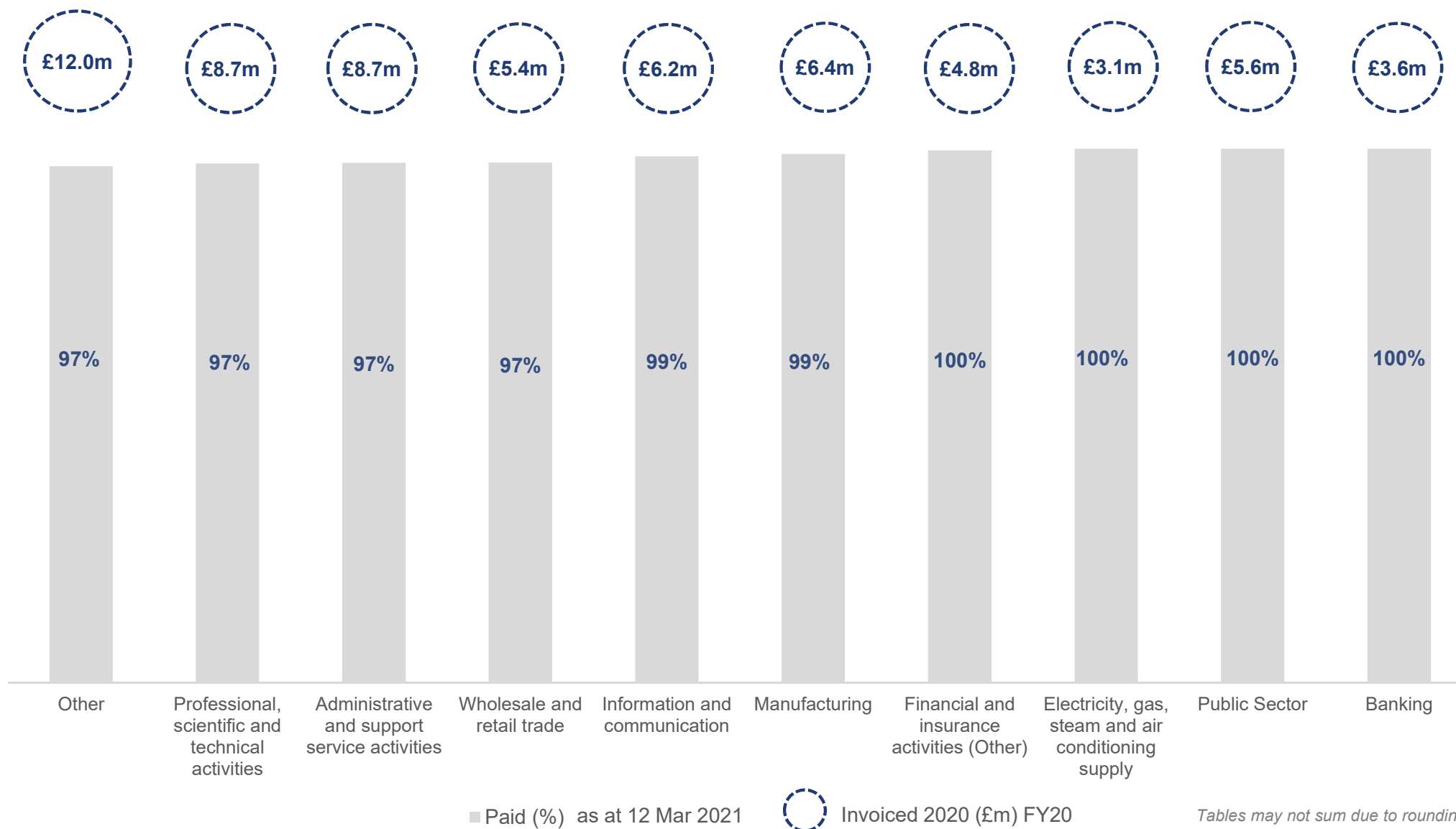


The LSPIM Team



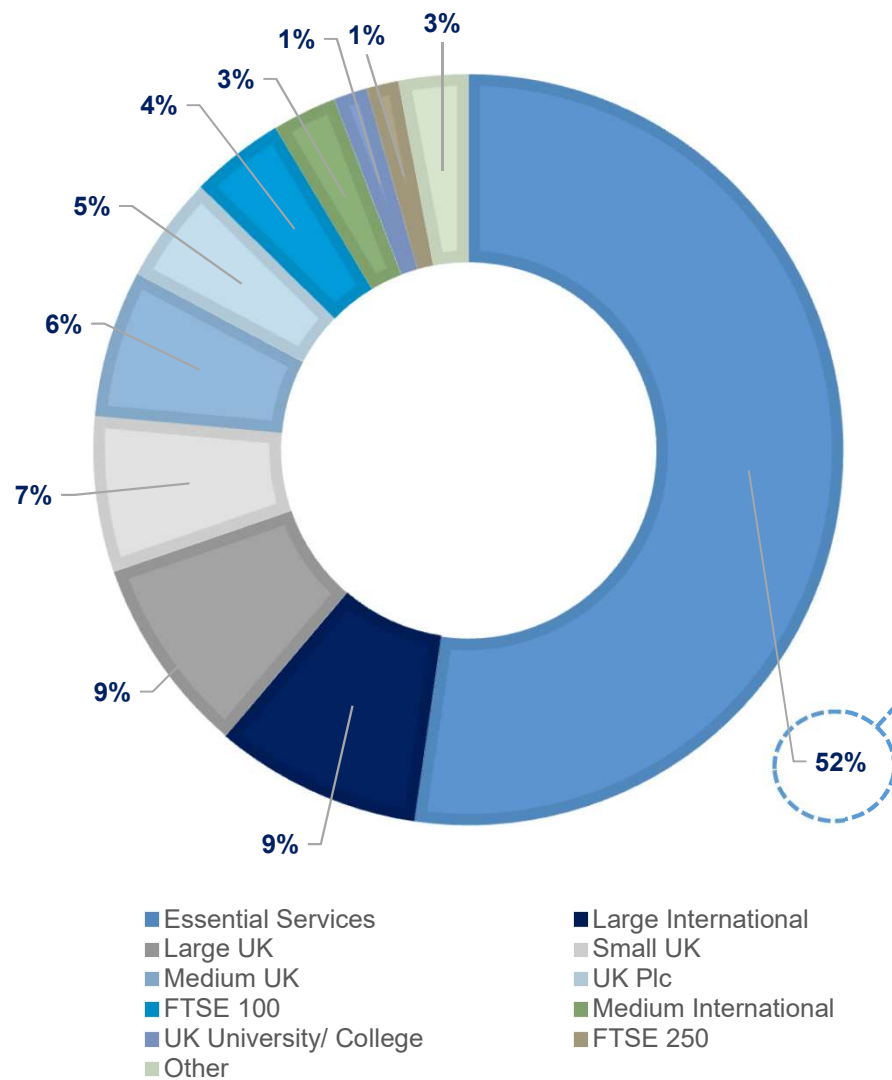
Global Reach,
Cardiff

Rent Collection by SIC

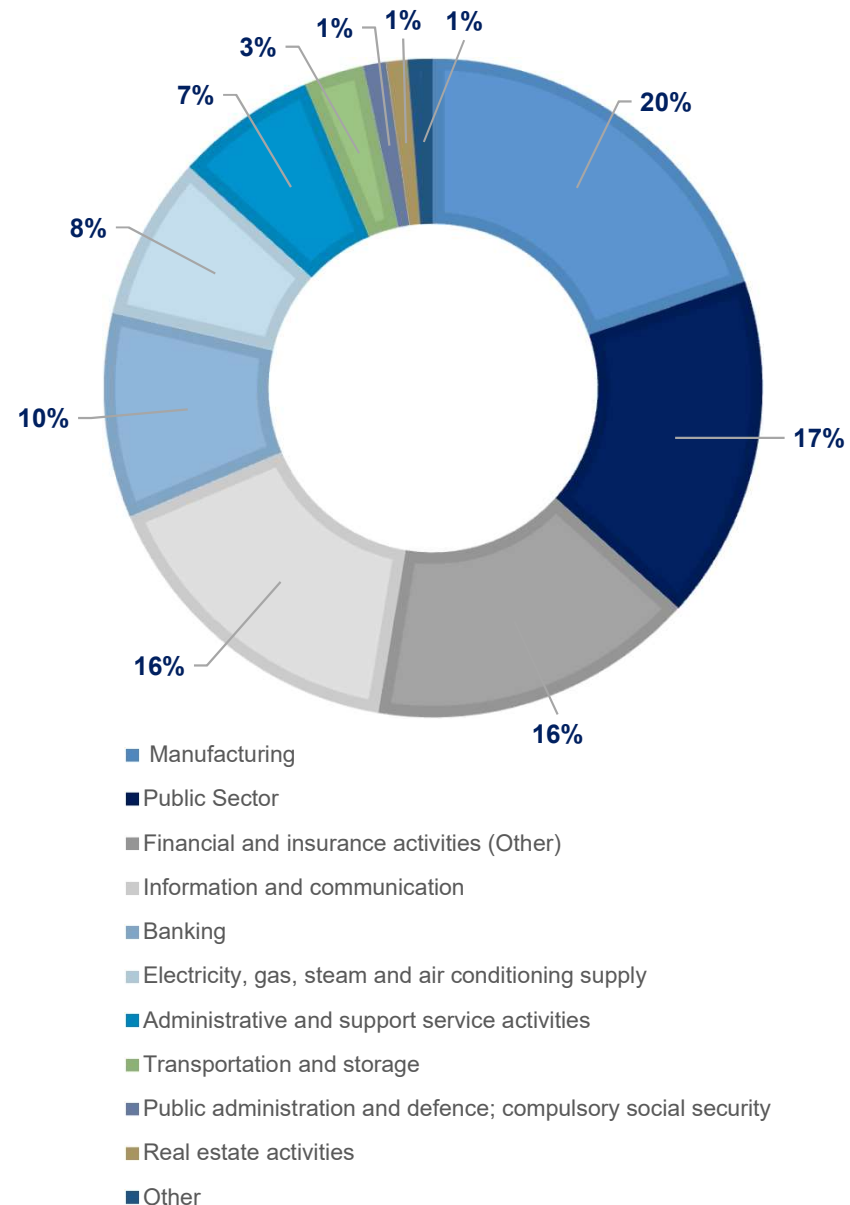


Occupiers – 52% Essential Services

Occupiers as a % of gross rent



Essential Services Breakdown by SIC



Tables may not sum due to rounding.

regionalreit.com

* Classification based upon LSPIM Research department analysis in accordance with Government designated essential services guidelines

Outlook – Dividend & Rent Collection & Experience

Dividend



- Uninterrupted high dividend (2020: 6.4pps)
- Committed to paying regular quarterly dividends to our shareholders, subject to market conditions, the Company's performance, its financial position and business outlook

Rent



- Rent Collection 98.2%* remains strong and we expect this to continue to improve as companies return to the office, which we anticipate will be post the June 21 date given by the Westminster Government
- Retention of income increased to 74.4% (by value) for leases that came up for renewal during 2020, up from 65.9% 2019
- We continue to achieve excellent results with renewal rates holding up and rents achieved either at ERV or higher which is an increase in the vast majority of cases over passing rents

Experienced Management Team



- Highly rated and experienced management team has navigated previous economic cycles; increasing the managed portfolio income post Global Financial Crisis '08 - '12
- Unique fully integrated management platform well suited to managing in turbulent/uncertain times
- Firmly focussed on executing our strategy of improving income over business plan timelines by intensively managing the assets whilst being cognisant of the evolving situation
- We will continue to move towards being a focussed regional office REIT with disposals of non core assets and recycling of capital into office properties

The future of the office



- The future of the office is bright – majority of employers and employees recognise the importance of the office
- Some of the advantages iterated by occupiers include:
 - Controls
 - Culture/ Community
 - Creativity/value add
 - Collaborative working
 - Security
 - Training
 - Mental health and wellbeing of individuals
 - Practical challenges in WFH
 - Productivity
 - Division of work and life
 - Social interaction

Changes to the use and configuration of offices will happen including de-densification



- As part of the lessons from Covid-19 it is widely accepted the workplace will change in how it is utilised and needs to become more flexible
- There will be larger areas for collaborative working and relaxation.
- Going forward, some companies will adopt new methods of working on a try and test basis. We anticipate it will take 18 – 24 months for companies to formulate views on these. This could have a short term impact on take up of vacant offices and/or some 'surplus' space coming on the market
- There will be more emphasis on employee well-being, which will lead to de-densification in the workplace. This will in the medium term lead to an increase in demand for space to accommodate the same staff
- Our regional high quality, value offer will be less impacted than large prime city centres where commute times are more of an issue and larger savings can be achieved
- Too early to see trends but we are undertaking regular tenant surveys and remain very close to our tenants and the local markets in which we are represented

Outlook

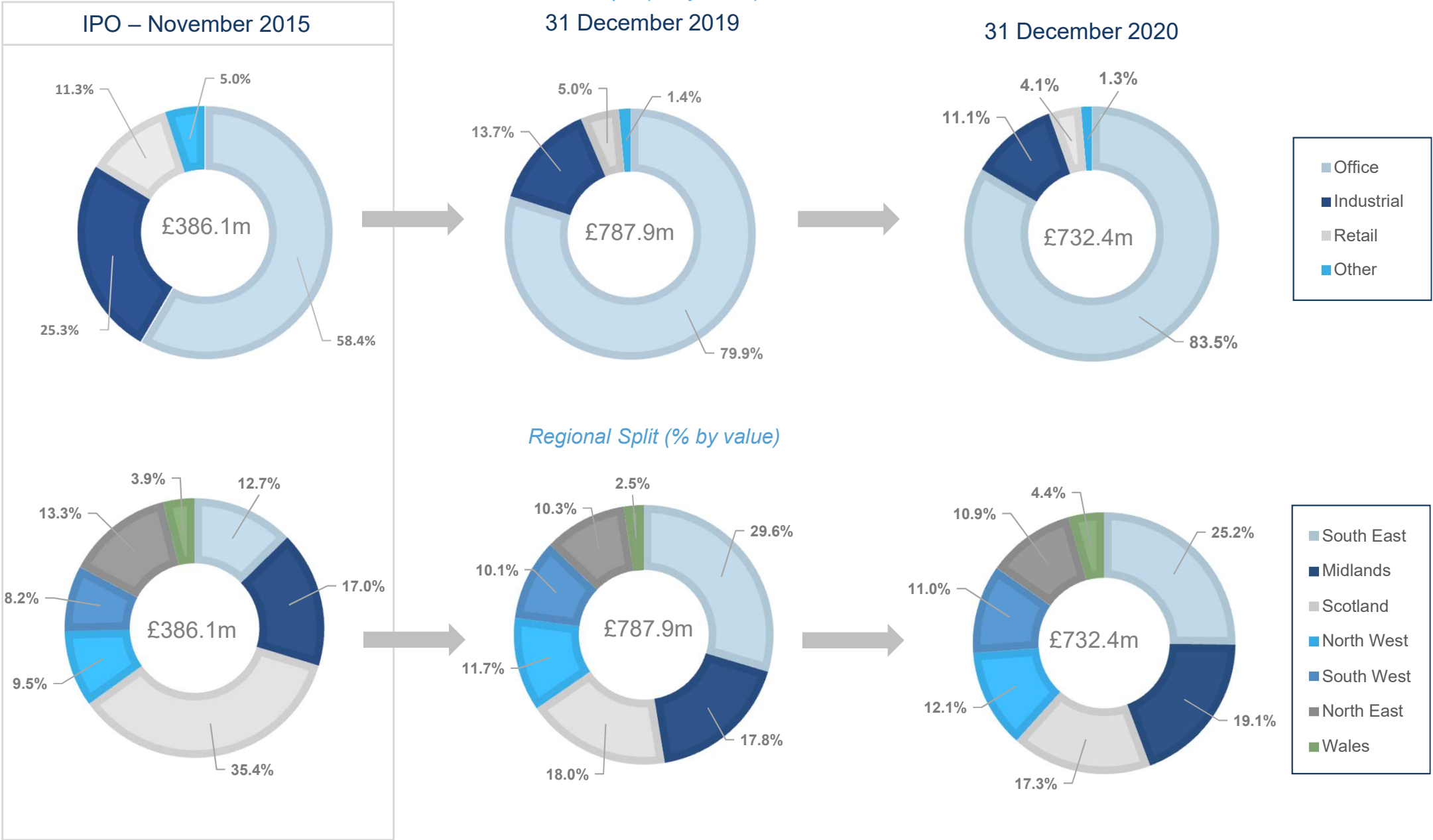


- Outlook remains fluid and there is some uncertainty but we remain confident in our strategy

Portfolio



£732.4m Property Portfolio

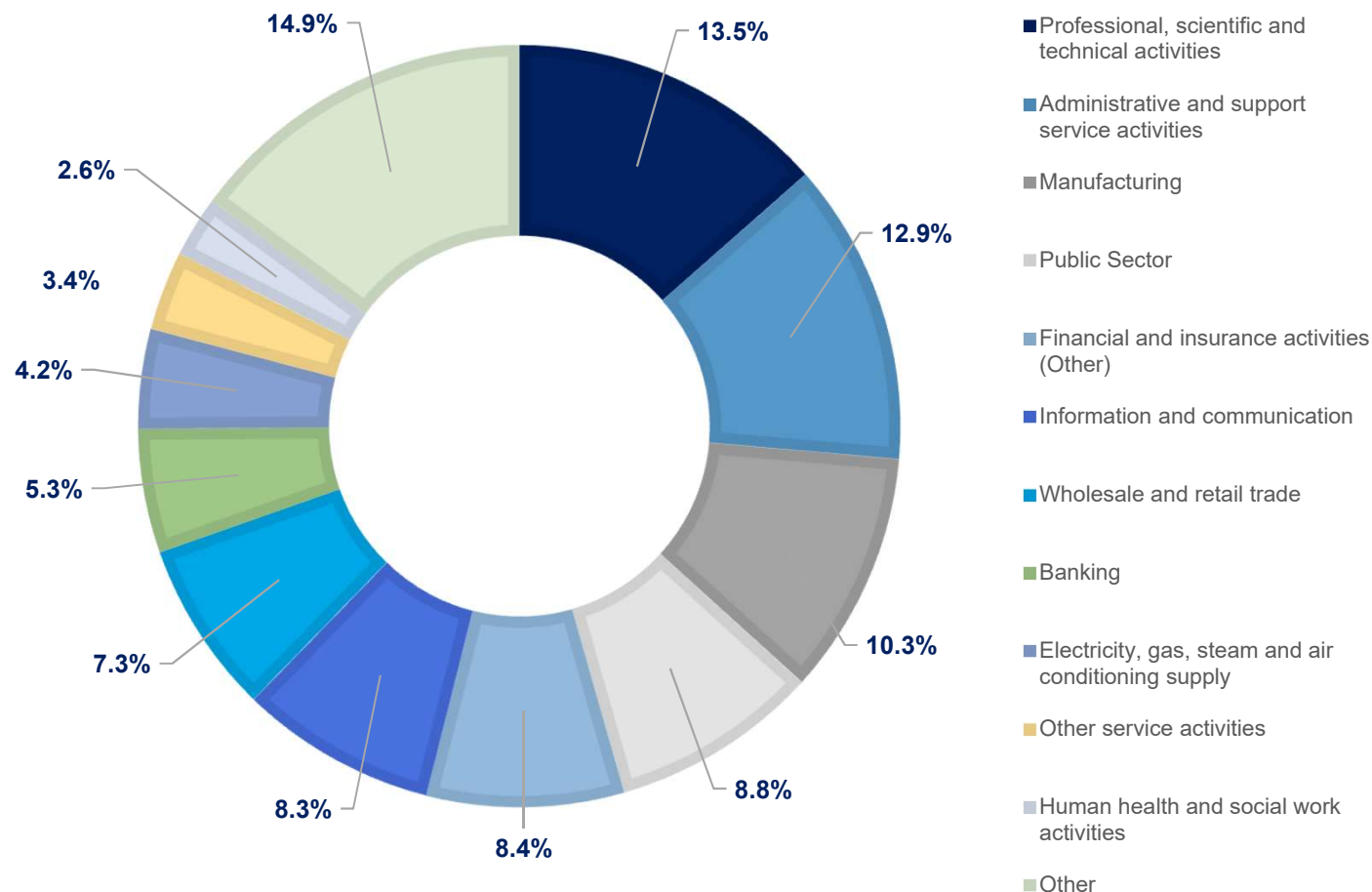


Highly Diversified Portfolio

Diversified Occupier Base

- Diversified income - large tenant mix with 898 tenants and 1,245 units
- Large spread of tenants businesses
- A broad geographic spread
- Spread of assets – 153 properties
- The largest occupier represents only 3.5% of rent roll
- Top 15 tenants represent 26.9% of the Group's gross rent roll
- Largest single property accounts for only 3.8% of portfolio by value

Occupier by SIC code, as a % of rent roll



Tables may not sum due to rounding.

Environment



- Independent environmental report required for all potential acquisitions
- CAPEX programmes consider the choice of materials and equipment to mitigate impact and enhanced EPC rating
- On going risk assessment of current and future tenants by on site inspection; all sites visited at least annually with materially evident environmental issues reported to the board
- Group electricity procurement strategy aims to source power from 100% renewables
- Implementation of EV charging stations across the portfolio

Social



- The IM and AM implement staff well-being initiatives.
- We are at the forefront of COVID-19 health and safety guidelines
- Assisted occupiers with implementing COVID-19 measures
- Committed to promoting diversity in the workplace

Governance



- Committed to establishing and maintaining high standards of corporate governance in line with best practice
- Fully AIC compliant
- EPRA Gold maintained
- 66% of the Board are independent directors

On track



- Progressing with GRESB submission and adhering to structured best practice
- Continually re-assessing and updating initiatives to reflect an ever changing world

Summary



Portfolio Management

Targeted disposals matched with and opportunistic acquisitions; disposals rationalising operations



	Dec 2019	Dec 2020	Change
Investment Property	£787.9m	£732.4m	(£55.5m)
Acquisitions before costs	£87.1m	£42.4m	(£44.7m)
Acquisition Net Initial Yield	8.6%	9.8%	120bps
Disposals net	£24.3m	£53.4m	£29.1m
Disposal Net Initial Yield	6.8%	5.6%	(120bps)
CAPEX	£5.8m	£8.8m	£3.0m

Portfolio Diversification

Continue to reduce exposure to Scotland by value



Office	79.9%	83.5%	360bps
Scotland*	18.0%	17.3%	(70bps)

Debt

Proactive and conservative approach



Weighted Average Cost of Debt	3.5%	3.3%	(20bps)
Weighted Average Duration	7.3yr	6.4yrs	(0.9yr)

Return

Continued robust returns with a high yielding uninterrupted quarterly dividend



Total Accounting Return since IPO**	43.0%	36.3%	(670bps)
Total EPRA Annual Accounting Return	9.0%	6.2%	(280bps)
Dividends declared	8.25p	6.40p	(1.85p)

Appendix

Financial Information

Property Portfolio

Portfolio Activity

Performance

Glossary

Financial Information



Financial – Statement of Comprehensive Income

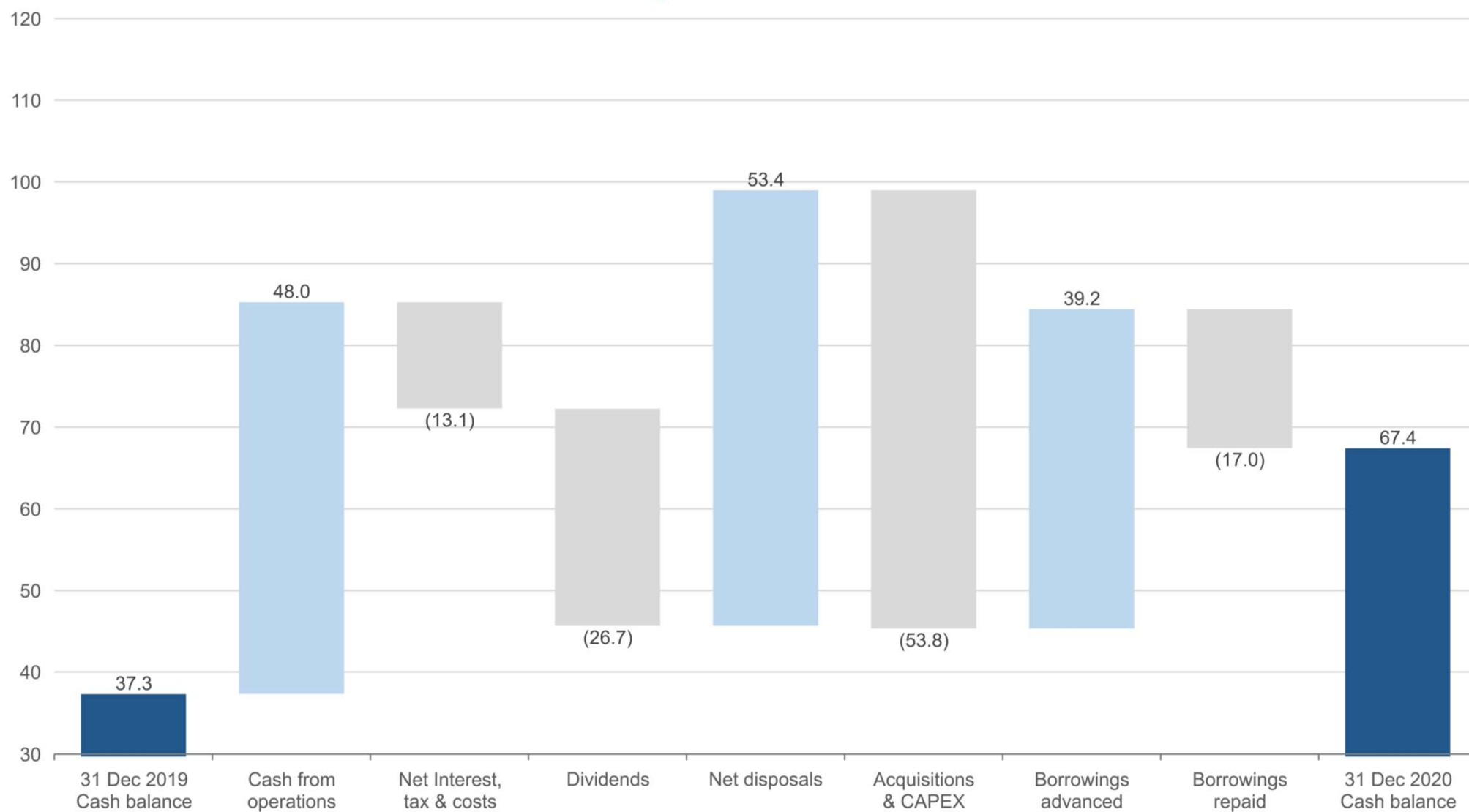
	Year-end 2019 (£'000)	Year-end 2020 (£'000)	Change (£'000)
Rental and property income	75,645	75,941	296
Property costs	(20,681)	(22,662)	(1,981)
Net rental and property income	54,964	53,279	(1,685)
Administrative & other expenses	(10,904)	(11,329)	(425)
Operating profit (loss) before gains/(losses) on property assets/other investments	44,060	41,950	(2,110)
Gains on the disposal of investment properties	1,662	(1,073)	(2,735)
Change in fair value of investment properties & of right of use asset	(3,707)	(54,988)	(51,281)
Operating profit/(loss)	42,015	(14,111)	(56,126)
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(15,761)	(17,090)	(1,329)
Profit/(loss) before tax	26,254	(31,201)	(57,455)
Taxation	257	203	(54)
Profit/(loss) after tax for the period (attributable to equity shareholders)	26,511	(30,998)	(57,509)
Earnings/(losses) per share - basic	6.6p	(7.2p)	(13.8p)
Earnings/(losses) per share - diluted	6.6p	(7.2p)	(13.8p)
EPRA earnings/(losses) per share - basic	7.8p	6.5p	(1.3p)
EPRA earnings/(losses) per share - diluted	7.8p	6.5p	(1.3p)

Financial – Statement of Financial Position

	Year-end Dec 2019 (£'000)	Year-end Dec 2020 (£'000)	Change		Year-end Dec 2019 (£'000)	Year-end Dec 2020 (£'000)	Change
Assets Non-current Assets				Liabilities Current liabilities			
Investment properties	787,915	732,380	(55,535)	Other current liabilities	(36,190)	(49,083)	(12,893)
Right of use assets	16,351	16,156	(195)				
Goodwill	558	-	(558)	Non-current liabilities			
Other non-current assets	1,156	1,011	(145)	Bank and loan borrowings - non current	(337,142)	(360,133)	(22,991)
Current assets				Lease liabilities	(16,510)	(16,473)	37
Other current assets	32,158	33,690	1,532	Financial Instruments	(1,816)	(4,339)	(2,523)
Cash and cash equivalents	37,248	67,373	30,125				
Total assets	875,386	850,610	(24,776)	Total liabilities	(391,658)	(430,028)	(38,370)
				Net assets	483,728	420,582	(63,146)
				Share capital	430,819	430,819	-
				Retained earnings/accumulated (losses)	52,909	(10,237)	(63,146)
				Total equity	483,728	420,582	(63,146)
				Net assets per share – basic	112.1p	97.5p	(14.6p)
				Net assets per share – diluted	112.1p	97.5p	(14.6p)
				EPRA net tangible value per share – basic*	112.6p	98.6p	(14.0p)
				EPRA net tangible value assets per share – diluted*	112.6p	98.6p	(14.0p)

Cash Flow – Ample Liquidity

Cash bridge 31 December 2020



Tables may not sum due to rounding.

Generating Diversified Stable Income

	Year ending 31 Dec 2019	Year ending 31 Dec 2020	Change*
Net rental and property income	£55.0m	£53.3m	(£1.7m)
Operating profit before gains/losses on property assets/other investments	£44.1m	£42.0m	(£2.1m)
IFRS EPS (fully diluted)	6.6p	(7.2p)	(13.8p)
EPRA EPS (fully diluted)	7.8p	6.5p	(1.3p)
EPRA cost ratio (incl. direct vacancy costs)	31.6%	32.4%	80bps
Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee)	18.7%	19.6%	90bps
Dividend declared for the period	8.25p	6.40p	(1.85)p

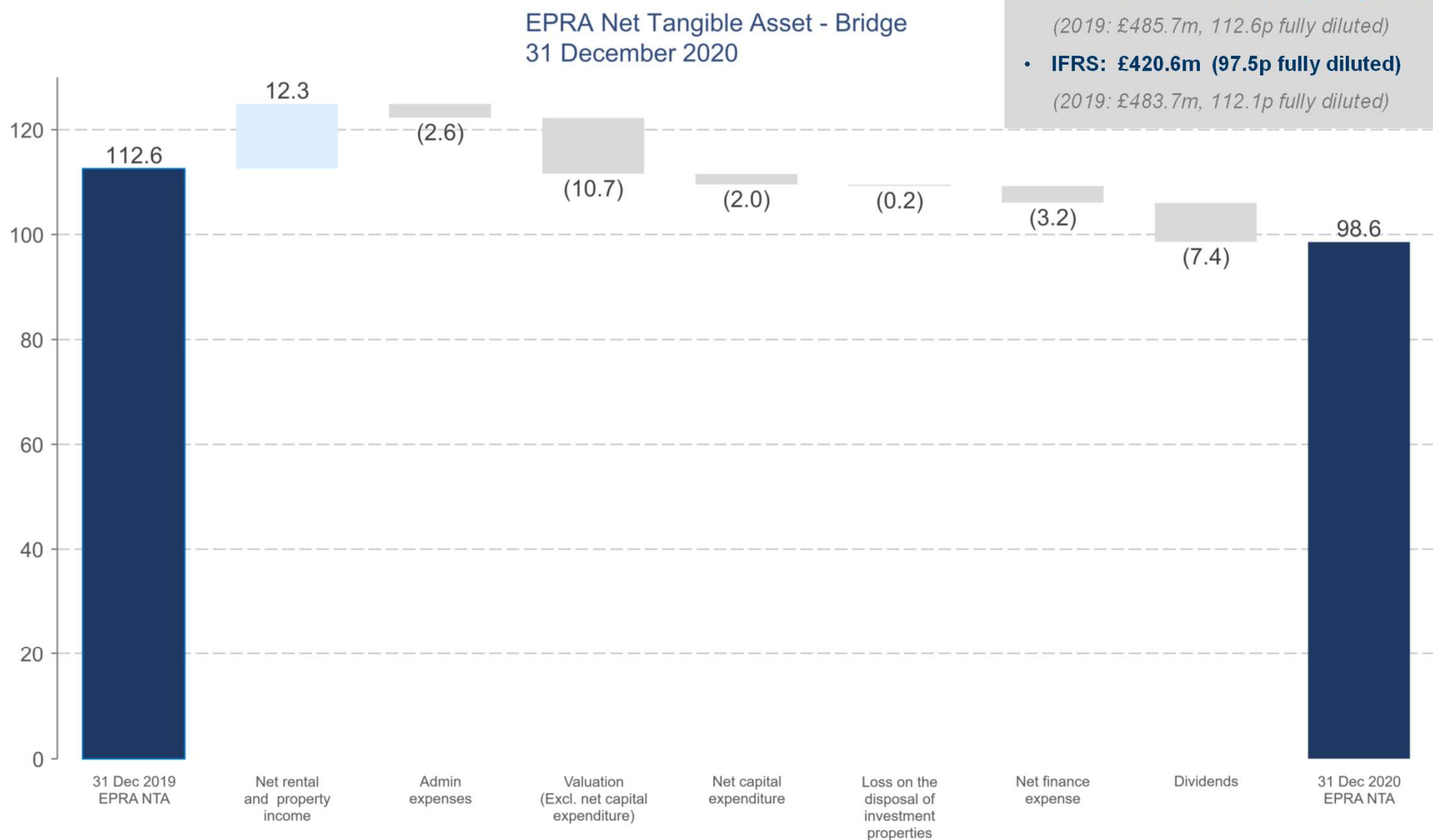
- Rental income continues to remain robust. If the portfolio was fully occupied per Cushman & Wakefield's view of market rents the Rent roll at 31 Dec 2020 would be £76.6m pa. (2019: £77.2m)**.
- The EPRA cost ratio (incl. direct vacancy costs) increased ostensibly due to an increase in the bad debt provision.
- Loss before tax 31 Dec 2020 £31.2m (2019: gain £26.3m); including loss on the disposal of investment properties £1.1m (2019: gain £1.7m) and change in fair value of investment properties of (£54.8m) (2019: (£3.5m)).
- EPRA EPS (fully diluted) – 31 Dec 2020: 6.5p (2019: 7.8p) paying a FY 2020 dividend 6.4p (2019: 8.25p)

Financial Position Remains Strong, Flexible and Defensive

	Year ending 31 December 2019	Year ending 31 December 2020	Change
Investment Property	£787.9m	£732.4m	(£55.5m)
IFRS NAV (fully diluted)	112.1p	97.5p	(14.6p)
EPRA NTA* (fully diluted)	112.6p	98.6p	(14.0p)
Borrowings (incl. retail eligible bond)	£344.0m	£366.2m	(£22.2m)
Weighted average cost of debt (incl. hedging)	3.5%	3.3%	(20bps)
Net Loan-to-value	38.9%	40.8%	190bps
EPRA Occupancy	89.4%	89.4%	-
EPRA Occupancy like-for-like	89.0%	88.7%	(30bps)
Rent roll like-for-like	£60.7m	£59.8m	(£0.9m)

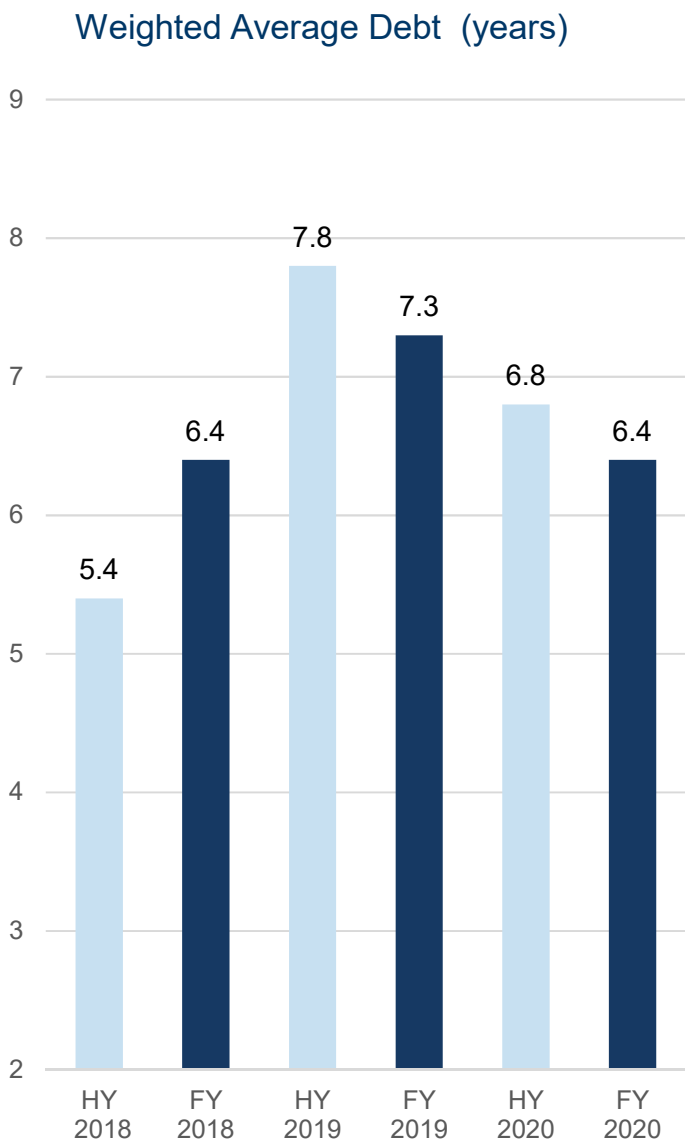
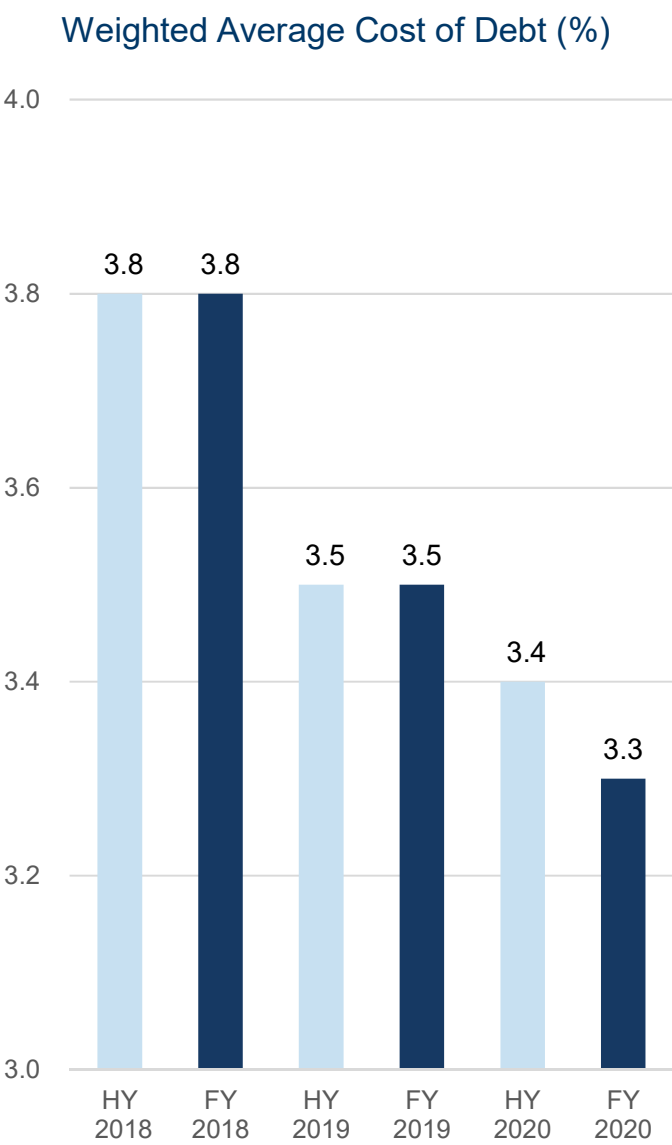
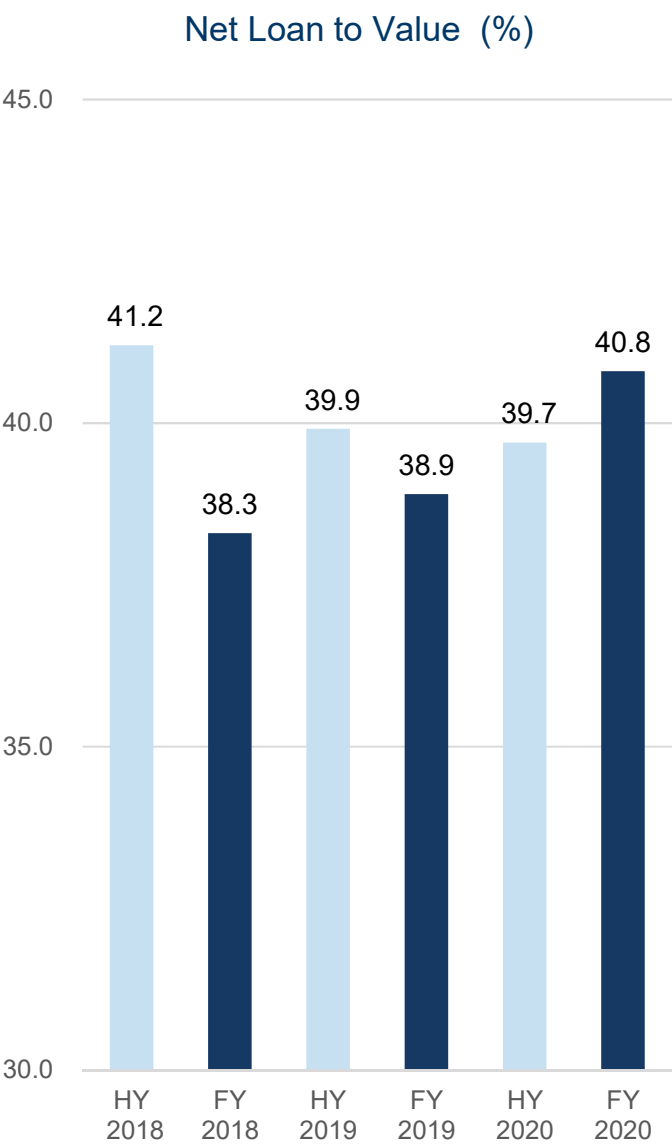
- Investment properties on a like-for-like valuation decrease of 7.2%, adjusting for capital expenditure of £8.8m, acquisitions of £42.4m (before costs) and disposals of £53.4m (after costs)
- Borrowings increased by net £22.2m with the drawdown of £30.7m of available headroom on 26 March 2020 and repayments associated with the disposals in the period
- EPRA Occupancy remained stable at 89.4%, with planned refurbishment programmes impacting ERV amounting to £3.7m
- Total accounting returns to shareholders since IPO of 36.3%, and annualised total accounting rate of return 6.2%; target 10%+. FTSE EPRA NAREIT UK Index equivalent of (15.9%) and (5.4%), respectively.

Positioned to Unlock Shareholder Value over the Long Term



Tables may not sum due to rounding.

Debt Metrics - Cost of Debt at a Record Low



Debt Facilities – Defensive Strategy

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value** %	Annual Interest Rate %	
Royal Bank of Scotland	55,000	52,349	Jun-24	45.7	2.15	Over 3mth £ LIBOR
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	165,000	Dec-27	47.4	3.28	Fixed
Scottish Widows Ltd	36,000	36,000	Dec-28	41.0	3.37	Fixed
Santander UK	65,870	62,822	Jun-29	39.8	2.20	Over 3mth £ LIBOR
	321,870	316,171				
Retail Eligible Bond	50,000	50,000	Aug-24	NA	4.50	Fixed
	371,870	366,171				

Property Portfolio



Overview – Specialised Platform and Diverse Assets

UK property locations as at 31 December 2020

Portfolio details as at 31 December 2020

Sector	Properties	Valuation (£m)	% by valuation	Capital Values (£psf)
Office	115	611.2	83.5	129.10
Industrial	16	81.3	11.1	42.87
Retail	20	30.0	4.1	67.41
Other	2	9.9	1.3	115.03
Total	153	732.4	100.0	102.26



Diversified Income Stream

Portfolio details at 31 December 2020

Sector	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV	Capital rate	Yield (%)		
		(£m)		(mil)	(%)	(yrs)	(£m)	(£psf)	(£m)	(£psf)	Net initial	Equivalent	Reversionary
Office	115	611.2	83.5	4.7	88.6	2.6	52.9	13.26	64.5	129.10	6.8	8.8	9.6
Industrial	16	81.3	11.1	1.9	94.6	6.2	6.6	3.90	7.4	42.87	7.0	8.1	8.0
Retail	20	30.0	4.1	0.4	93.1	3.7	3.9	9.58	3.9	67.41	9.9	10.8	11.2
Other	2	9.9	1.3	0.1	89.0	14.8	0.9	12.82	0.8	115.03	7.8	9.9	7.3
Total	153	732.4	100.0	7.2	89.4	3.2	64.2	10.44	76.6	102.26	6.9	8.8	9.4

Region	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV	Capital rate	Yield (%)		
		(£m)		(mil)	(%)	(yrs)	(£m)	(£psf)	(£m)	(£psf)	Net initial	Equivalent	Reversionary
Scotland	39	127.0	17.3	1.5	86.7	3.6	13.1	10.42	15.0	85.19	8.4	10.1	10.8
South East	31	184.6	25.2	1.3	87.5	2.5	14.9	13.29	18.5	138.64	6.3	8.2	8.9
North East	20	79.8	10.9	0.9	85.8	2.7	6.8	8.81	8.4	87.72	5.9	9.4	9.9
Midlands	28	139.9	19.1	1.5	93.6	3.4	12.6	8.85	13.7	91.80	7.7	8.4	8.9
North West	16	88.9	12.1	1.0	86.9	4.6	6.6	8.36	9.6	87.89	5.5	9.1	9.4
South West	14	80.2	11.0	0.5	96.8	2.4	7.0	15.87	8.0	160.59	6.7	8.3	9.1
Wales	5	32.0	4.4	0.4	93.1	4.6	3.2	9.28	3.4	81.02	8.8	9.0	9.4
Total	153	732.4	100.0	7.2	89.4	3.2	64.2	10.44	76.6	102.26	6.9	8.8	9.4

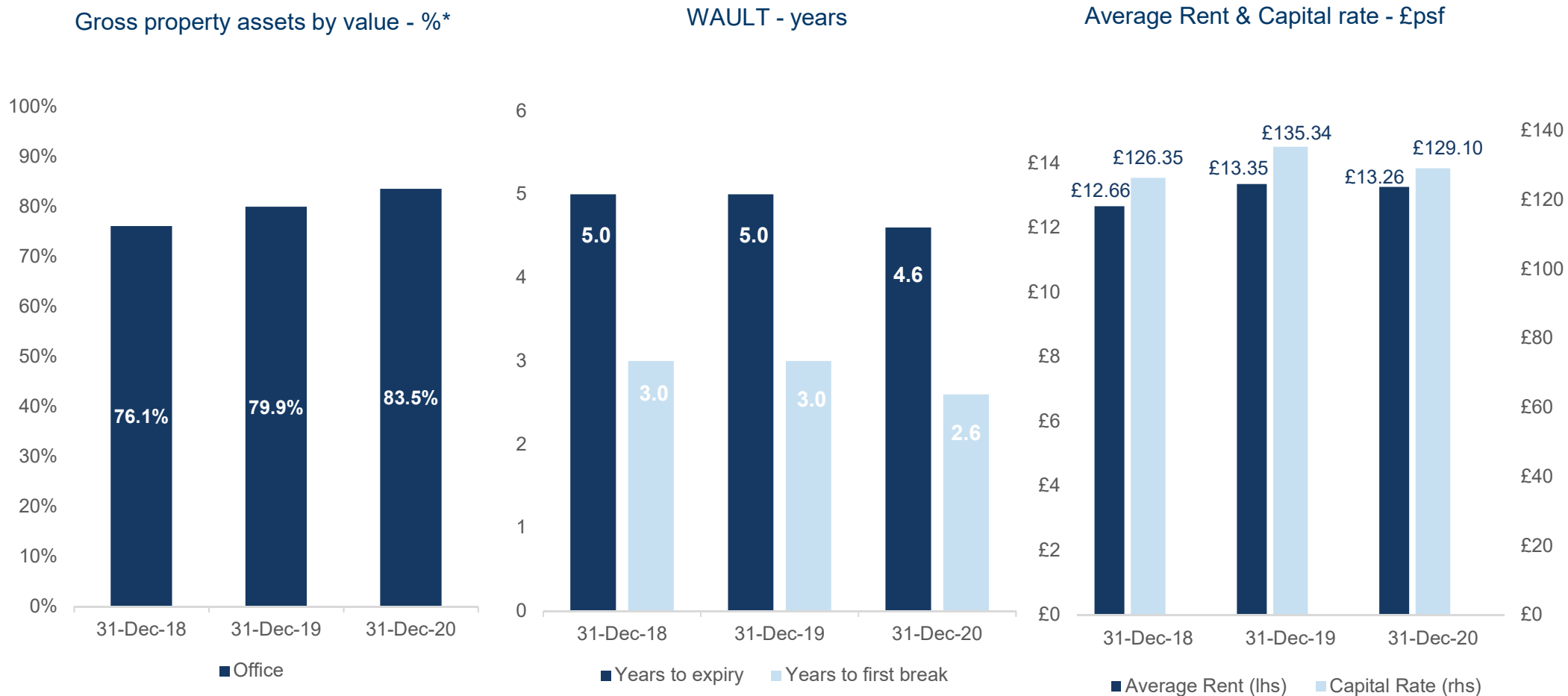
Top 15 Occupiers (Share of Rental Income)

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq Ft)	Annualised gross rent (£m)	% of Gross rental income
Barclays Execution Services Ltd	Tay House, Glasgow	Administrative and support service activities	0.8	108,386	2.2	3.5
Secretary of State for Communities & Local Government	Waterfront Business Park, Fleet 1 Bургage Square, Wakefield Bennett House, Stoke-On-Trent Cromwell House, Tritton Road, Lincoln Norfolk House, Birmingham Oakland House, Manchester Waterside Business Park, Swansea	Public sector	2.4	173,735	2.0	3.2
Bank Of Scotland Plc	Buildings 3 HBOS Campus, Aylesbury High Street/Bank Street, Dumfries	Banking	1.4	92,978	1.5	2.3
E.ON UK Plc	One & Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	2.9	146,262	1.4	2.2
TUI Northern Europe Ltd (Shell Energy)	Columbus House, Coventry	Professional, scientific and technical activities	3.0	53,253	1.4	2.1
The Scottish Ministers	Calton House, Edinburgh Quadrant House, Dundee Templeton On The Green, Glasgow The Courtyard, Falkirk	Public sector	1.6	111,076	1.3	2.1
Jiffy Packaging Ltd	Road 4 Winsford Industrial Estate, Winsford	Manufacturing	13.8	246,209	1.0	1.6
Edvance SAS	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	2.4	41,285	0.9	1.4
John Menzies Plc	2 Lochside Avenue, Edinburgh	Professional, scientific and technical activities	2.6	43,780	0.9	1.4
The Royal Bank Of Scotland Plc	Cyan Building, Rotherham	Banking	0.5	67,458	0.9	1.3
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	4.8	58,167	0.8	1.3
Aviva Central Services UK Ltd	Hampshire Corporate Park, Chilworth House, Eastleigh	Other service activities	3.9	42,612	0.8	1.2
James Howden & Company Ltd	Howden Site, Renfrew	Manufacturing	4.1	204,414	0.8	1.2
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	14.8	41,542	0.7	1.1
The Secretary of State for Defence	800 Aztec West, Bristol	Public sector	3.0	32,007	0.6	1.0
Total			3.5	1,463,164	17.3	26.9

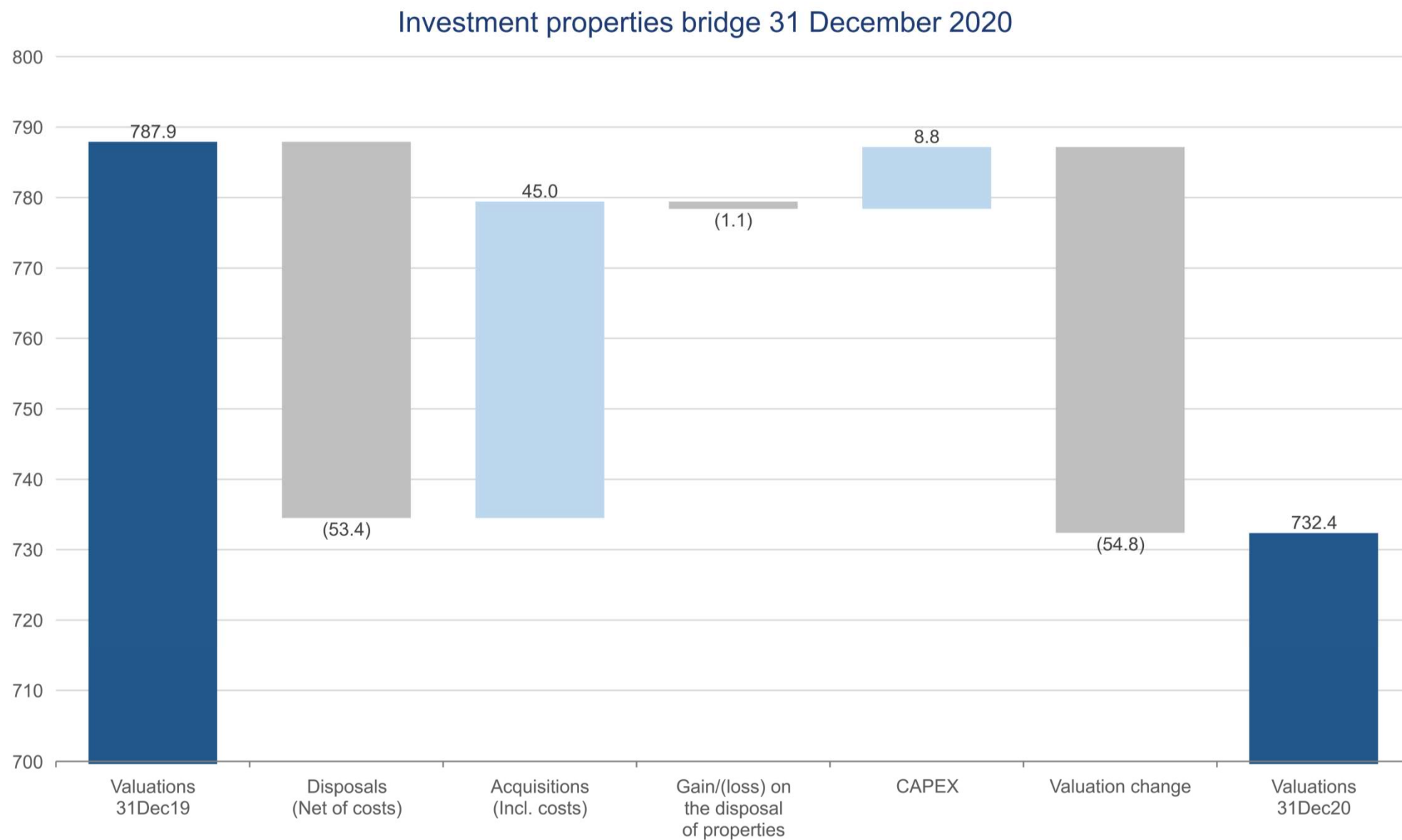
Top 15 Investments (Market Value)

Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
Tay House, Glasgow	Office	Barclays Execution Services Ltd, University of Glasgow	28.0	3.8	156,853	94.2	2.7	4.2	2.0
Genesis Business Park, Woking	Office	Nuvias (UK & Ireland) Ltd, Fernox Ltd, McCarthy & Stone Retirement Lifestyles Ltd, Walk The Walk Worldwide	23.9	3.3	98,359	80.6	1.3	2.1	3.1
Buildings 2 & 3 HBOS Campus, Aylesbury	Office	Bank Of Scotland Plc, Utmost Life and Pensions Ltd, Agria Pet Insurance Ltd	23.5	3.2	140,791	95.7	2.3	3.5	2.4
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, National Westminster Bank Plc, Utilita Energy Ltd, Digital Wholesale Solutions Ltd	19.5	2.7	85,422	99.8	1.5	2.4	2.6
800 Aztec West, Bristol	Office	Edvance SAS, The Secretary of State for Defence	19.2	2.6	73,292	100.0	1.5	2.4	2.6
Norfolk House, Smallbrook Queensway, Birmingham	Office	Secretary of State for Communities & Local Government, Spark44 Ltd	18.9	2.6	114,982	97.4	1.6	2.5	1.7
Beeston Business Park, Nottingham	Office/Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, Worldwide Clinical Trials Ltd, Heart Internet Ltd	18.0	2.5	215,330	100.0	1.8	2.8	6.3
Road 4 Winsford Industrial Estate, Winsford	Industrial	Jiffy Packaging Ltd	16.3	2.2	246,209	100.0	1.0	1.6	13.8
One & Two Newstead Court, Nottingham	Office	E.ON UK Plc	15.7	2.1	146,262	100.0	1.4	2.2	2.9
Portland Street, Manchester	Office	Darwin Loan Solutions Ltd, New College Manchester Ltd, Mott MacDonald Ltd, Simard Ltd	15.1	2.1	55,787	98.8	0.9	1.5	3.1
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Brush Electrical Machines Ltd, Hill Rom UK Ltd	12.6	1.7	91,034	100.0	1.1	1.8	2.7
Columbus House, Coventry	Office	TUI Northern Europe Ltd (Shell Energy)	12.0	1.6	53,253	100.0	1.4	2.1	3.0
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Heidi Beers Ltd, Cornerstone Community Care	11.7	1.6	142,512	89.9	1.2	1.9	3.4
Oakland House, Manchester	Office	Please Hold (UK) Ltd, HSS Hire Service Group Ltd, CVS (Commercial Valuers & Surveyors) Ltd, Rentsmart Ltd	10.8	1.5	160,975	88.1	1.1	1.8	2.9
Chancellor Court, Leeds	Office	St James's Place Wealth Management Group Plc	10.1	1.4	41,666	99.0	0.3	0.5	0.8
Total			255.2	34.8	1,822,727	95.5	21.3	33.2%	3.4

Geographically Diversified Office Led Portfolio Focused on the UK Regions



Investment Property Activity – Proactive Strategy



Portfolio Activity

- Acquisitions
- Asset Management Initiatives (CAPEX)
- Disposals

Recycling in Action - Summary

Acquisitions



Acquisitions: £42.4m (before costs)

Net Initial Yield: 9.8%

Rent: £4.4m

Disposals



Disposals: £53.4m (net of costs)

Net Initial Yield: 5.1%

Rent: £3.1m

Capex



Capital Expenditure: £8.8m

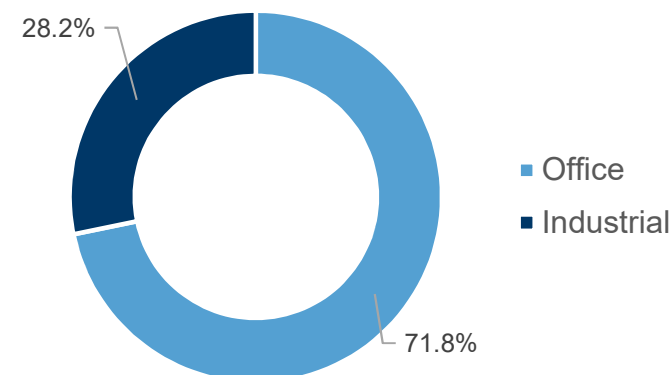
Acquisitions



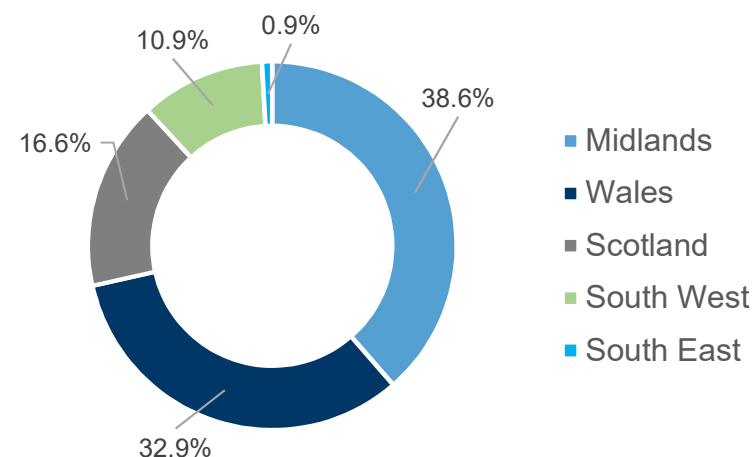
Summary – Acquisitions during 2020

- Acquisitions totalled **£42.4m** (before costs)
- Reflecting an **average net initial yield of 9.8%**
- Providing a combined annualised **gross rental income of c.£4.4m** (as at 31 Dec 20)
- 5 assets acquired in total
- Combined floor area of 572,269 sq. ft.
- WAULT to expiry of **4.6 years**

Sector Split



Regional Split



Beeston Business Park, Nottingham

Acquisition of office/ industrial property for £16.4m.

The business park benefits from excellent transport links being adjacent to the Beeston Train Station which has direct connectivity to London St. Pancras International, and is located four miles from Nottingham city centre. Additionally, East Midlands Airport is located only 12 miles to the south west of the business park.

The out-of-town site comprises 215,330 sq. ft. of internal space, including a flagship multi-let two floor office building on a total site of 26.5 acre.

The property's weighted average unexpired lease term is 6.3 years.

The tenants include Metropolitan Housing Trust, Worldwide Clinical Trials Ltd., and Heart Internet Ltd. (trading as GoDaddy).



Acquisition Price	£16.4m
ERV	£1.7m
Rental Income (including supplement)	£1.8m
Net Initial Yield	10.1%
Floor Area	215,330 sq. ft.

Global Reach, Cardiff

Acquisition of a modern Grade A flagship office building in Cardiff for £8.4m, with a net initial yield of 8.9%.

The four-floor Grade A office asset (61,641 sq. ft.) is set in a 6.0 acre site with some 200 dedicated car parking spaces and is located in Global Reach, Cardiff. It benefits from excellent transport links, being within a five-minute drive to Cardiff city centre as well as the M4 motorway.

It is fully let to Relx UK Ltd, NFU Mutual Insurance, The British Diabetic Association, Active Quote Ltd, Source Insurance Ltd and Wilmott Dixon Construction Ltd with a rent of £803,000 (£13.02 sq. ft.) per annum.

The property has a weighted average unexpired lease term of 4.7 years to expiry, and 2.3 years to the first break.



Acquisition Price
ERV
Rental Income
Net Initial Yield
Floor Area

£8.4m
£0.8m
£0.8m
8.9%
61,641 sq. ft.

Acquisition of Two Offices for £10.2m

Acquisition of two office properties in Swansea and Bristol for a total consideration of £10.2m, with a combined net initial yield of 10.1%.

Waterside Business Park, Swansea

The two-floor office asset comprises 68,535 sq. ft. and is set over a 4.1 acre site with ample parking.

Being situated less than three miles from Swansea City Centre and train station it also benefits from excellent road and rail links.

It is let to The Secretary of State for Communities & Local Government and JCP Solicitors Ltd.

The current contracted rent of £690,000 per annum reflects a net initial yield of 11.7%.

2410 Aztec West, Bristol

The two-floor office asset (22,349 sq. ft.) is fully let to Liverpool Victoria Friendly Society Ltd., and is set in 1.4 acres with 114 car parking spaces.

This site also benefits from both excellent road and rail links, given its location next to the M5 motorway and less than three miles from Bristol Parkway train station.

The current contracted rent of £406,000 per annum reflects a net initial yield of 8.2%.

Waterside Business Park, Swansea



Acquisition Price
ERV
Rental Income
Net Initial Yield
Floor Area

2410 Aztec West, Bristol



£10.2m
£1.1m
£1.1m
10.1%
90,884 sq. ft.

Howden Site, Renfew

Acquisition of a headquartered manufacturing facility for £7.1m, in Braehead, Scotland, with a net initial yield of 10.1%.

The manufacturing facility with associated yard space and an office asset (204,414 sq. ft.) is set in a self-contained secure 10.7 acres and benefits from excellent transport links from the M8 motorway, a direct train-line to Glasgow city centre and access to Glasgow airport.

It is fully let to James Howden Ltd., at a rent of £763,000 (£3.73/sq. ft.) and weighted average unexpired lease term of 4.1 years.

The tenant has invested considerably in the site, including crange being installed and roof repairs being completed at their expense. In addition, the site is considered to offer significant development potential for a range of uses, subject to planning.



Acquisition Price
ERV
Rental Income
Net Initial Yield
Floor Area

£7.1m
£0.8m
£0.8m
10.1%
204,414 sq. ft.

Asset Management Initiatives (CAPEX)

Chancellor Court, Leeds

Acquired in 2013

Constructed in the early 1990's, the asset consists of steel frame, brick construction office buildings which provide 41,666 sq. ft. of space across 2 buildings.

The building is well located in Leeds City Centre, a four minute walk from Leeds Central Station and sits in the heart of Leeds creative quarter with a very good parking allocation for a city centre asset. The building is let in part to St James Place Wealth Management and until recently was fully let.

Tenants recently vacated over half of the office space and as per the business plan, the opportunity was taken to completely refurbish the vacant office areas and common parts

Extensive refurbishment project undertaken to reposition the property in the market. Includes rebranding to 'The Coachworks'. Phase 1 element covering a total of 20,126 sq. ft. of refurbishment costing £2.18m now practically completed

The Phase 2 refurbishment has commenced which will see just under 3,000 sq. ft. of office space in CW 1 refurbished along with a brand new reception at a total cost of £514,960.

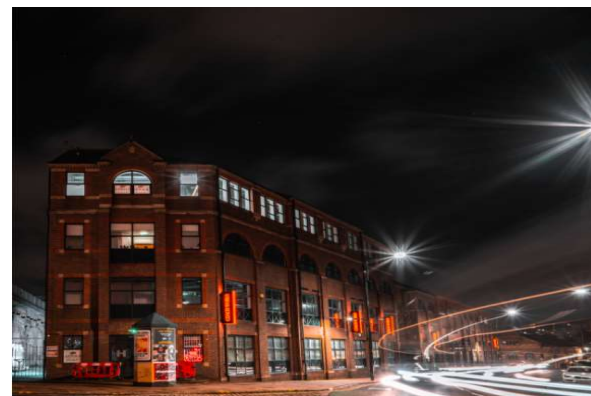
Even under the current conditions, the levels of interest are encouraging. We have a viewing shortly for a 15,000 sq. ft. requirement and there is ongoing interest to purchase the smaller of the two buildings.

We are quoting £25 per sq. ft. on the refurbished space

Before



After



Before



Acquisition Price
Valuation Dec 20
ERV (Dec 20)
Floor Area
Gross Rent Roll

£6.1m
£10.1m
£1.0m
41,666 sq. ft.
£0.3m

30-34 Hounds Gate, Nottingham

Acquired in May 2016

30/34 Hounds Gate comprises an attractive converted former Victorian mill with the original frontage. The property has been extended at the rear under a part pitched and part flat roof with glazed curtain wall side elevations to provide large open plan floor plates.

Agreement for lease in place with Ensek Limited with Ensek Holdings Limited as Guarantor. Lease commencement 18th Feb 2021. Agreement was conditional on extensive refurbishment works to 15,478 sq. ft. of office space (Cat A), reception and common areas and includes repositioning building in the market.

Practical Completion of these works in February 2021. Total works costing £795,000 ex VAT.

New 10 year lease with 6 year break. Rent £270,825 pa headline subject to 8 months rent free from lease commencement.

Deal increased building value from £4.1m in H1 2020 to £4.4m to H2 2020 value.

Before



After



Acquisition Price
Valuation Dec 20
ERV (Dec 20)
Floor Area
Gross Rent Roll

£4.3m
£4.4m
£0.5m
34,733 sq. ft.
£0.2m

Commercial Road, Bromborough

Acquired in March 2016

The property comprises a large distribution warehouse incorporating a 2 storey office building on a large secure site of 6.5 acres.

Commercial Road lies in the heart of the Wirral International Business Park, in close proximity to the A41 providing good road access to Chester, Liverpool and beyond.

Agreement for Lease in place with Albea Creative UK Limited. Lease is subject to large scale refurbishment and repair project costing a total of £2.8m. Works package is £2.4m with £0.4m provided to the tenant for fit-out in lieu of rent free incentive. New 10 year lease with 5 year break. Rent of £543,725 p.a. payable from day one.

22 week programme of works expected to complete end of May 2021. On completion value will rise to £6M from estimated VP value in existing condition of £1.73M. H2 2020 value of £3.95m assumes element of uplift due to AfL being in place.

Before



Acquisition Price
Valuation Dec 20
ERV (Dec 20)
Floor Area

During



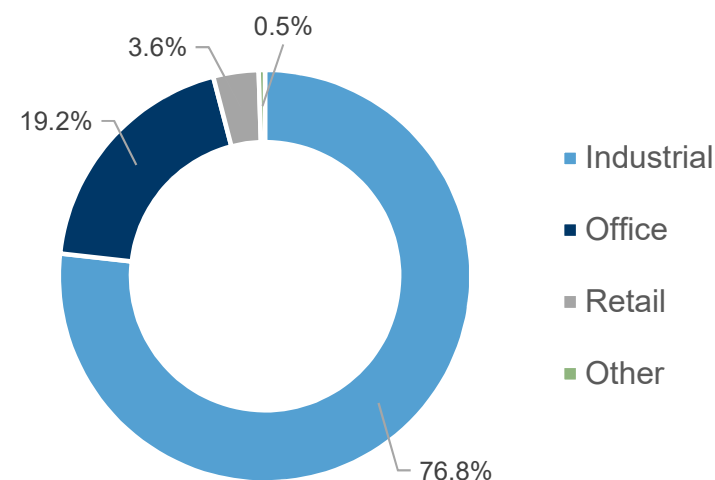
£3.2m
£4.1m
£0.5m
126,689 sq. ft.

Disposals

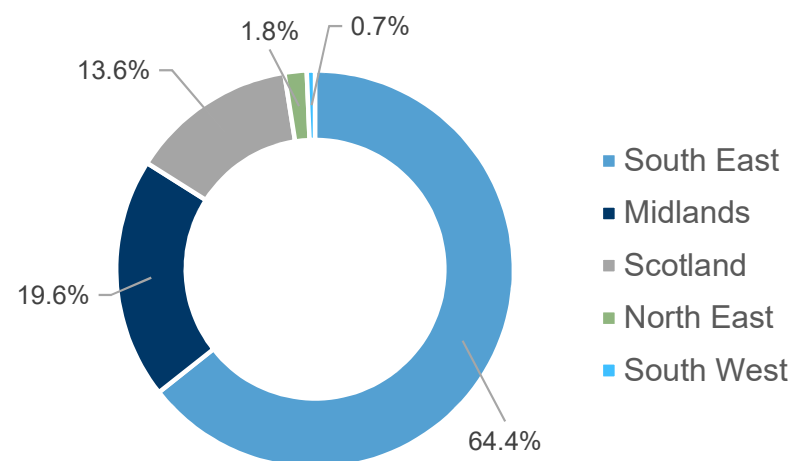
Summary – Disposals during 2020

- Disposals totalled **£56.4m** (before costs) reflecting an uplift against valuation (Dec 19) of 3.8%
- Disposals totalled **£53.4m** (net of costs)
- Reflecting an **average net initial yield of 5.1% (5.6% excluding vacant assets)**.
- 12** assets and 4 part sale in total during 2020

Sector Split



Regional Split



Juniper Park, Basildon

Acquired in March 2016 as part of the Rainbow portfolio.

The 277,760 sq. ft. multi-let industrial, warehouse, and office park was purchased for £20.1m.

The park is situated on the A1174 and is located 10 minutes from Kinston upon Hull and provides a mix of office/trade counter units, warehousing and light manufacturing accommodation

Juniper Park, Basildon was sold in October 2020 for £32.7m.

This disposal reflects an uplift of 59.4% from the acquisition price, including subsequent capital expenditure, and 3.9% above the 30 June 2020 valuation



Acquisition Price	£20.1m
Valuation Dec 19	£29.6m
ERV (Dec 19)	£2.1m
Sale Price	£32.7m
Uplift against acquisition price	59.4% (after capex)

Building 2 & 3 The Oaks, Coventry

Acquired May 2015

A 39,490 sq. ft. located on Westwood Business Park which is regarded as Coventry's premier out of town business park. The property is located 5 miles (8 km) south west of Coventry city centre.

The property comprises two detached office buildings arranged over ground and first floor of steel frame construction developed in the late 1980's.

At acquisition, the property was fully let to Fraikin Ltd.

Following Fraikin Ltd decision to vacate the building 2, this was re-let to Warwick International College until April 2026.

Following Fraikin Ltd decision to vacate the building 3, this was re-let to McLaren (The Oaks Site Office) Ltd in 2018 until November 2022.

Property sold in Q2 2020 for £6.3 million, reflecting a net initial yield of 6.5%. This followed the asset manager successfully obtaining planning permission for change of use from commercial office to student housing.

The sale price marks an uplift of 8.6% against the 31 December 2019 valuation.

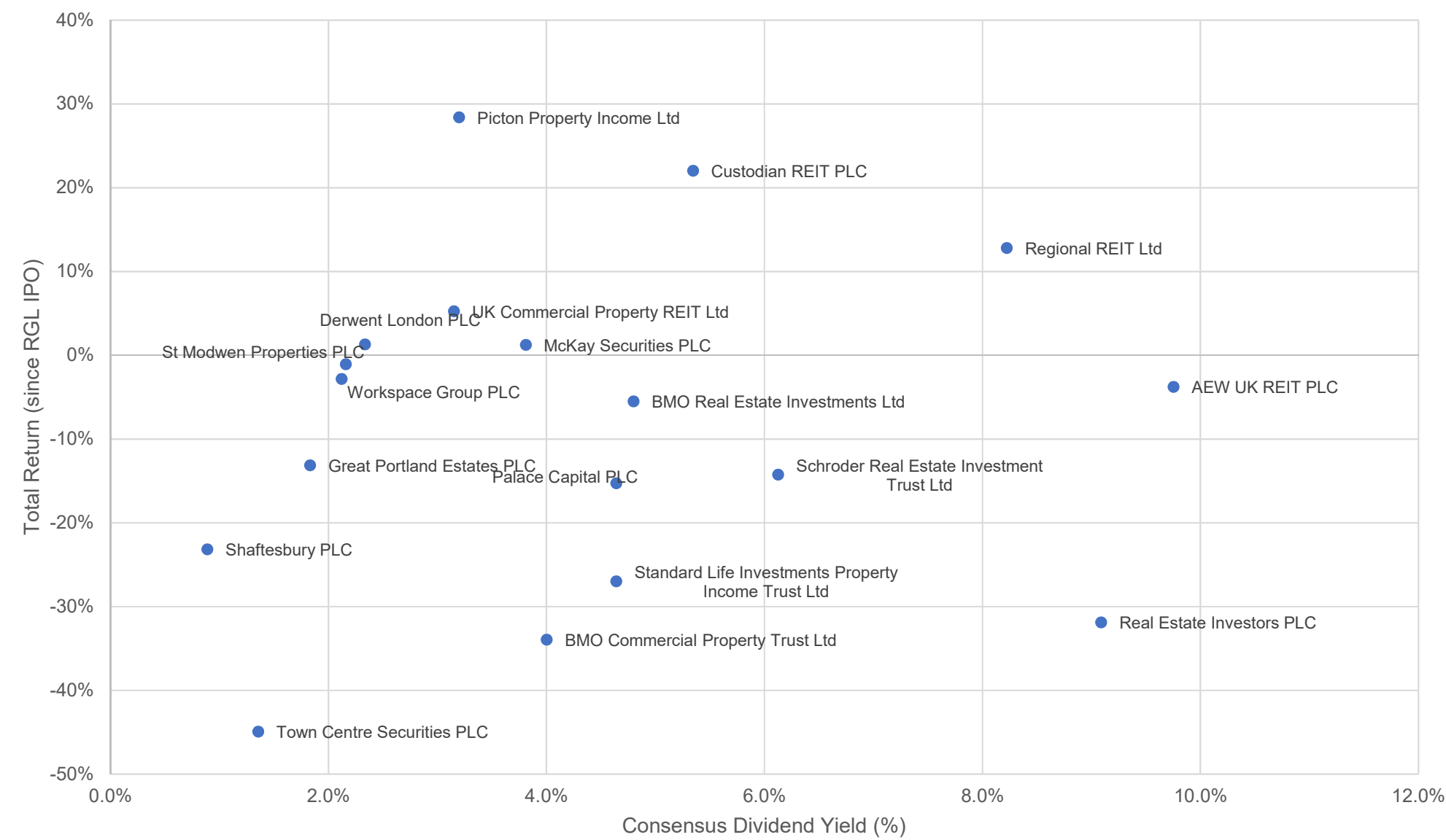


Acquisition Price	£3.2m
Valuation Dec 19	£5.8m
ERV (Dec 19)	£0.5m
Sale Price	£6.3m
Uplift against Dec 19 Valuation	8.6%

Performance



Total return (since RGL IPO)



Glossary



Glossary – EPRA

EPRA has developed and defined the following performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards.

EPRA Performance Measure	Definition	31 Dec 2020	31 Dec 2019
EPRA Net Tangible Assets (EPRA NTA)	EPRA Net Asset Value Measure assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	£425,611,000 98.6p	£485,722,000 112.6p
EPRA Net Reinstatement Value (EPRA NRV)	EPRA Net Asset Value Measure assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£425,611,000 98.6p	£486,280,000 112.7p
EPRA Net Disposal Value (EPRA NDV)	EPRA Net Asset Value Measure represents the shareholder's value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	£404,365,000 93.7p	£473,575,000 109.7p
EPRA Occupancy Rate	Occupancy expressed as a percentage being the ERV of let space divided by ERV of the whole portfolio. Occupancy rate should only be calculated for all completed properties, but excluding those properties which are under development	89.4%	89.4%

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