

Investor Presentation

Annual Results 2018



Record Total Returns Achieved

Introduction

Market Overview and Outlook

Portfolio

Financial Information

Stephen Inglis
Chief Executive Officer



Derek McDonald
Managing Director



Simon Marriott
Investment Director



Financial Highlights – 2018 another good year for Regional REIT



Newstead Court, Nottingham



Tay House, Glasgow



Aztec West, Bristol

Total EPRA accounting return

- 2018 16.6%
- Since IPO 37.5%
- Annualised 10.6%

→ Exceeding target of 10% pa

EPRA NAV +9% to £430.5m

- Revaluation increases of £23.9m
- Disposal gain of £23.1m

→ Asset management initiatives continuing to deliver

EPRA NAV - diluted +9.6pps to 115.5pps

LTV 38.3% reduced from 45.0%

Weighted average cost of debt

- 3.5% as at 9 January 2019

Weighted average debt duration

- 7.1 years as at 9 January 2019

→ Proactive and disciplined approach to debt management

Dividend declared 2018

- 2018 : 8.05pps
- 2017: 7.85pps

→ +3%
Progressive dividend policy
One of the highest dividends in the sector

Dividend cover 93%*

→ Expected to return to fully covered during 2019

Portfolio Highlights – Proactive property asset management achieving outperformance

Sold

30 properties (plus 9 part sales) for £149.3m (after costs)
at a weighted average net initial yield of c.5.7%

Bought

16 properties for £73.3m (before costs) with a weighted average net yield of c.8.7%

Gains

£47m gains - Disposal gain £23.1m; Revaluation gain £23.9m

- Property portfolio £718.4m

Occupancy

- EPRA occupancy increased to 89.4% from 88.2% as at 31 Dec 17
- By value increased to 87.3% from 85.0% as at 31 Dec 17

Capital rate per sq. ft. of £96.64

- Office: £126.35 per sq. ft. Industrial: £45.18 per sq. ft.

Average rent per sq. ft.

- £9.40 in 2018; £8.18 in 2017
- Office £12.66; Industrial £3.63

Scotland exposure reduced to 18.0% from 22.4% as at 31 Dec 17

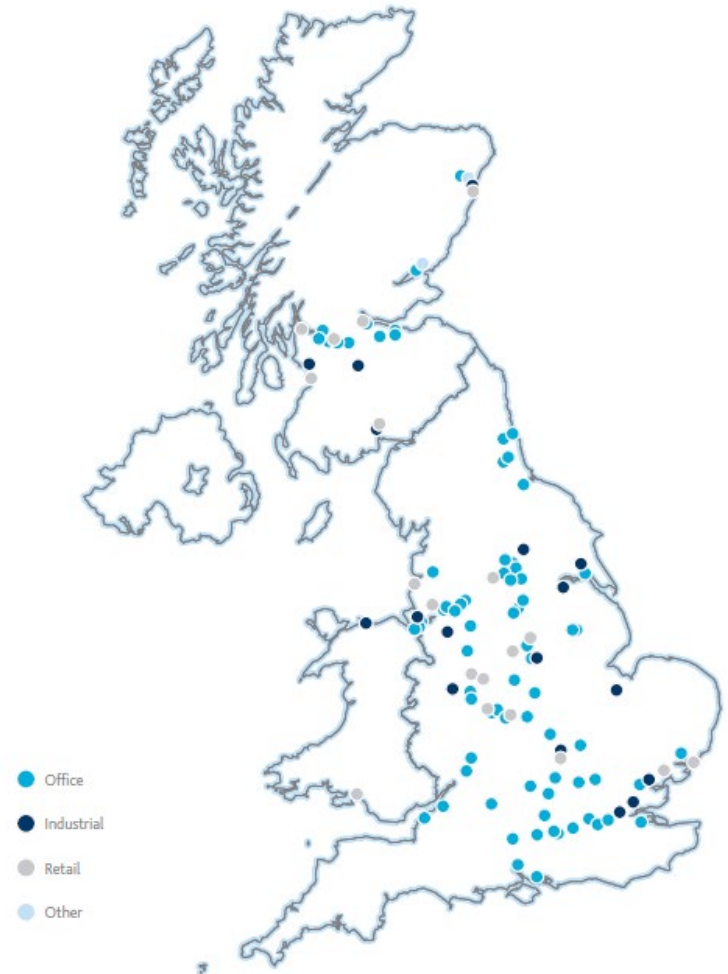
- Long-term target of 15%

Post 31 December 2018

Acquisition - £20.0m office in Birmingham, with a net initial yield of 7.9%, 98.8% occupied with a net income of c.£1.69m. Anchor tenant HMRC

Debt - £39.9m ZDP fully repaid 9 Jan 2019

UK Property Locations as at 31 December 2018



Delivering on our Strategy – exceeding our objectives

Portfolio Continuous Management

Targeted and opportunistic acquisitions; disposals when asset management initiatives achieved



| | Dec 2017 | Dec 2018 | Change |
|-------------------------------|----------|----------|-----------|
| Investment Property | £737.3m | £718.4m | (£18.9m) |
| Acquisitions before costs | £228.1m | £73.3m | (£154.8m) |
| Acquisition Net Initial Yield | 7.9% | 8.7% | +80bps |
| Disposals net | £16.9m | £149.3m | +£132.4m |
| Disposal Net Initial Yield | 6.3% | 5.7% | (60bps) |

Portfolio Diversification

Exposure to Scotland reduced by value



| | | | |
|-----------------------|-------|-------|----------|
| Office and Industrial | 90.6% | 91.6% | +100bps |
| Scotland* | 22.4% | 18.0% | (440bps) |

Debt

Proactive and disciplined approach



| | | | |
|---|-------|---------|--------|
| Weighted Average Cost of Debt (incl. ZDP) | 3.8% | 3.8% | 0bps |
| Weighted Average Cost of Debt (Excl. ZDP) | 3.5% | 3.5% | 0bps |
| Weighted Average Duration | 6.0yr | 7.1yr** | +1.1yr |

Return

Continued strong returns with a high yielding progressive dividend policy

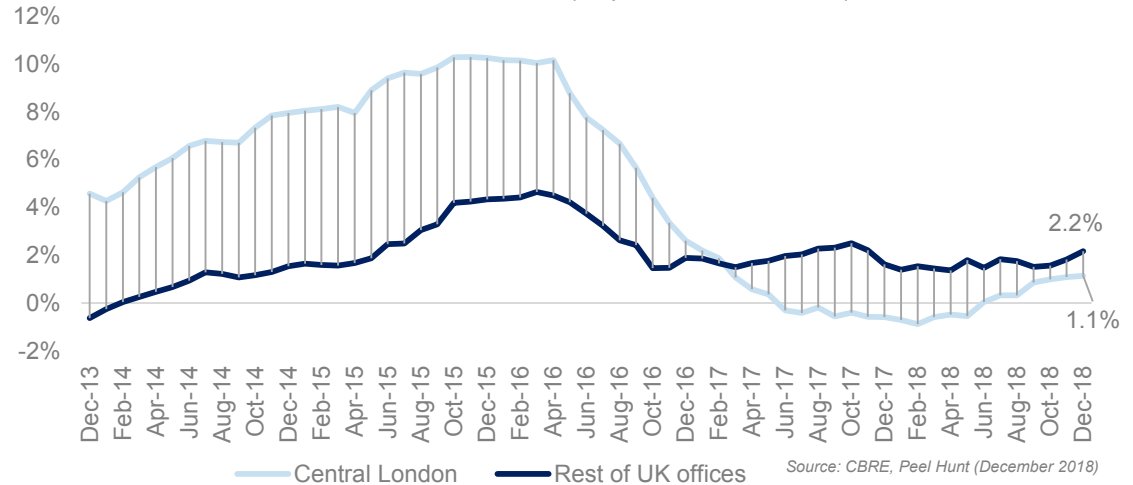


| | | | |
|--------------------------------------|---------|---------|----------|
| Total Accounting Return since IPO*** | 19.9% | 37.5% | +1760bps |
| Total Annual Accounting Return | 8.8% | 10.6% | +180bps |
| Dividends declared | 7.85pps | 8.05pps | +0.20pps |

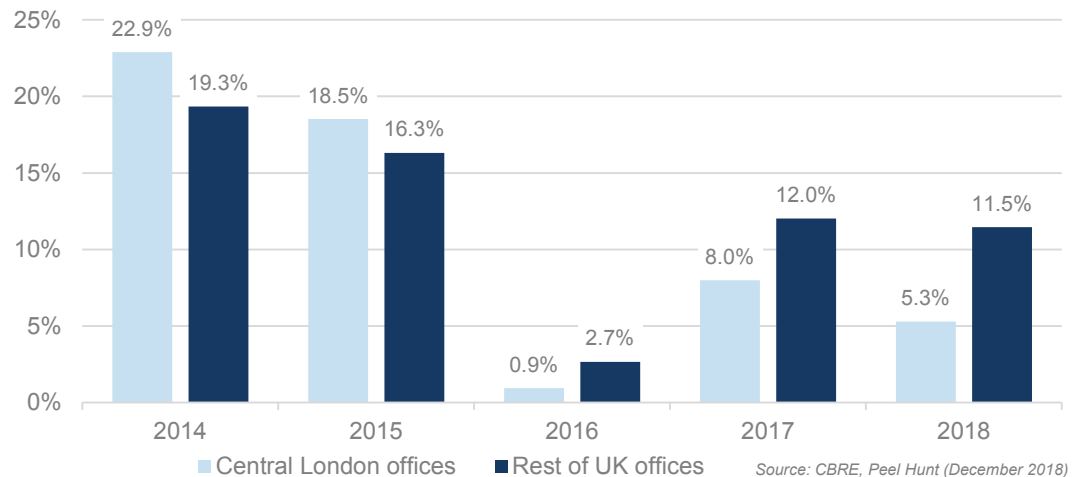
Outperformance of regional offices

- Comprises 76.1% by value of portfolio
- CBRE research – highlights 2018 regional offices outperformed:
 - Regional office returns of 11.5%**
 - Central London office returns of 5.3%
- Now a three year trend
- Outperformance reflected better capital returns (driven by rental growth)
 - 2.2% regional rental growth**
 - Only 1.1% in Central London offices
- Savills research - occupier demand continues to reduce availability:
 - Total availability falling by 14% in 2018 to 11.5 million sq. ft. across nine regional office markets
 - 27% below the 10-year average and marks the fifth consecutive year that supply of office stock has declined. Savills, Regional Office Market Q4 2018

Rental Value Growth (vs previous 12 months)



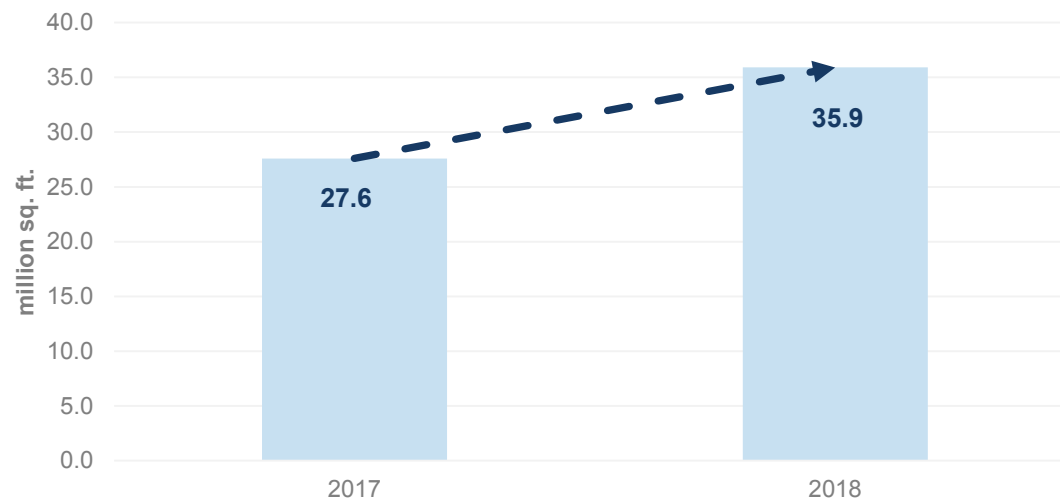
Central London & regional office returns (12 months to December 2018)



Occupier Demand Strengthens in the UK Industrial Market

- Comprises 15.5% by value of portfolio
- Cushman & Wakefield - take-up in 2018 totalled 35.9 million sq. ft., a 30% increase from 2017 levels and the highest annual take-up recorded since 2008.
- BNP Paribas Real Estate - competition for industrial space resulted in rental growth in 2018, with **MSCI index showing rental growth of 4.6%** for the 12 months to December 2018.
- BNP Paribas Real Estate – **Total returns of 16.4%** for the 12 months to December 2018 (MSCI UK Quarterly Property Index - Q4 2018).
- The Investment Property Forum UK Consensus Forecast, February 2019, anticipates rental growth of 2.9% in 2019.
- In comparison, the IPF UK Consensus Forecast predicts that the all property average annual rental growth expected for 2019 is 0%.

UK industrial & logistics take-up (million sq. ft.)



Source: Cushman & Wakefield (Q4 2018)

| | Rental value growth (%) | | | | Capital value growth (%) | | | | Total return (%) | | | |
|--------------|-------------------------|------|------|---------|--------------------------|------|------|---------|------------------|------|------|---------|
| | 2019 | 2020 | 2021 | 2019/23 | 2019 | 2020 | 2021 | 2019/23 | 2019 | 2020 | 2021 | 2019/23 |
| Industrial | 2.9 | 2.2 | 2.0 | 2.1 | 2.9 | 1.3 | 1.0 | 1.5 | 7.6 | 6.1 | 5.6 | 6.2 |
| All Property | 0.0 | 0.2 | 0.9 | 0.8 | -2.3 | -1.2 | 0.0 | -0.3 | 2.4 | 3.5 | 4.9 | 4.4 |

Source: IPF Consensus Forecast (February 2019)

Regional commercial property – remains an attractive opportunity

Our core markets continue to experience beneficial supply-demand dynamics

(Source: Savills (February 2019))

Investment demand for regional assets continues to remain robust, with regional office outperforming Central London on both capital and income metric

(Source: CBRE)

Regional economic and business fundamentals remain positive – continued limited supply of office properties due to re-purposing, increased commercial demand and little new development

Regional REIT income security and capital gains underpin performance strength

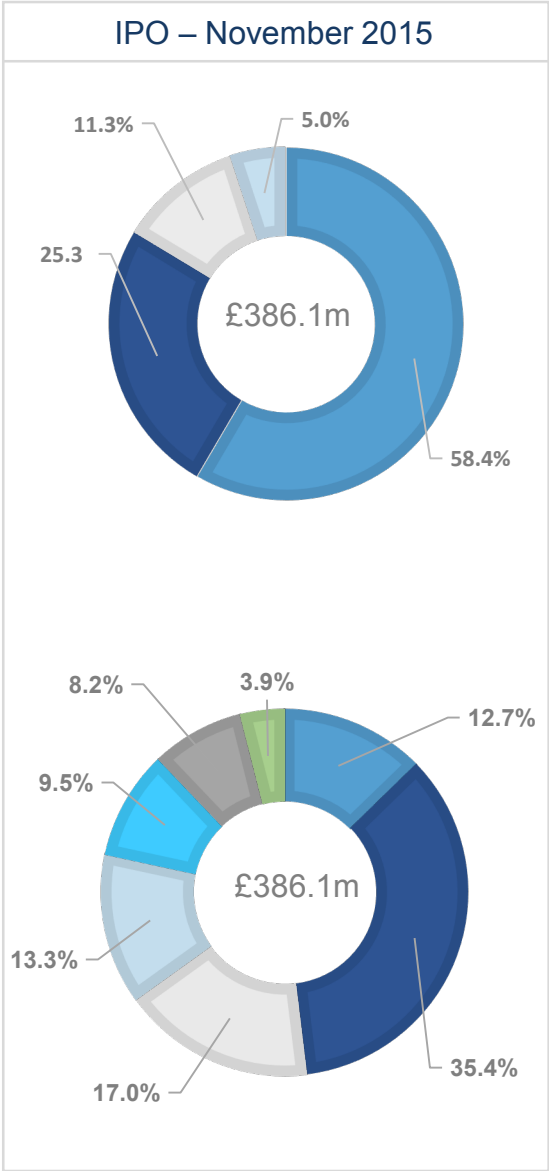
Proven, experienced and professional UK wide asset management team, with a strong reputation in the sector, underpinning business growth

Continue to focus on occupancy and improvement from modest rents and capital values

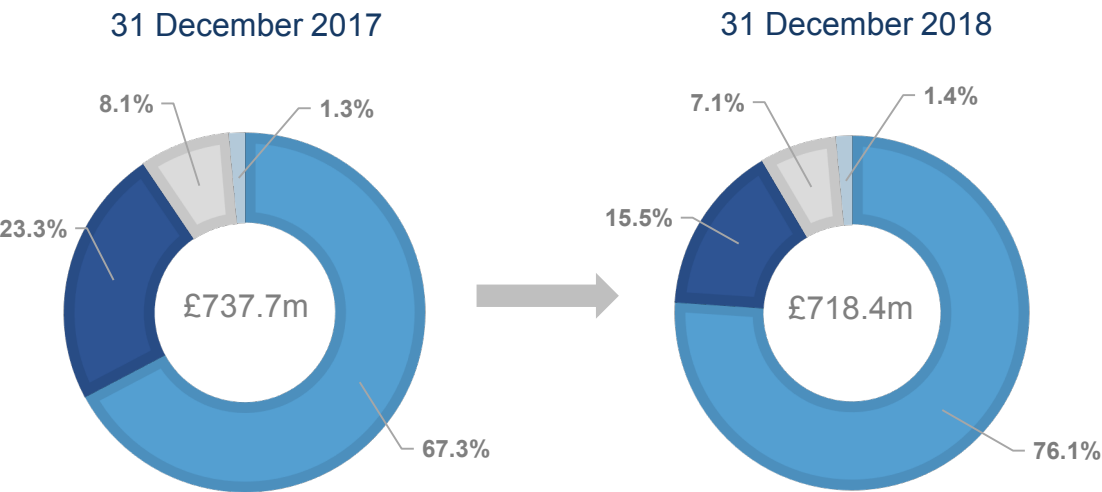
Continued opportunistic strategy of disposals and acquisitions when individual asset management initiatives have been delivered and pricing achieved at a substantial premium to valuations

Portfolio

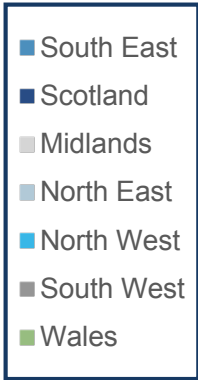
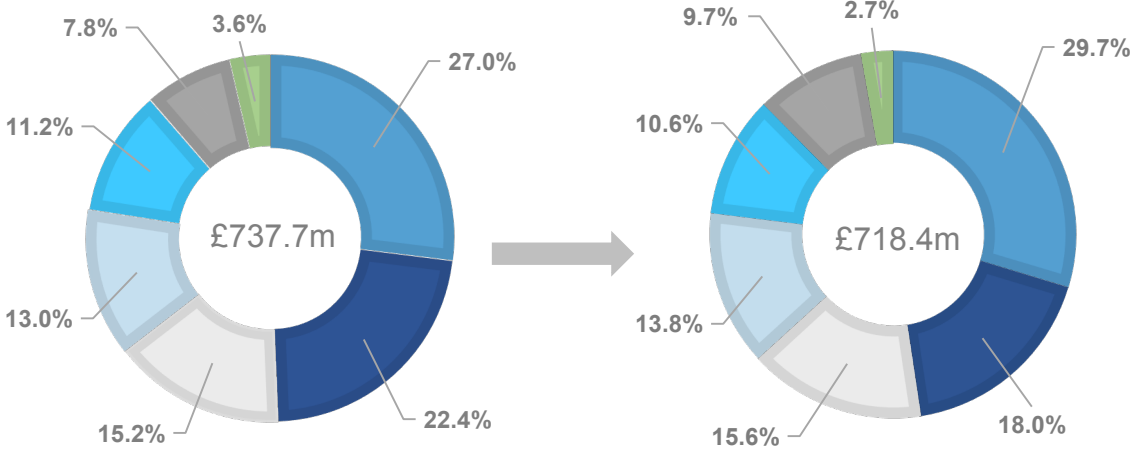
£718.4m Property Portfolio



Sector Split (% by value)



Regional Split (% by value)

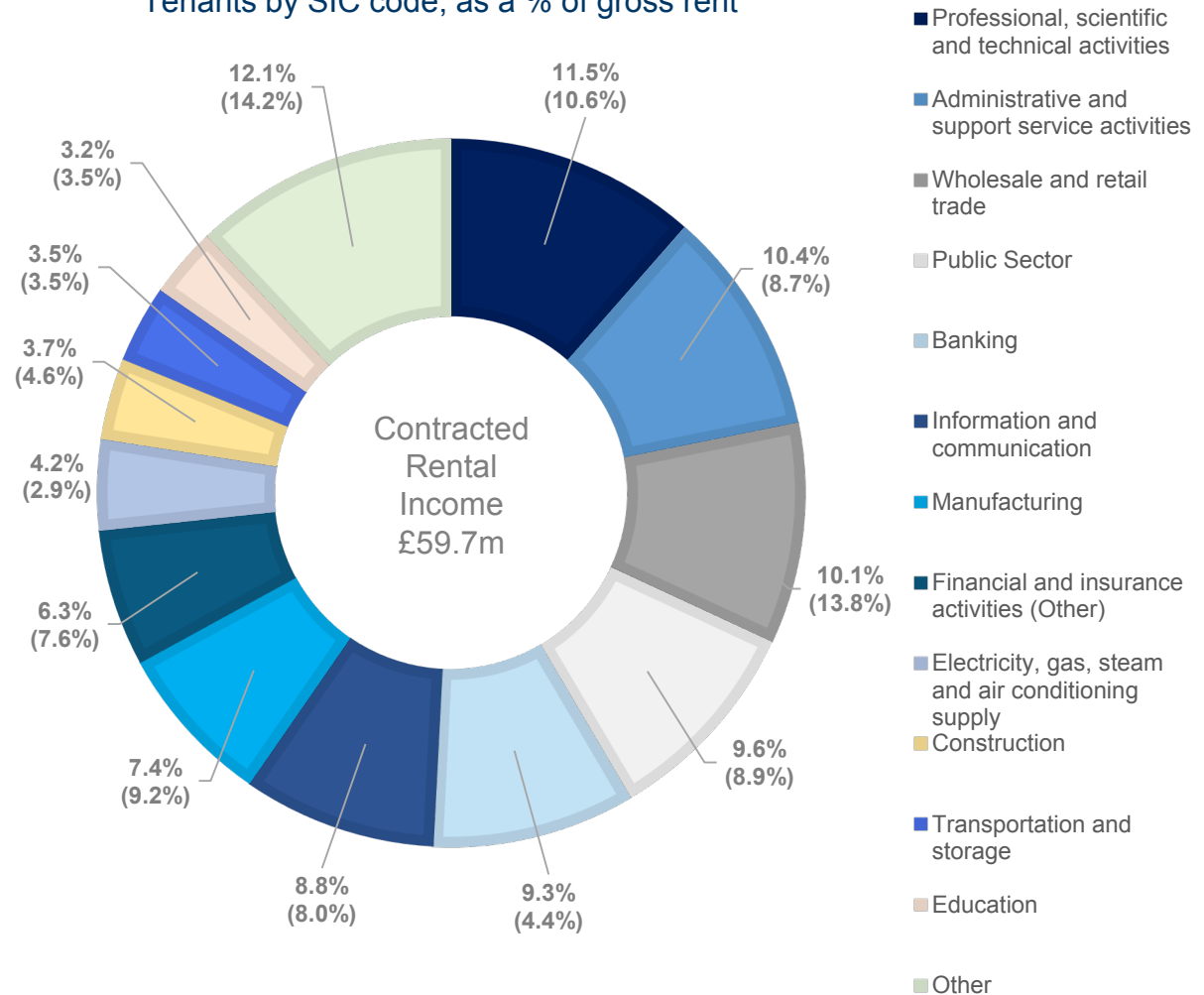


Diversified Tenant Base

- Diversified income - large tenant mix
- No tenant > 3.0% of rent roll as at 31 December 2018, largest 2.7%
- Strong tenant retention rate of c.74% (by gross rental income) for leases that came up for renewal in 2018
- Top 15 tenants represent only 25.3% of the Group's contracted rent roll

| 31 December 2017 | 31 December 2018 |
|------------------|------------------|
| 1,026 Tenants | 874 Tenants |
| 1,368 Units | 1,192 Units |

Tenants by SIC code, as a % of gross rent



Financial Information

Generating Income in 2018

| | Year ending 31 December 2017 | Year ending 31 December 2018 | Change* |
|--|------------------------------|------------------------------|----------|
| EPS (fully diluted) | 9.1pps | 18.1pps | +9.0pps |
| Net rental income | £45.9m | £54.4m | +£8.5m |
| EPRA cost ratio (incl. direct vacancy costs) | 29.7% | 40.1% | +1040bps |
| Adj. EPRA costs ratio (incl. direct vacancy costs & excl. performance fee) | 26.6% | 28.6% | +200bps |
| Operating profit before gains/losses on property assets/other investments | £36.4m | £36.8m | +£0.4m |
| EPRA EPS (fully diluted) | 8.1pps | 5.6pps | (2.5pps) |
| EPRA EPS (excl. Performance Fee) | 8.6pps | 7.5pps | (1.1pps) |
| Dividend declared for the period | 7.85pps | 8.05pps | +0.2pps |

- Rental income stable through property refreshment programme. Rent roll at 31 Dec 2018 on full occupation £70.0m pa. (31 Dec 2017: £73.8m)
- EPRA cost ratio 31 Dec 2018 impacted predominately by successful property disposals and gain on revaluations, resulting in an increased performance fee. In addition during 2018 there were a number of one-off debt restructuring costs
- Profit before tax 31 Dec 2018 £67.9m (31 Dec 2017: £28.7m) including gain on the disposal of investment properties £23.1m (31 Dec 2017: £1.2m); and change in fair value of investment properties £23.9m (31 Dec 2017: £5.9m)
- EPS (fully diluted) – 31 Dec 2018 18.1pps paying a FY 2018 dividend 8.05pps up c.3.0% on the full year to 31 Dec 2017 7.85pps

Financial Position Remains Strong, Flexible and Defensive

| | Year ending 31 December 2017 | Year ending 31 December 2018 | Change*** |
|--|------------------------------|------------------------------|-----------|
| NAV (fully diluted) | 105.1pps | 115.2pps | +10.1pps |
| EPRA NAV (fully diluted) | 105.9pps | 115.5pps | +9.6pps |
| Bank borrowings (incl. zero dividend preference shares)* | £376.5m | £380.3m | +£3.8m |
| Weighted average cost of debt (inc. hedging) | 3.8% | 3.5%** | (30bps) |
| Net Loan-to-value | 45.0% | 38.3% | (670bps) |
| EPRA Occupancy ERV | 88.2% | 89.4% | +120bps |
| Occupancy by value | 85.0% | 87.3% | +230bps |
| Occupancy by value like-for-like | 85.5% | 86.4% | +90bps |
| Contracted rent roll like-for-like | £52.6m | £53.0m | +£0.4m |

- Gross investment property value includes +4.5% like-for-like valuation improvement, adjusting for capital expenditure, acquisitions of £73.3m (before costs) and disposals of £149.3m net
- EPRA NAV-diluted increase of 9.1% from 31 Dec 2017 to 115.5pps. Predominately from change in the fair value of investment properties £23.9m and gains on the disposal of investment properties £23.1m
- Borrowings increased by net £3.8m with a successful Retail Eligible Bond raise of £50m and the £65m early repayment of 5% Longbow facility
- Net LTV decreased as a result of realised gains on the disposal of investment properties coupled with the portfolio revaluation.
- Occupancy remains stable. Granular asset management initiatives continued to be executed across the portfolio
- Total accounting returns to shareholders since IPO of 37.5%, 2018 16.6% and annualised total accounting rate of return 10.6%, in line with our 10%+ target

Debt – Profile and LTVs, 31 December 2018

| Lender | Original Facility £'000 | Outstanding Debt* £'000 | Maturity Date | Gross Loan to Value** | Annual Interest Rate | Amortisation | Swaps\Caps: Notional Amounts | Rates - Blend | |
|--|----------------------------|----------------------------|---------------|-----------------------|----------------------|-------------------|---|---------------|--------|
| Royal Bank of Scotland | £26,458 | £26,458 | Dec-21 | 45.9% | 2.00% | over 3mth £ LIBOR | Mandatory Prepayment | 13,229 | 1.32% |
| | | | | | | | | 13,229 | 1.32% |
| HSBC | £19,003 | £19,003 | Dec-21 | 51.4% | 2.15% | over 3mth £ LIBOR | Mandatory Prepayment plus qtlly instalments of £100,000 | - | |
| Santander UK | £44,026 | £44,026 | Nov-22 | 36.7% | 2.15% | over 3mth £ LIBOR | Mandatory Prepayment | 35,350 | 1.605% |
| | | | | | | | | 35,350 | 1.605% |
| Scottish Widows Ltd. & Aviva Investors Real Estate Finance | £165,000 | £165,000 | Dec-27 | 45.4% | 3.28% | Fixed | Mandatory Prepayment | n/a | |
| Scottish Widows Ltd | £36,000 | £36,000 | Dec-28 | 38.8% | 3.37% | Fixed | None | n/a | |
| | £290,487 | £290,487 | | | | | | | |
| Zero Dividend Preference Shares | £39,879 | £39,820 | Jan-19 | NA | 6.50% | Fixed | None | n/a | |
| Retail Eligible Bond | £50,000 | £50,000 | Aug-24 | NA | 4.50% | Fixed | None | n/a | |
| | £380,366 | £380,307 | | | | | | | |

Appendix

Financials

Property Portfolio

- Acquisitions
- Disposals
- Capital Expenditure

Financial – Statement of Comprehensive Income

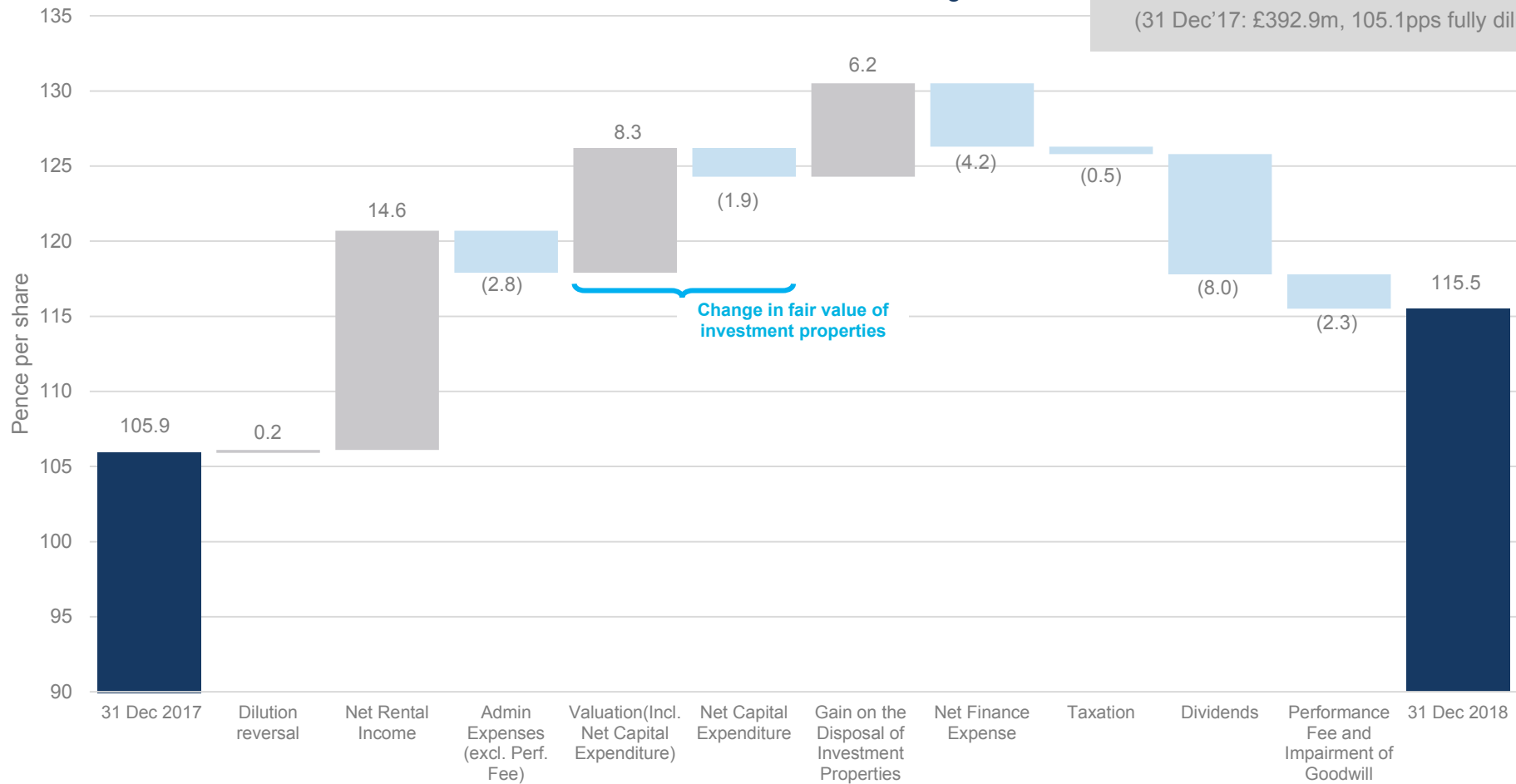
| | Year-end 2017 (£'000) | Year-end 2018 (£'000) | Change* |
|---|--------------------------|--------------------------|---------------|
| Rental Income | 61,610 | 74,019 | 12,409 |
| Property costs | (15,763) | (19,644) | (3,881) |
| Net rental income | 45,847 | 54,375 | 8,528 |
| Administrative & other expenses | (9,429) | (17,586) | (8,157) |
| Operating profit (loss) before gains/losses on property assets/other investments | 36,418 | 36,789 | 371 |
| Gains on the disposal of investment properties | 1,234 | 23,127 | 21,893 |
| Change in fair value of investment properties | 5,893 | 23,881 | 17,988 |
| Operating profit/(loss) | 43,545 | 83,797 | 40,252 |
| Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments | (14,853) | (15,857) | (1,004) |
| Profit/(loss) before tax | 28,692 | 67,940 | 39,248 |
| Income tax expense | (1,632) | (567) | 1,065 |
| Profit/(loss) after tax for the period (attributable to equity shareholders) | 27,060 | 67,373 | 40,313 |
| Earnings/(losses) per share - basic | 9.1p | 18.1p | 9.0p |
| Earnings/(losses) per share - diluted | 9.1p | 18.1p | 9.0p |
| EPRA earnings/(losses) per share - basic | 8.1p | 5.6p | (2.5p) |
| EPRA earnings/(losses) per share - diluted | 8.1p | 5.6p | (2.5p) |

Financial – Statement of Financial Position

| | Year-end 2017 (£'000) | Year-end 2018 (£'000) | Change* |
|--|--------------------------|--------------------------|----------------|
| Assets Non-current Assets | | | |
| Investment properties | 737,330 | 718,375 | (18,955) |
| Goodwill | 1,672 | 1,115 | (557) |
| Other non-current assets | 1,926 | 1,396 | (530) |
| Current assets | | | |
| Other current assets | 21,947 | 22,163 | 216 |
| Cash and cash equivalents | 44,640 | 104,823 | 60,183 |
| Total assets | 807,515 | 847,872 | 40,357 |
| | | | |
| Liabilities Current liabilities | | | |
| Bank and loan borrowings – current | (400) | (400) | 0 |
| Other current liabilities(Incl. ZDPs)* | (79,483) | (83,285) | (3,802) |
| Non-current liabilities | | | |
| Bank and loan borrowings - non current | (333,981) | (334,335) | (354) |
| Other | (752) | (337) | 415 |
| Total liabilities | (414,616) | (418,357) | (3,741) |
| Net assets | 392,899 | 429,515 | 36,616 |
| | | | |
| Share capital | 370,318 | 370,716 | (2) |
| Retained earnings/accumulated (losses) | 22,581 | 59,199 | 36,618 |
| Total equity | 392,899 | 429,515 | 36,616 |
| | | | |
| Net assets per share - basic | 105.4p | 115.2p | 9.8 |
| Net assets per share - diluted | 105.1p | 115.2p | 10.1 |
| | | | |
| EPRA net assets per share - basic | 106.1p | 115.5p | 9.4 |
| EPRA net assets per share - diluted | 105.9p | 115.5p | 9.6 |

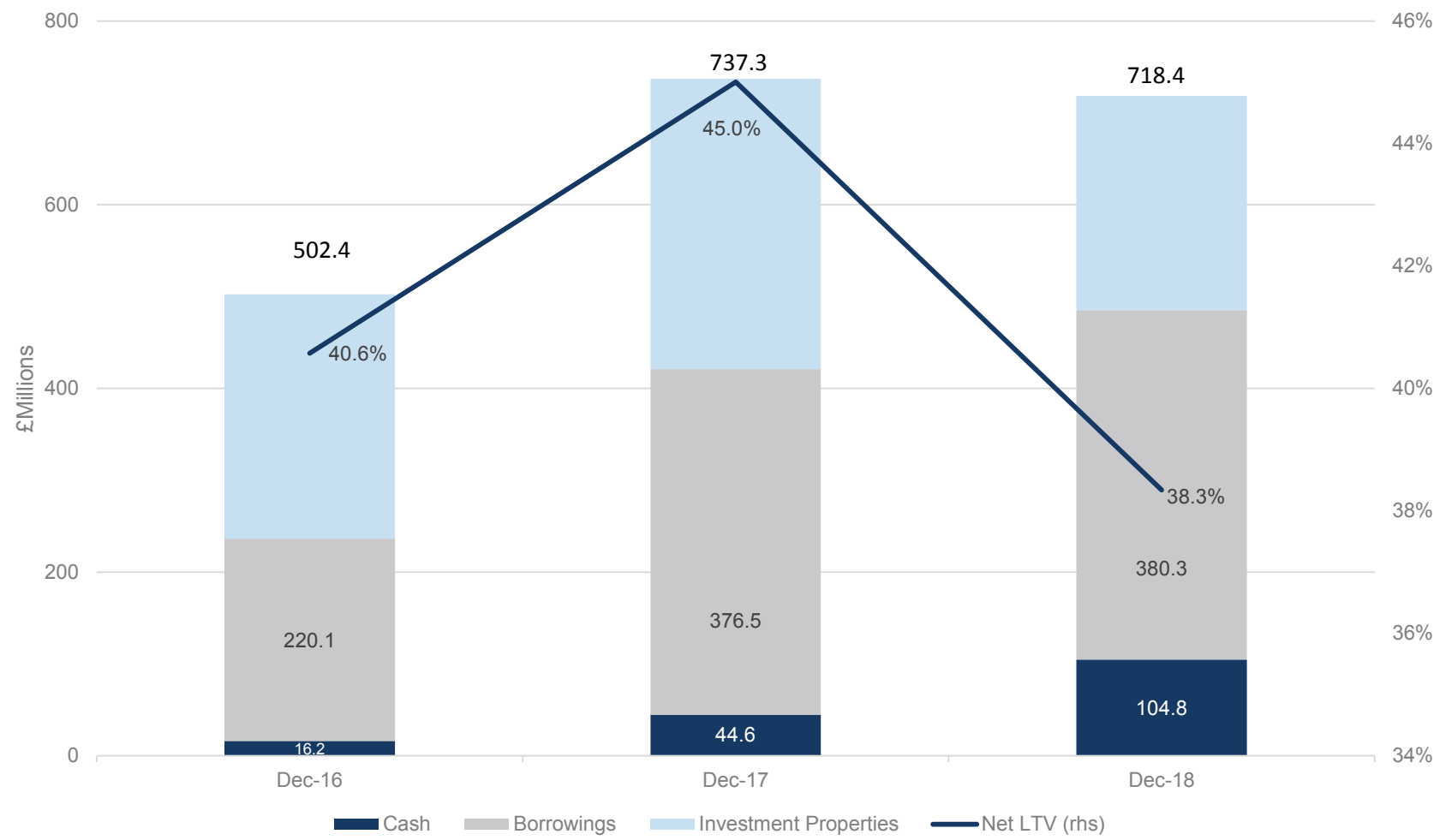
Delivering Good Returns to Shareholders

EPRA Net Asset Value - diluted Bridge 2018



- **EPRA : £430.5m (115.5pps fully diluted)**
(31 Dec'17: £395.7m, 105.9pps fully diluted)
- **IFRS: £429.5m (115.2pps fully diluted)**
(31 Dec'17: £392.9m, 105.1pps fully diluted)

Successful Debt – LTV Management



Property Portfolio



Diversified Income Stream

Portfolio details at 31 December 2018

| Sector | Properties | Valuation (£m) | % by valuation | Sq. ft. (mil) | Occupancy (by value) (%) | Occupancy (by area) (%) | Occupancy (EPRA) (%) | WAULT to first break (yrs) | Gross rental income (£m) | Average rent (£psf) | ERV (£m) | Capital rate (£psf) | Yield | | |
|------------|------------|----------------|----------------|---------------|--------------------------|-------------------------|----------------------|----------------------------|--------------------------|---------------------|----------|---------------------|-------------|------------|-------------|
| | | | | | | | | | | | | | Net Initial | Equivalent | Revisionary |
| Office | 106 | 546.4 | 76.1% | 4.32 | 86.5% | 84.4% | 88.2% | 3.0 | 46.2 | 12.66 | 55.0 | 126.35 | 6.6% | 8.4% | 9.2% |
| Industrial | 17 | 111.3 | 15.5% | 2.46 | 88.6% | 88.0% | 94.5% | 5.4 | 7.9 | 3.63 | 9.1 | 45.18 | 5.1% | 7.2% | 7.2% |
| Retail | 25 | 50.8 | 7.1% | 0.52 | 92.1% | 89.8% | 92.3% | 3.9 | 5.0 | 10.55 | 5.1 | 97.22 | 8.3% | 8.5% | 8.8% |
| Other | 2 | 9.9 | 1.4% | 0.12 | 94.9% | 59.1% | 95.0% | 8.3 | 0.7 | 9.85 | 0.8 | 80.28 | 6.3% | 7.4% | 7.3% |
| Total | 150 | 718.4 | 100.0% | 7.43 | 87.3% | 85.5% | 89.4% | 3.4 | 59.7 | 9.40 | 70.0 | 96.64 | 6.5% | 8.2% | 8.8% |

| Sector | Properties | Valuation (£m) | % by valuation | Sq. ft. (mil) | Occupancy (by value) (%) | Occupancy (by area) (%) | Occupancy (EPRA) (%) | WAULT to first break (yrs) | Gross rental income (£m(| Average rent (£psf) | ERV (£m) | Capital rate (£psf) | Yield | | |
|------------|------------|----------------|----------------|---------------|--------------------------|-------------------------|----------------------|----------------------------|--------------------------|---------------------|----------|---------------------|-------------|------------|-------------|
| | | | | | | | | | | | | | Net Initial | Equivalent | Revisionary |
| Scotland | 40 | 129.0 | 18.0% | 1.66 | 84.6% | 78.6% | 84.6% | 3.4 | 12.0 | 9.22 | 14.6 | 77.62 | 7.1% | 9.3% | 10.6% |
| South East | 30 | 213.0 | 29.7% | 1.55 | 94.2% | 94.9% | 95.8% | 3.0 | 17.4 | 11.83 | 18.9 | 137.54 | 6.9% | 7.4% | 7.5% |
| North East | 22 | 98.9 | 13.8% | 1.31 | 82.6% | 87.6% | 87.5% | 3.1 | 7.9 | 6.88 | 10.0 | 75.36 | 6.1% | 8.7% | 9.4% |
| Midlands | 30 | 111.8 | 15.6% | 1.28 | 90.0% | 88.9% | 90.5% | 3.1 | 9.6 | 8.47 | 10.1 | 87.55 | 6.7% | 8.0% | 8.2% |
| North West | 14 | 76.4 | 10.6% | 0.94 | 75.1% | 74.7% | 82.8% | 5.6 | 5.3 | 7.52 | 7.8 | 81.43 | 5.0% | 8.8% | 9.4% |
| South West | 12 | 69.5 | 9.7% | 0.45 | 88.8% | 89.7% | 90.0% | 3.3 | 5.9 | 14.66 | 6.8 | 154.62 | 6.0% | 8.1% | 9.1% |
| Wales | 2 | 19.7 | 2.7% | 0.25 | 88.5% | 78.7% | 87.9% | 6.5 | 1.6 | 8.33 | 1.7 | 80.43 | 7.3% | 7.5% | 7.8% |
| Total | 150 | 718.4 | 100.0% | 7.43 | 87.3% | 85.5% | 89.4% | 3.4 | 59.7 | 9.40 | 70.0 | 96.64 | 6.5% | 8.2% | 8.8% |

Top 15 Tenants (share of rental income)

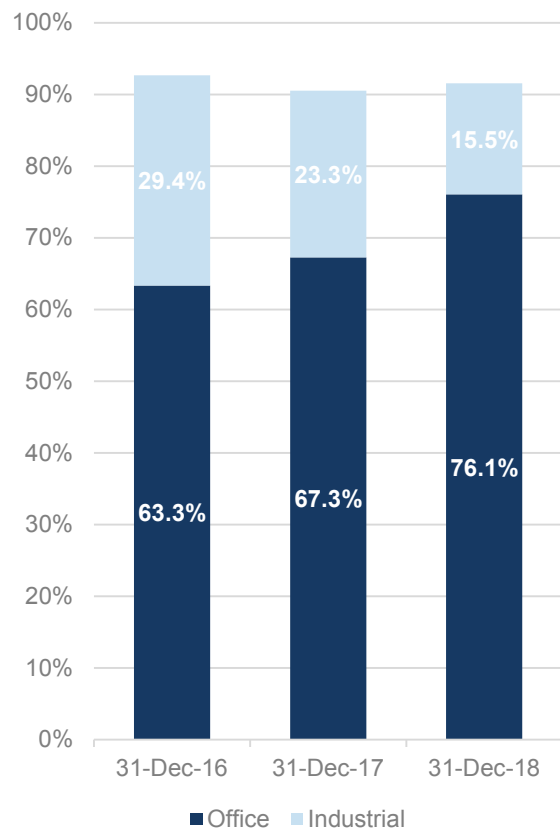
| Tenant | Property | Sector | WAULT to first break (years) | Lettable area (Sq Ft) | Annualised gross rent (£m) | % of Gross rental income |
|---|--|---|------------------------------|-----------------------|----------------------------|--------------------------|
| Barclays Bank Plc | Tay House, Glasgow | Financial and insurance activities | 2.9 | 78,044 | 1.6 | 2.7% |
| Bank of Scotland Plc | Buildings 3 HBOS Campus, Aylesbury High Street, Dumfries | Financial and insurance activities | 3.2 | 92,978 | 1.5 | 2.4% |
| E.ON UK Plc | One & Two Newstead Court, Annesley | Electricity, gas, steam and air conditioning supply | 1.6 | 146,262 | 1.4 | 2.4% |
| TUI Northern Europe Ltd | Columbus House, Coventry | Professional, scientific and technical activities | 5.0 | 53,253 | 1.4 | 2.3% |
| The Scottish Ministers | Calton House, Edinburgh Quadrant House, Dundee Templeton On The Green, Glasgow The Courtyard, Falkirk | Public sector | 2.5 | 111,076 | 1.3 | 2.2% |
| The Royal Bank of Scotland Plc | Hampshire Corporate Park, Eastleigh Cyan Building, Rotherham | Financial and insurance activities | 2.7 | 88,394 | 1.2 | 2.0% |
| Jiffy Packaging Ltd | Road 4 Winsford Industrial Estate, Winsford | Manufacturing | 15.7 | 246,209 | 1.0 | 1.6% |
| SPD Development Co Ltd | Clearblue Innovation Centre, Bedford | Professional, scientific and technical activities | 6.8 | 58,167 | 0.8 | 1.4% |
| Sec of State for Communities & Local Govt | Bennett House, Hanley Cromwell House, Lincoln Oakland House, Manchester | Public sector | 0.5 | 67,882 | 0.8 | 1.3% |
| Fluor Limited | Brennan House, Farnborough | Construction | 0.4 | 29,707 | 0.8 | 1.3% |
| The Secretary of State for Transport | Festival Court, Glasgow St Brendans Court, Bristol | Public sector | 3.0 | 55,586 | 0.7 | 1.2% |
| A Share & Sons Ltd | 1-4 Llansamlet Retail Park, Swansea Juniper Park, Basildon | Wholesale and retail trade | 5.4 | 75,791 | 0.7 | 1.1% |
| Edvance SAS | 800 Aztec West, Bristol | Electricity, gas, steam and air conditioning supply | 3.5 | 31,549 | 0.7 | 1.1% |
| Lloyds Bank Plc | Victory House Meeting House Lane, Chatham | Financial and insurance activities | 0.0 | 48,372 | 0.7 | 1.1% |
| Aviva Health UK Ltd | Hampshire Corporate Park, Eastleigh | Financial and insurance activities | 0.0 | 42,612 | 0.7 | 1.1% |
| Total | | | 3.6 | 1,225,882 | 15.1 | 25.3% |

Top 15 Investments (market value)

| Property | Sector | Anchor tenants | Market value (£m) | % of portfolio | Lettable area (Sq Ft) | Let by area (%) | Let by rental value (%) | Annualised gross rent (£m) | % of gross rental income | WAULT to first break (years) |
|---|------------|---|-------------------|----------------|-----------------------|-----------------|-------------------------|----------------------------|--------------------------|------------------------------|
| Tay House, Glasgow | Office | Barclays Bank Plc, University of Glasgow | 33.2 | 4.6% | 156,933 | 87.7% | 87.5% | 2.5 | 4.2% | 3.2 |
| Juniper Park, Basildon | Industrial | Schenker Ltd, A Share & Sons Ltd, Vanguard Logistics Services Ltd | 29.3 | 4.1% | 277,228 | 98.4% | 97.0% | 2.0 | 3.4% | 1.3 |
| Genesis Business Park, Woking | Office | Wick Hill Ltd, Alpha Assembly Solutions UK Ltd, McCarthy & Stone Retirement Lifestyles Ltd | 24.9 | 3.5% | 98,359 | 100.0% | 100.0% | 1.9 | 3.3% | 2.7 |
| Buildings 2 & 3 HBOS Campus, Aylesbury | Office | Bank of Scotland Plc, The Equitable Life Assurance Society, Agria Pet Insurance Ltd | 24.7 | 3.4% | 140,676 | 92.5% | 92.6% | 2.2 | 3.6% | 4.0 |
| Hampshire Corporate Park, Eastleigh | Office | Aviva Health UK Ltd, The Royal Bank of Scotland Plc, Daisy Wholesale Ltd, Utilita Energy Ltd | 19.7 | 2.7% | 85,422 | 99.2% | 99.5% | 1.4 | 2.4% | 1.7 |
| 800 Aztec West, Bristol | Office | Edvance SAS, The Secretary of State for Defence | 17.2 | 2.4% | 73,292 | 86.7% | 86.3% | 1.3 | 2.2% | 4.2 |
| One & Two Newstead Court, Annesley | Office | E.ON UK Plc | 16.4 | 2.3% | 146,262 | 100.0% | 100.0% | 1.4 | 2.4% | 1.6 |
| Road 4 Winsford Industrial Estate, Winsford | Industrial | Jiffy Packaging Ltd | 15.6 | 2.2% | 246,209 | 100.0% | 100.0% | 1.0 | 1.6% | 15.7 |
| Columbus House, Coventry | Office | TUI Northern Europe Ltd | 13.5 | 1.9% | 53,253 | 100.0% | 100.0% | 1.4 | 2.3% | 5.0 |
| Ashby Park, Ashby De La Zouch | Office | Ceva Logistics Ltd, Hill Rom UK Ltd, Alstom Power Ltd | 13.3 | 1.9% | 91,752 | 100.0% | 100.0% | 1.1 | 1.8% | 1.8 |
| Portland Street, Manchester | Office | New College Manchester Ltd, Mott MacDonald Ltd, Darwin Loan Solutions Ltd | 13.3 | 1.8% | 54,959 | 100.0% | 96.9% | 0.8 | 1.3% | 2.5 |
| Tokenspire Business Park, Beverley | Industrial | QDOS Entertainment (Pantomimes) Ltd, Sargent Electrical Services Ltd, TAPCO Europe Ltd | 11.0 | 1.5% | 322,211 | 97.4% | 96.7% | 0.9 | 1.4% | 0.9 |
| Templeton On The Green, Glasgow | Office | The Scottish Ministers, The Scottish Sports Council, Heidi Beers Ltd, Fore Digital Ltd | 11.0 | 1.5% | 141,320 | 93.7% | 92.7% | 1.2 | 2.0% | 4.3 |
| Oakland House, Manchester | Office | HSS Hire Service Group Ltd, Please Hold (UK) Ltd, CVS (Commercial Valuers & Surveyors) Ltd, Rentsmart Ltd | 10.7 | 1.5% | 167,247 | 77.9% | 77.1% | 1.0 | 1.8% | 4.1 |
| The Brunel Centre, Bletchley | Retail | Wilkinson Hardware Stores Ltd, Poundland Ltd, Boots The Chemist Ltd, WHSmith Plc | 10.4 | 1.5% | 98,351 | 90.8% | 94.0% | 1.0 | 1.6% | 3.4 |
| Total | | | 264.0 | 36.7% | 2,153,474 | 95.0% | 94.0% | 21.0 | 35.2% | 3.5 |

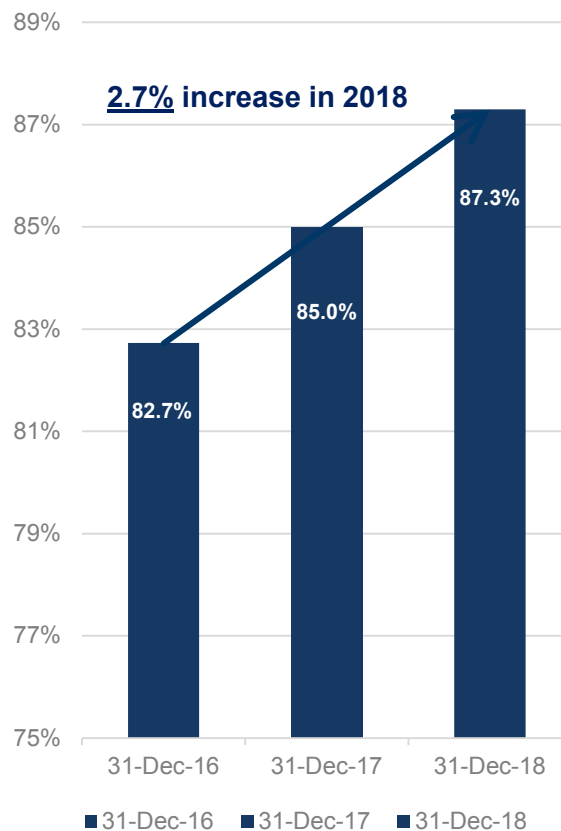
Diversified Office – led portfolio focused on the UK regions

Gross property assets by value (%)*



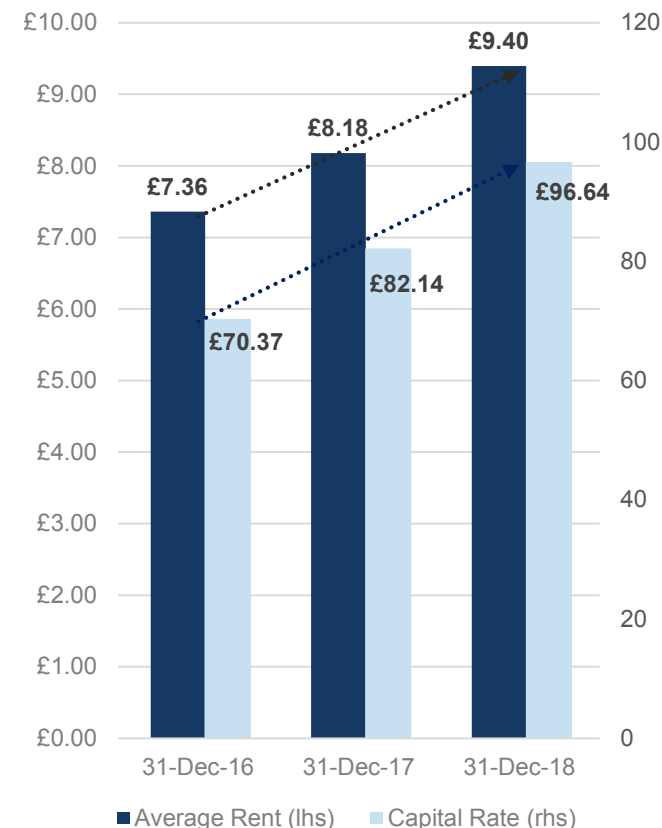
- **7.1% - Retail**
(31 Dec'17, 8.1%)
- **1.3% - Other**
(31 Dec'17, 1.3%)

Occupancy by value (%)

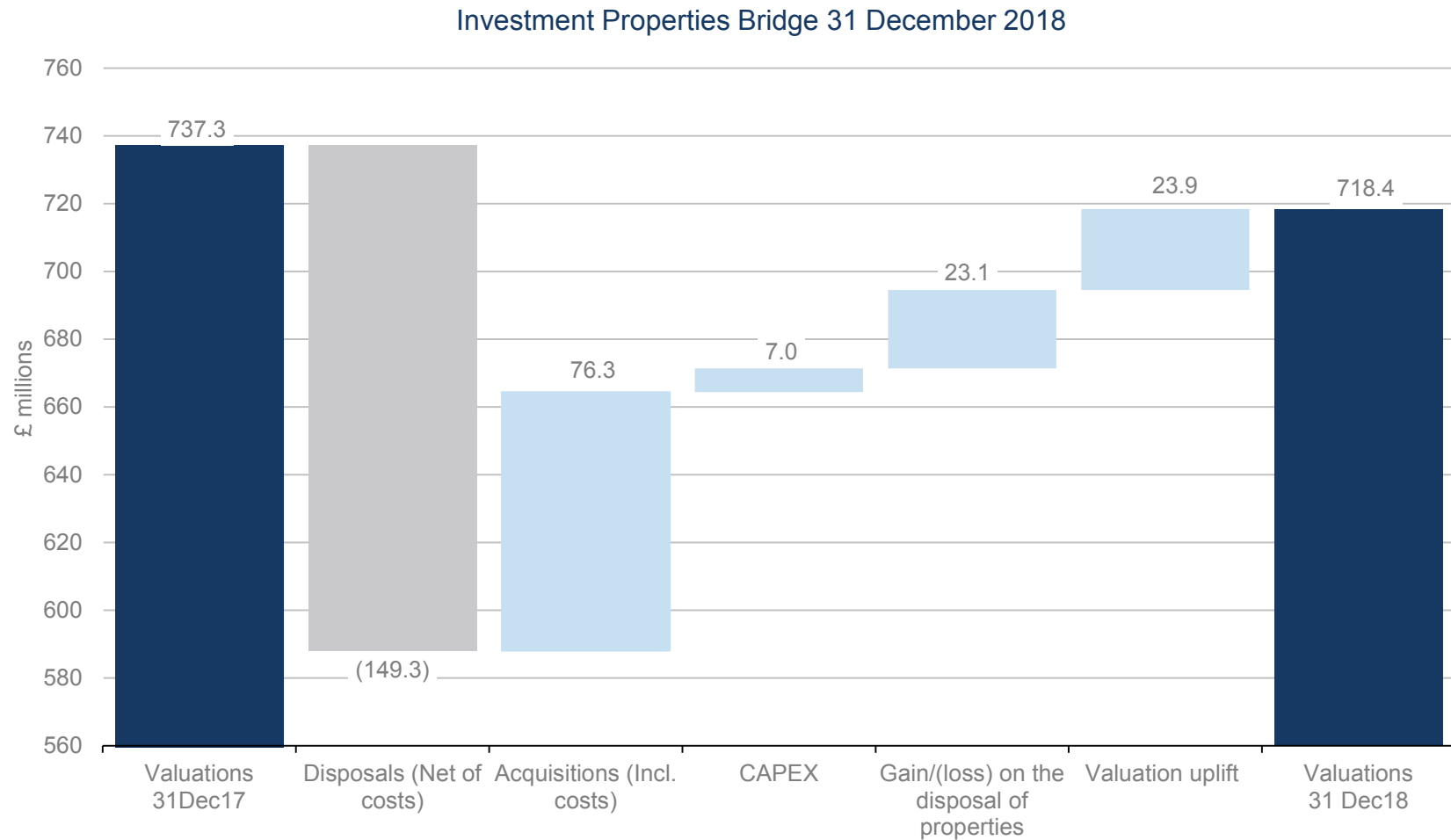


- **Occupancy by area: 85.5%**
(31 Dec'17, **84.3%**)

Average Rent & Capital rate (£psf)



- **Contracted rent roll – c. £59.7m**
(31 Dec'17, £61.9m)
- **Valuation– c. £718.4m**
(31 Dec'17, £737.3m)

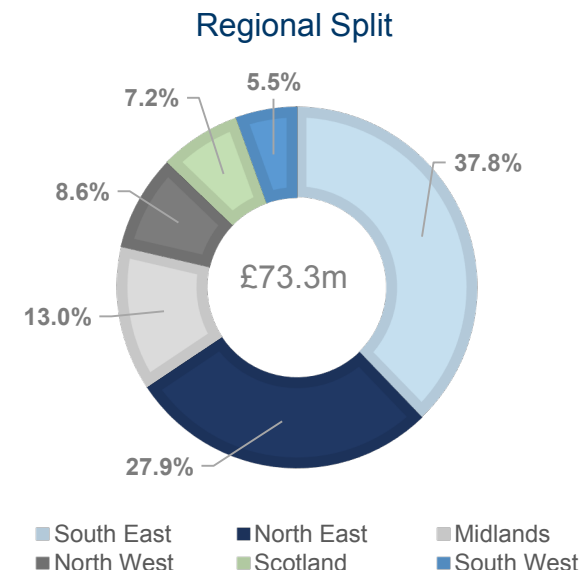
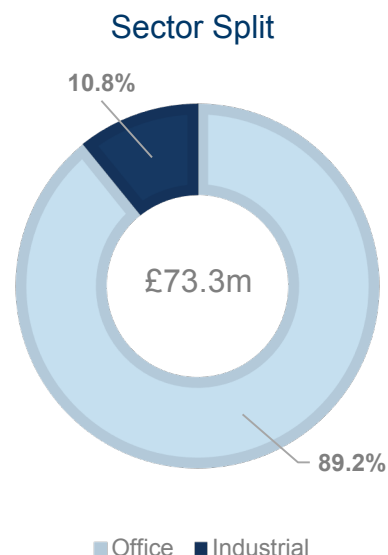


Acquisitions

Summary - Acquisitions during 2018

Regional REIT continues to identify off-market acquisition targets offering value and have been able to re-invest in quality assets with additional asset management opportunities.

- Acquisitions in 2018 amounted to £73.3m (before costs) with 16 assets acquired in total, with a weighted average net initial yield of c. 8.7%
- Acquisitions throughout 2018 shown in table below:



| Name | Number of properties | Sector | Purchase Price |
|--|----------------------|-------------------------|----------------|
| Project Knight | 6 | 5 Offices/ 1 Industrial | £35.2m |
| Project Skylar | 8 | 8 Offices | £31.4m |
| Port Solent, Portsmouth | 1 | Office | £4.9m |
| Bering House/Timor House, Mariner Court, Clydebank | 1 | Office | £1.8m |
| | 16 | | £73.3m |

Acquisition of £31.4 million regional portfolio

The portfolio was acquired in August 2018 for a consideration of £31.4m, reflecting a net initial yield of 8.66%

The portfolio consists of eight offices located in Hull, High Wycombe, Stockton-on-Tees, Ipswich, Clevedon, Wakefield, Deeside and Lincoln.

The assets total 274,662 sq. ft. across 42 units, let to 24 tenants.

The Asset Manager is currently marketing the vacant space, which totals circa 28,000 sq. ft across 7 units.

Some light refurbishment work to be undertaken on vacant units



Acquisition Price
ERV (Dec 18)
Gross Rental Income
Floor Area
Anchor Tenants

£31.4m
£3.1m
£2.7m
274,662 sq. ft.
Wescot Credit Services Ltd, Flowgroup Plc,
Nwes Property Services Ltd

Acquisition of £35.2 million regional portfolio

Purchase of six regional assets from Kildare Partners for £35.2m in an off market transaction, reflecting a net initial yield of 8.4%

Portfolio consists of five regional offices and one office/distribution property located in Telford, Rotherham, Macclesfield, Dundee, Chelmsford and Bedford.

The assets have a combined floor area of 317,049 sq. ft. let to 12 tenants.

Since acquisition:

- Regear of lease at Clearblue Innovation Centre, Bedford - SPD Development Company Limited extended current lease to 2030, with break option in 2025. Headline rent of £825,000pa indicates an uplift of 15.8%.
- International House, Telford - Lease to Simmonds Transport Ltd regeared from July 2018 for a further 15 years
- The Courtyard, Macclesfield – Income from Elior UK Services Ltd now secured until 2024 at the earliest following the removal of break option in 2019. Nucleus Holdings Ltd extended current lease to 2022, with break option in 2020.
- Wren House, Chelmsford - NHS Property Services Ltd did not exercise break in September 2018. No further opportunity to break – lease expiry in 2023.



Acquisition Price
Valuation (Dec 18)
ERV (Dec 18)
Gross Rental Income
Anchor Tenants

£35.2m
£36.8m
£3.3m
£3.2m
The Royal Bank Of Scotland Plc, SPD Development Co Ltd, Simmonds Transport Ltd, Elior UK Services Ltd

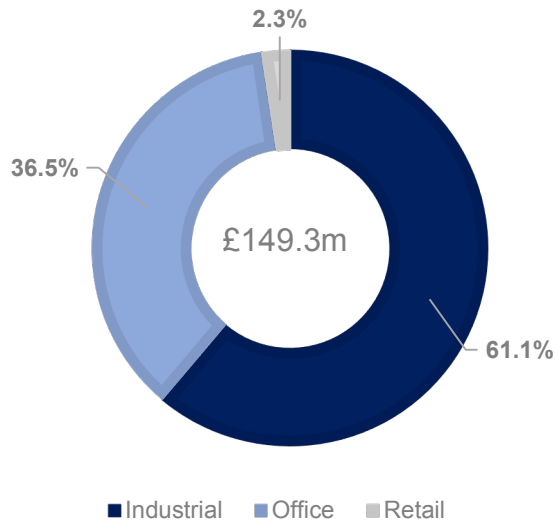
Disposals

Summary: Disposals during 2018

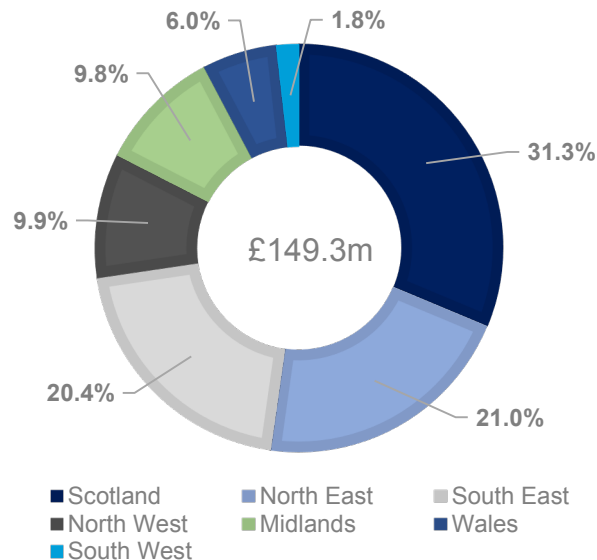
Our strategic decision to sell c.47% of our industrial portfolio into what we identified as an overheated market, together with some non-core assets has generated substantial profits over December 2017 Valuation.

- Disposals in 2018 totalled £149.3m (net of costs) at an average net initial yield of c. 5.7%
- Sales in 2018 achieved a c. 21% premium to December 2017.

Sector Split



Regional Split



— Maybrook Industrial Estate, Walsall —



— Wardpark Industrial Estate, Cumbernauld —



— Turnford Place, Cheshunt —

Capital Expenditure

800 Aztec West, Bristol

Acquired March 2016

A 71,651 sq. ft. three storey office located in the Aztec West Business Park near the M4 / M5 interchange in Bristol.

The building was previously occupied by EE whose lease expired December 2016.

Recently undertaken a major “back to shell” refurbishment of the whole building completed in August 2018 into active Bristol market with limited city centre supply.

Costs for the project are as follows:

Construction cost: £6.45m excl VAT.
Professional fee's: £435k excl VAT.
Total: £6.9m excl VAT.

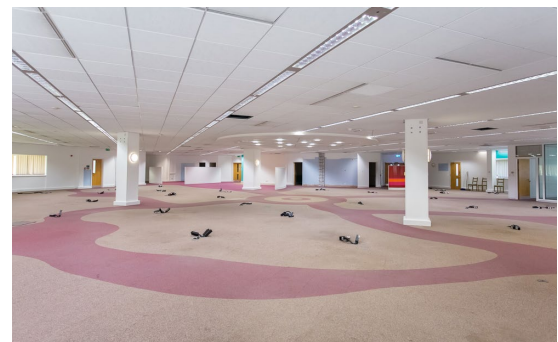
Dilapidation settlement of £2.53m

Entire first floor let to Edvance SAS for the entire (31,549 sq. ft.) for £21.50psf (£678k pa)

Entire ground floor let to The Secretary of State for Defence for the (32,007 sq. ft.) for £20psf

Occupancy (by value) increased to 86.3% as at 31 December 2018 from 0% the 12 month previous.

Before



After



Acquisition Price
Valuation Dec 18
ERV (Dec 18)
Valuation uplift from Dec 17
Capital Expenditure

£6.0m
£17.2m
£1.5m
65.7%
£6.9m (gross)

2800 The Crescent, Birmingham Business Park

Acquired as part of Empire Portfolio in August 2014.

28,896 sq ft HQ building over two floors with 140 car spaces located on premier business park in proximity to Birmingham Airport.

Let to Severn Trent Water on lease expiring March 2016.

The building has been substantially refurbished including a remodelled reception, lift lobby and core at ground floor level, new WC cores on both the ground and first floor and new entrance with Grade A spec – LED lighting VRF heating/cooling.

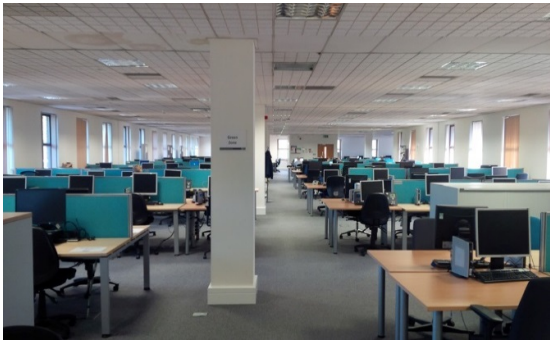
Building positively launched to market March 18.

Entire ground floor let to Align Technology UK Ltd for the (13,356 sq. ft.) for £22psf

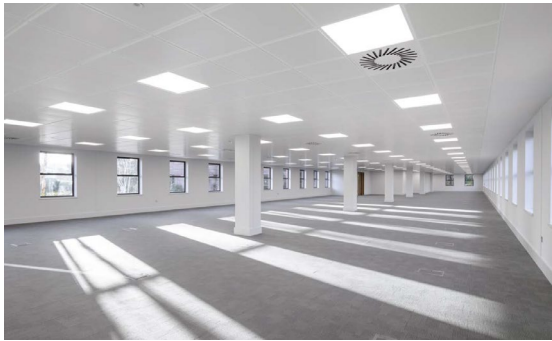
Occupancy (by value) increased to 47.3% as at 31 December 2018 from 0% the 12 month previous.

Strong interest in remining space available.

Before



After



Acquisition Price

Valuation Dec 18

ERV (Jun 18)

Valuation uplift from Dec 17

Capital Expenditure

£2.9m

£6.8m

£0.6m

53.1%

£2.4m (gross)

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