Investor Presentation

Half year to 30 June 2019

Active Asset Management continuing to deliver Yield

regionalreit.com

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Financial Highlights – Active Asset Management delivering yield

Dividend yield c.8%*

Dividend declared for 2019

- H1 2019 : 3.80pps
- H1 2018: 3.70pps
- FY 2019 Target : 8.25pps

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

Total EPRA accounting return

- Since IPO** 41%
- Annualised 10%

Portfolio increased 0.5% to £721.7m

EPRA NAV marginally down to £426.2m(114.3pps)

- £3.9m CAPEX still to be captured in the valuations
- Retail down valued £7.6m

→ Asset management initiatives to be harvested in due course

LTV 39.9% (31 Dec 2018: 38.3%)

Weighted average cost of debt

- 3.5% (31 Dec 2018: 3.8%)

Weighted average debt duration

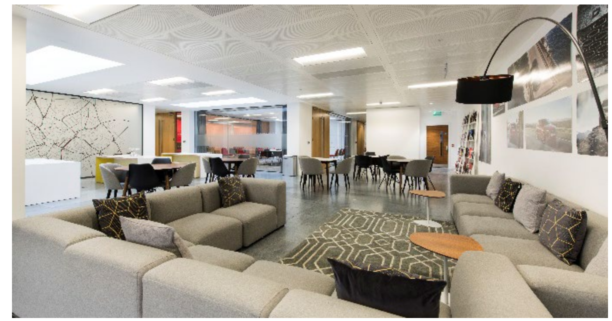
- 7.8 years (31 Dec 2018: 6.4 years)

→ 100% fixed or hedged

Post Half Year Event

- Successful equity capital raise (July 2019)
- Target of £50m surpassed with final raise of £62m

Aztec West, Bristol



Norfolk House, Birmingham

Century Way, Thorpe Park, Leeds

*103.8p share price at 05.09.19
**IPO 06.11.2015 – NAV plus dividend

2019 Portfolio Highlights

Proactive property asset management achieving outperformance

Sold
2 properties for £19.7m (after costs)
Weighted average net initial yield of c.6.7%;
£1.7m profit generated above Dec 18 valuation

Acquisition
1 property for £20.0m (before costs)
Net initial yield 7.9%; net income of c. £1.69m; 98.8% occupied

New Lettings
Undertaken 39 new lettings over 239,751 sq. ft. achieving rental income of £1.6m reflecting an uplift of 5.2% above ERV

Lease Renewals
Undertaken 18 lease renewals over 69,513 sq. ft. achieving rental income of £0.6m reflecting an uplift of 19.5% from previous rent and 12.0% above ERV

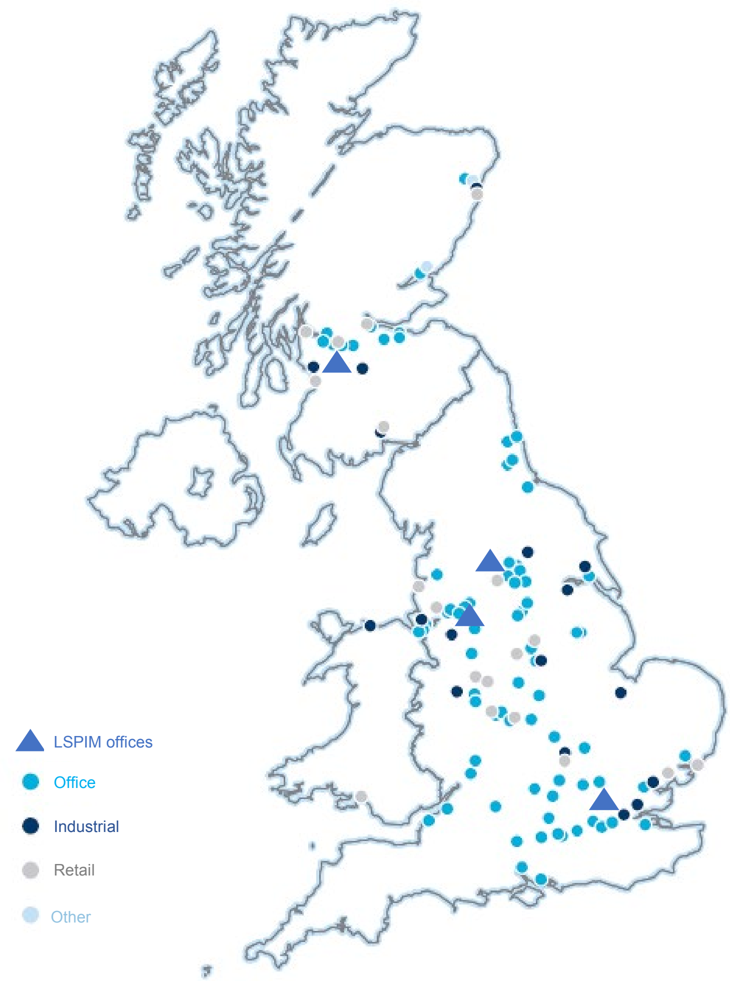
Capital rate per sq. ft. of £100.82
- Office: £129.20 per sq. ft. (31 Dec 2018: £126.35); Industrial: £47.50 per sq. ft. (31 Dec 2018: £45.18)

Average rent per sq. ft.
- £9.64 in 2019; (31 Dec 2018: £9.40)
- Office £12.69 (31 Dec 2018: £12.66); Industrial £3.83 (31 Dec 2018: £3.63)

Scotland exposure reduced to 17.5% from 18.0% as at 31 Dec 18
- Long-term target of 15%

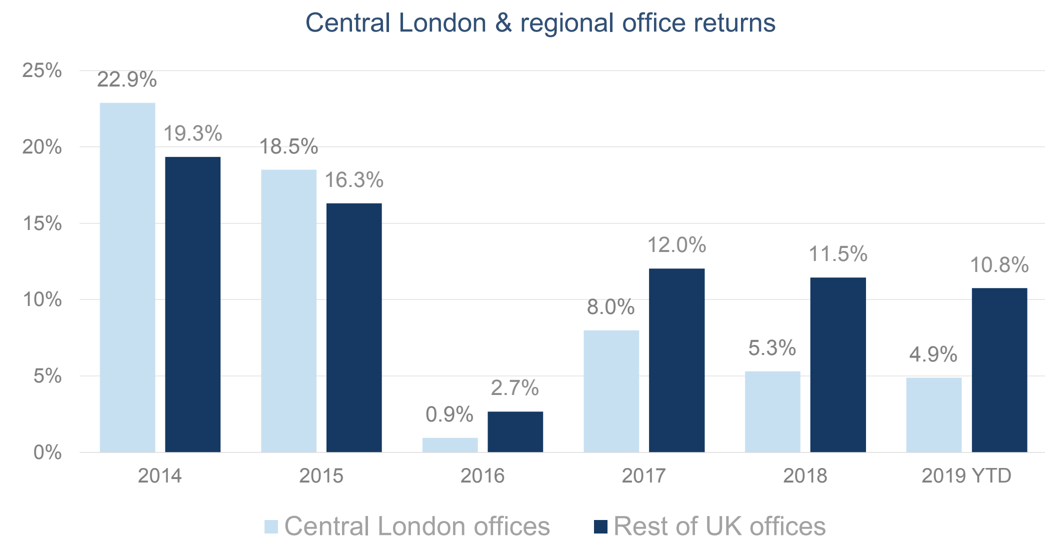
Aug 19
- Acquisition of a portfolio of six offices located in Birmingham, Bristol, Cardiff, Chester, Glasgow and Manchester for £25.9m with a NIY of 8.87%

UK Property Locations as at 30 June 2019

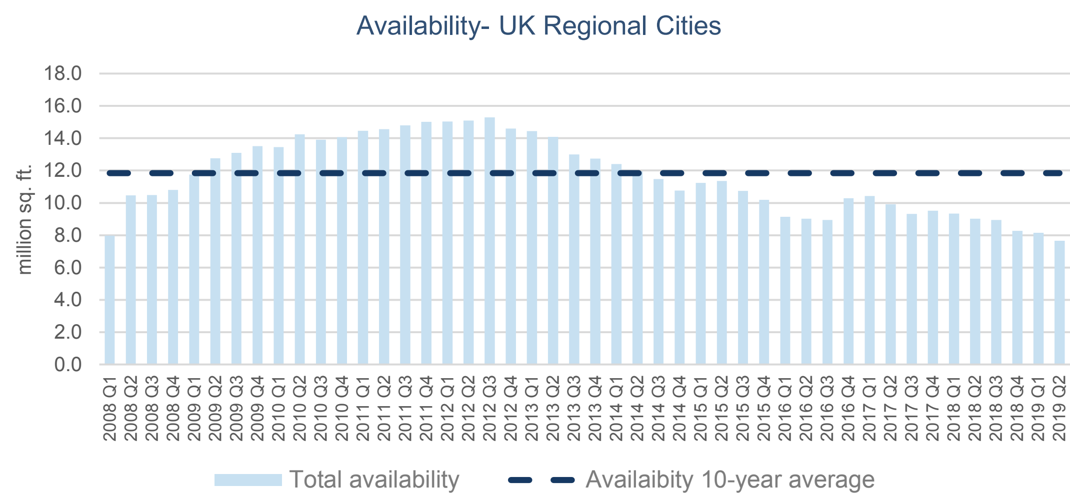


Outperformance of regional offices

- Comprises 78.2% by value of portfolio
- CBRE research – highlights 2019 regional offices outperformed:
  - **Regional office returns of 10.8%**
  - Central London office returns of **4.9**%
- Now a three year trend
- 1.1% rental growth for regional offices in the 12 months to July 2019
- Avison Young research - take-up remains above quarterly average:
  - take-up of office space across nine regional office markets in Q2 2019 reached 2.3 million sq. ft., 10% higher than the long-term quarterly average bringing the half year total to 4.3 million sq. ft. – 6% above half year average
- Cushman & Wakefield research - occupier demand continues to reduce availability:
  - availability for regional office stock decreased to 7.7 million sq. ft., the lowest level for 13 years, 5% below the 10-year quarterly average, reflecting a vacancy rate of 7.1%.



Source: CBRE, Peel Hunt (July 2019)

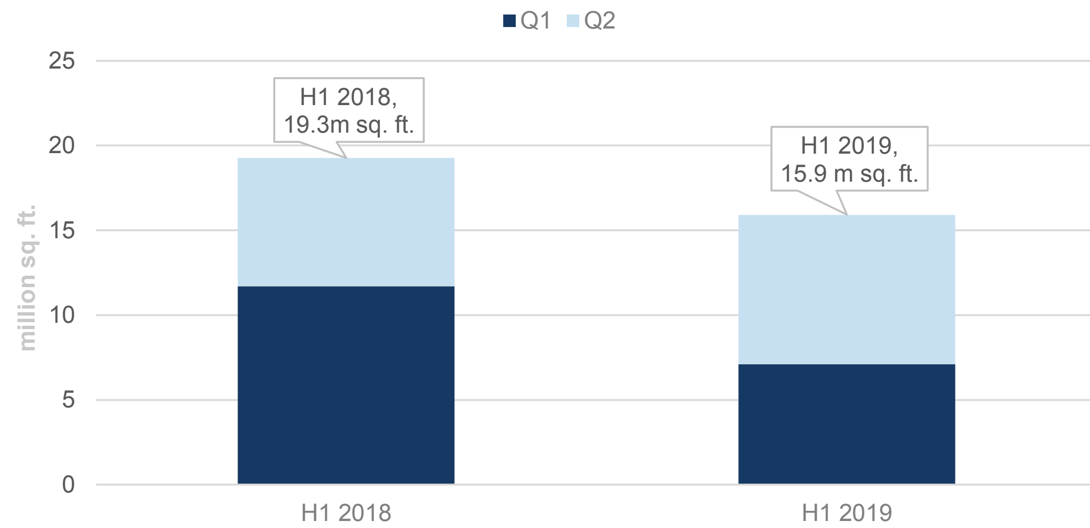


Source: Cushman & Wakefield (July 2019)

Occupier Demand Continues in the UK Industrial Market

- Comprises 14.3% by value of portfolio
- Cushman & Wakefield - take-up in the first 6 months of 2019 totalled **15.9** million sq. ft., 14% lower than the same period in 2018 but marginally higher than the 10-year average of 15.7 million sq. ft.
- Cushman & Wakefield competition for industrial space resulted in rental growth in 2019, with **MSCI index showing rental growth of 3.2 %** in 12 months to June 2019.
- The Investment Property Forum UK Consensus Forecast, May 2019, anticipates rental growth of 3.0% in 2019.
- In comparison, the IPF UK Consensus Forecast predicts that the all property average annual rental growth expected for 2019 is -0.2%.

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



Source: Cushman & Wakefield (Q2 2019)

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Industrial	3.0	2.2	1.8	2.1	2.6	1.0	0.5	1.0	7.2	5.7	5.2	5.7
All Property	-0.2	0.1	0.6	0.6	-2.8	-1.7	-0.5	-0.8	1.8	3.1	4.4	4.0

Source: IPF Consensus Forecast (May 2019)

Outlook

Regional commercial property – remains an attractive opportunity

- Regional offices have outperformed in comparison to central London offices, delivering superior returns of 10.8% in the 12 months ended July 2019 in comparison to central London office returns of 4.9% – a trend that has been witnessed over the last three years. *(Source: CBRE)*
- We would comment that the investment demand is likely to increase as rental growth continues and investors chase higher returns. Some of this increased demand may well come from existing industrial strategies widening their target sectors and new private equity funds being raised.
- Regional economic and business fundamentals remain positive – continued limited supply of office properties due to re-purposing, increased commercial demand and little new development and more people in work than ever before.

Regional REIT ability to source and execute 'value add' acquisition well proven. Very strong reputation in the market of delivering on deals.

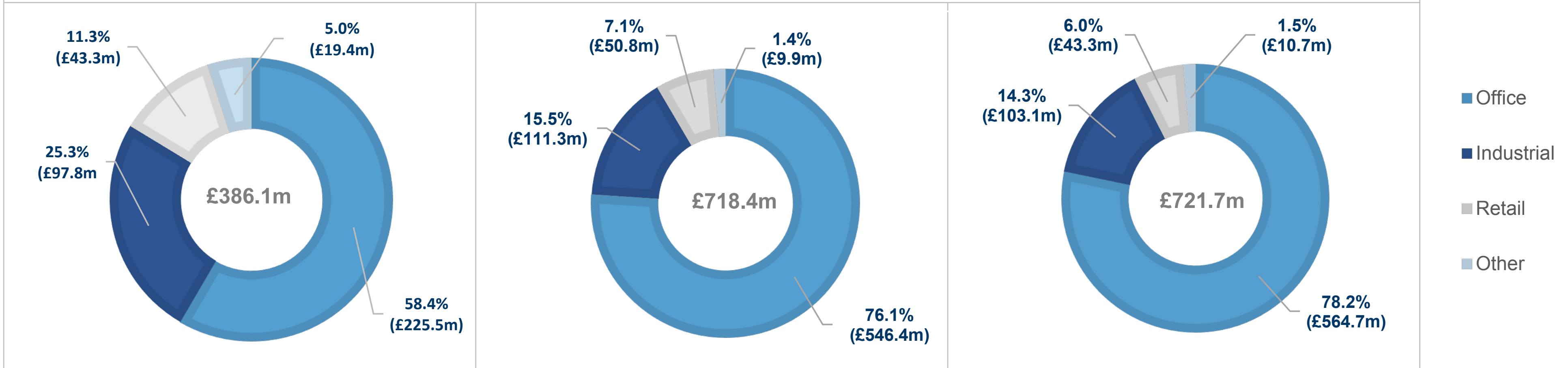
- We continue to identify off market opportunities that offer value and the opportunity to create further rental and capital value which will lead to improved investor returns.
- Management continues to focus on occupancy and improvement from modest rents and capital values.
- Regional office occupational market remains robust
- Continued opportunistic strategy of disposals when individual asset management initiatives have been delivered, and in the past two financial years, pricing achieved at a substantial premium, c. 20% on average above valuations.

Portfolio

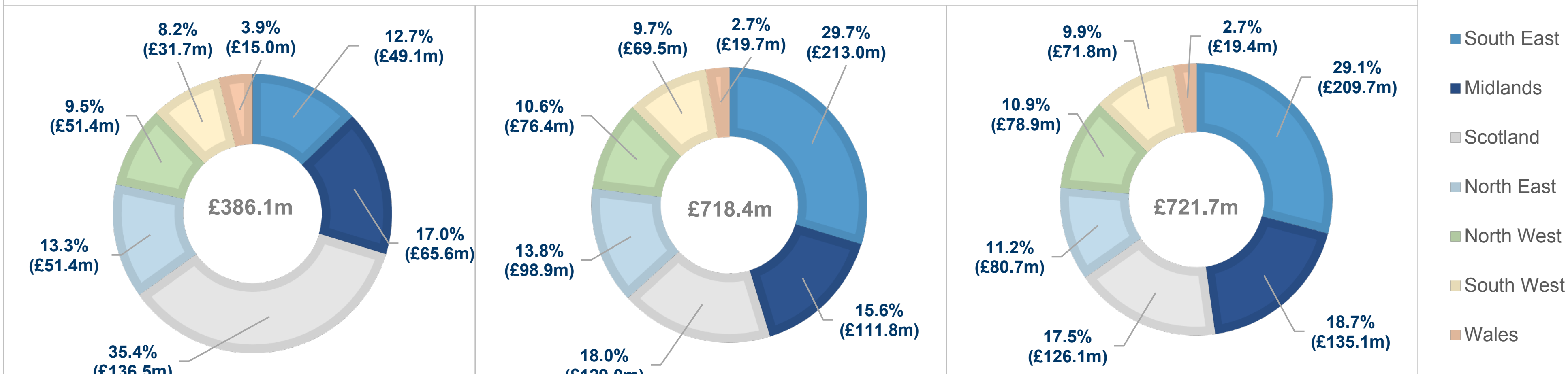
£721.7m Property Portfolio

IPO – November 2015	31 December 2018	30 June 2019

Sector Split (% by value)



Regional Split (% by value)



Tables may not sum due to rounding.

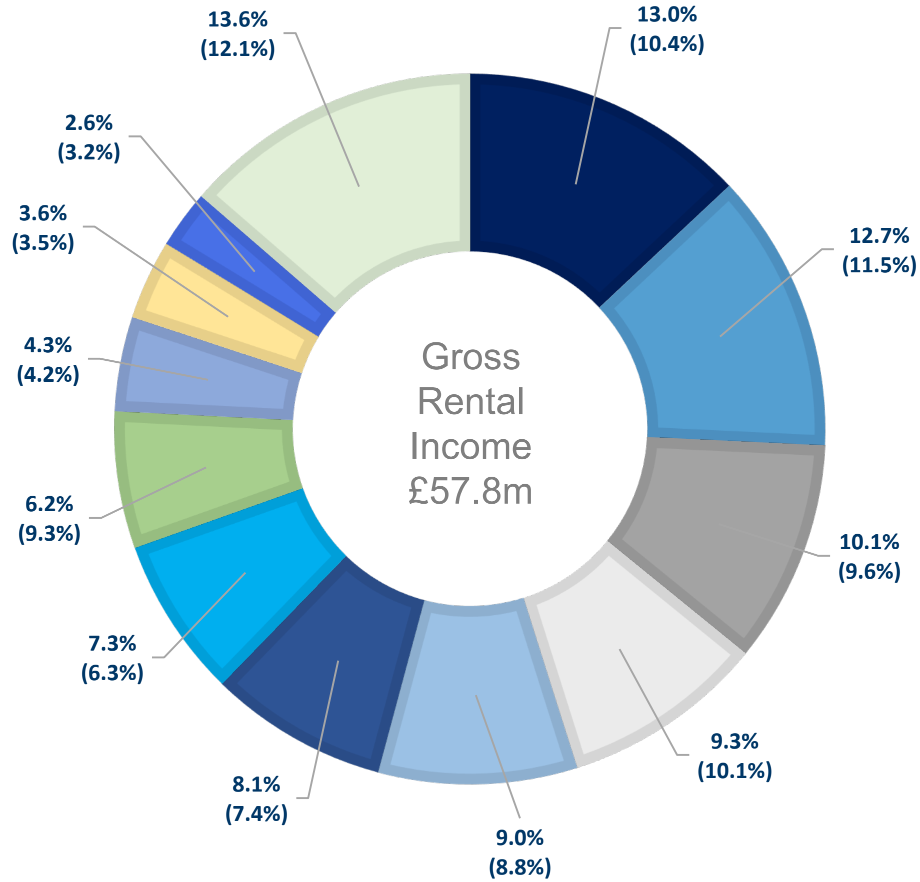
Highly Diversified Portfolio

Diversified Tenant Base

- Diversified income - large tenant mix
- No tenant > 3.0% of rent roll as at 30 June 2019, largest 2.8%
- Top 15 tenants represent only 27.1% of the Group's gross rent roll
- Largest single property accounts for only 4.6% of portfolio

31 December 2018	30 June 2019
150 Properties	149 Properties
874 Tenants	828 Tenants
1,192 Units	1,178 Units

Tenants by SIC code, as a % of gross rent



Data in brackets relates to 31 Dec 18 figures, Other - Accommodation and food service activities; Activities of extraterritorial organisations and bodies; Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; Arts, entertainment and recreation; Construction; Human health and social work activities; Not specified; Other service activities; Public administration and defence; compulsory social security; Real estate activities; Residential; Water supply, sewerage, waste management and remediation activities. Tables may not sum due to rounding.

Financial Information

Generating Stable Income

	Half year ending 30 June 2018	Half year ending 30 June 2019	Change*
EPS (fully diluted)	12.0pps	2.9pps	(9.1pps)
Net rental income (excl. service charge income)	£30.6m	£29.9m	(£0.7m)
EPRA cost ratio (incl. direct vacancy costs)	41.8%	31.3%	1050bps
Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee)	18.2%	20.1%	(190bps)
Operating profit before gains/losses on property assets/other investments	£17.6m	£20.6m	+£3.0m
EPRA EPS (fully diluted)	2.6pps	3.8pps	+1.2pps
EPRA EPS (excl. Performance Fee)	3.8pps	3.8pps	0pps
Dividend declared for the period	3.7pps	3.8pps	+0.1pps

- Rental income continues to remain stable. If the portfolio was fully occupied per Cushman & Wakefield's view of market rents the Rent roll at 30 June 2019 would be £71.4m pa. (30 June 2018: £73.4m; 31 Dec 2018: £70.0m).
- The EPRA cost ratio (incl. direct vacancy costs) decreased ostensibly due to a nil performance fee being accrued for the six months to 30 June 2019.
- Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee) impacted by one – off legal and professional fees e.g. ZDP liquidation fees, and restructuring fees. In addition, the rental accounting is weighted marginally towards H2.
- Profit before tax 30 Jun 2019 £10.7m (30 June 2018: £45.3m; 31 Dec 2018: £67.9m); including gain on the disposal of investment properties £1.7m (30 Jun 2018: £7.3m; 31 Dec 2018 £23.1m) and change in fair value of investment properties (£2.9m) (30 June 2018: £27.9m; 31 Dec 2018: £23.9m).
- EPS (fully diluted) – 30 June 2019: 2.9pps (30 June 2018; 12.0pps; 31 Dec 2018 18.1pps) paying a HY 2019 dividend 3.8pps up 2.7% on the half year to 30 Jun 2018 3.7pps.

Financial Position Remains Strong, Flexible and Defensive

	Year ending 31 December 2018	Half year ending 30 June 2019	Change
Investment Property	£718.4m	£721.7m	£3.3m
NAV (fully diluted)	115.2pps	113.7pps	(1.5pps)
EPRA NAV (fully diluted)	115.5pps	114.3pps	(1.2pps)
Bank borrowings (incl. zero dividend preference shares)	£380.3m	£341.6m	£38.7m
Weighted average cost of debt (incl. hedging)*	3.8%	3.5%	30bps
Net Loan-to-value	38.3%	39.9%	(160bps)
EPRA Occupancy	89.4%	87.5%	(190bps)
EPRA Occupancy like-for-like	89.2%	87.1%	(210bps)
Rent roll like-for-like	£58.3m	£56.2m	(£2.1m)

- Investment property value were largely flat on a like-for-like valuation, adjusting for capital expenditure of £3.9m, acquisitions of £20.0m (before costs) and disposals of £19.7m (net of costs).
- EPRA NAV-diluted 30 Jun 2019 to 114.3pps, impacted by £3.9m capital expenditure yet to be captured in the valuations, and £7.6m write down in retail valuations.
- Borrowings decreased by net £38.7m with the repayment of the £30m 6.5% Zero Dividend Preference Shares on the 9 January 2019.
- Occupancy remains stable. Granular asset management initiatives continued to be executed across the portfolio
- Total accounting returns to shareholders since IPO of 40.8%, and annualised total accounting rate of return 9.8%, in line with our 10%+ target.

*Zero dividend preference shares were fully repaid 9th January

Debt Facilities – 100% fixed or hedged

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value* %	Annual Interest Rate %	
Royal Bank of Scotland	55,000	45,919	Jun-24	42.0	2.15	Over 3mth £ LIBOR
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	165,000	Dec-27	45.2	3.28	Fixed
Scottish Widows Ltd	36,000	36,000	Dec-28	38.5	3.37	Fixed
Santander UK	65,870	44,711	Jun-29	27.1	2.20	Over 3mth £ LIBOR
	321,870	**291,630**				
Retail Eligible Bond	50,000	50,000	Aug-24	NA	4.50	Fixed
	371,870	**341,630**				

* Before unamortised debt issue costs ** Based on Cushman and Wakefield property valuations

Dividend and Performance

Dividends and performance

	Consensus Mean Dividend Yield Estimate	Total Return since Regional REIT IPO (Nov 15)
NewRiver REIT	12.5%	-33.0%
AEW UK REIT	8.8%	24.0%
Regional REIT	**7.9%**	**36.0%**
Real Estate Investors	7.2%	-2.0%
Palace Capital	6.9%	-8.0%
Town Centre Securities	6.2%	-30.0%
Custodian REIT	5.7%	39.0%
Hansteen	5.4%	35.0%
Tritax Big Box	4.9%	35.0%
McKay Securities	4.6%	0.0%
Workspace	4.3%	1.0%
LondonMetric	4.1%	48.0%
GCP Student Living	3.8%	34.0%
Derwent London	2.3%	-6.0%
Shaftesbury	2.1%	-2.0%
St Modwen Properties	2.0%	1.0%
Great Portland Estates	1.8%	-13.0%
Sirius Real Estate	4.4%	130.0%
Intu Properties	0.0%	-88.0%

Source: Datastream, FactSet, as at 04 September 2019

Appendix

Financials

Property Portfolio

Property Case Studies

Financial – Statement of Comprehensive Income

	Half year-end 2018 (£'000)	Half year-end 2019 (£'000)	Change (£'000)
Rental Income	36,706	35,411	(1,295)
Property costs	(9,796)	(9,399)	397
Net rental income	26,910	26,012	(898)
Administrative & other expenses	(9,288)	(5,430)	3,858
Operating profit (loss) before gains/losses on property assets/other investments	17,622	20,582	2,960
Gains on the disposal of investment properties	7,226	1,653	(5,573)
Change in fair value of investment properties & amortisation of right of use asset*	27,936	(2,988)	(30,924)
Operating profit/(loss)	52,784	19,247	(33,537)
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(7,517)	(8,510)	(993)
Profit/(loss) before tax	45,267	10,737	(34,530)
Income tax expense	(355)	(49)	306
Profit/(loss) after tax for the period (attributable to equity shareholders)	**44,912**	**10,688**	**(34,224)**
Earnings/(losses) per share - basic	12.0p	2.9p	(9.1p)
Earnings/(losses) per share - diluted	12.0p	2.9p	(9.1p)
EPRA earnings/(losses) per share - basic	2.6p	3.8p	1.2p
EPRA earnings/(losses) per share - diluted	2.6p	3.8p	1.2p

*For the half year-end 2019 £3.9m of CAPEX has not been recognised to date in the valuations..

Financial – Statement of Financial Position

	Year-end 2018 (£'000)	Half year-end June 2019 (£'000)	Change
Assets Non-current Assets			
Investment properties	718,375	721,695	3,320
Right of use assets	-	15,989	15,989
Goodwill	1,115	836	(279)
Other non-current assets	1,396	1,274	(122)
Current assets			
Other current assets	22,163	27,571	5,408
Cash and cash equivalents	104,823	53,834	(50,989)
Total assets	**847,872**	**821,199**	**(26,673)**

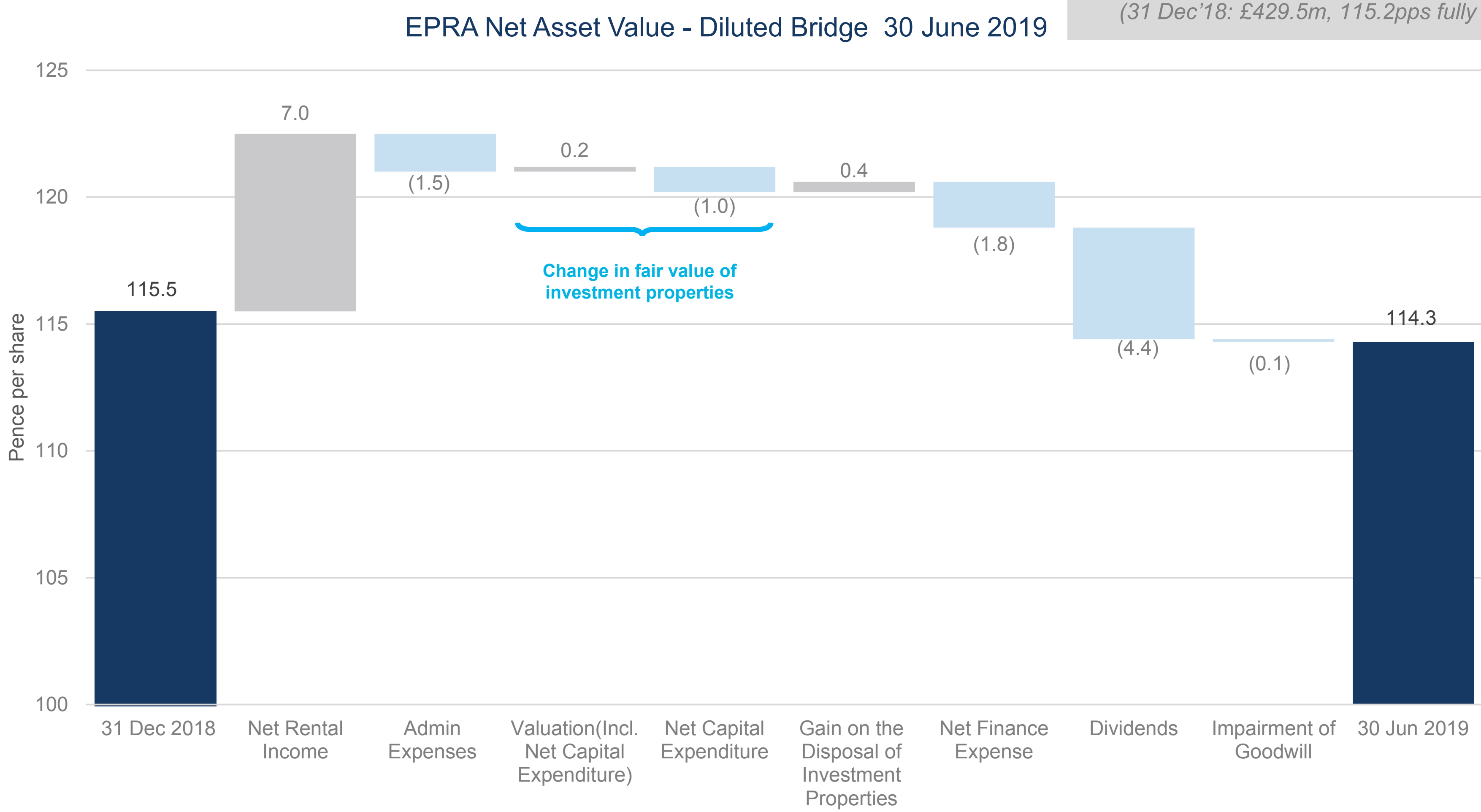
	Year-end 2018 (£'000)	Half year-end June 2019 (£'000)	Change
Liabilities Current liabilities			
Bank and loan borrowings – current	(400)	0	400
Other current liabilities(incl. ZDPs)*	(83,285)	(44,712)	38,573
Non-current liabilities			
Bank and loan borrowings - non current	(334,335)	(334,847)	(512)
Lease liabilities		(16,068)	(16,068)
Other	(337)	(1,773)	(1,436)
Total liabilities	**(418,357)**	**(397,400)**	**20,957**
Net assets	**429,515**	**423,799**	**(5,716)**
Share capital	370,316	370,316	-
Retained earnings/accumulated (losses)	59,199	53, 483	(5,716)
Total equity	**429,515**	**423,799**	**(5,716)**
Net assets per share - basic	115.2p	113.7p	(1.5p)
Net assets per share - diluted	115.2p	113.7p	(1.5p)
EPRA net assets per share - basic	**115.5p**	**114.3p**	**(1.2p)**
EPRA net assets per share - diluted	**115.5p**	**114.3p**	**(1.2p)**

**ZDPs disclosed under current liabilities for 2018*

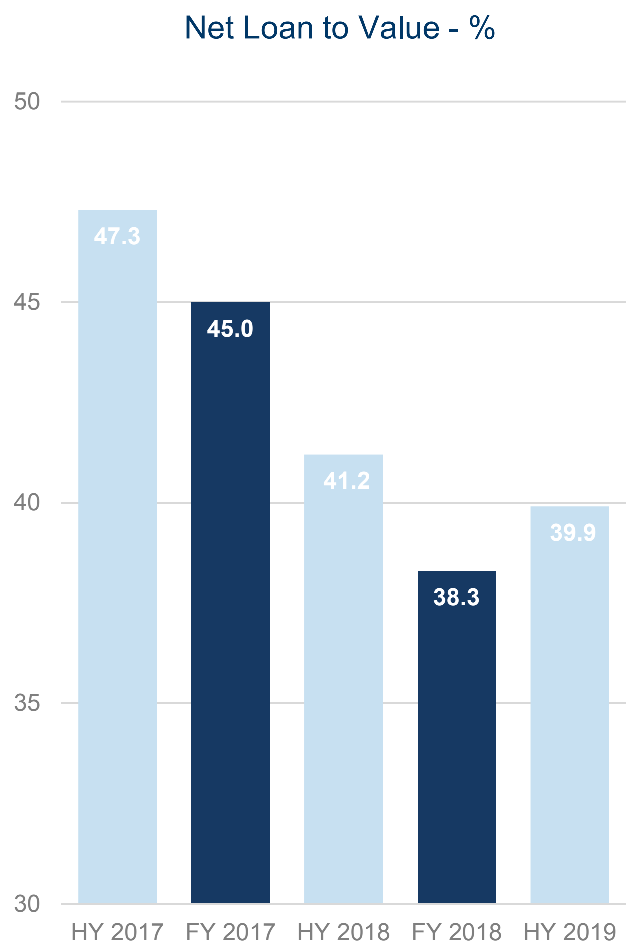
REGIONAL REIT

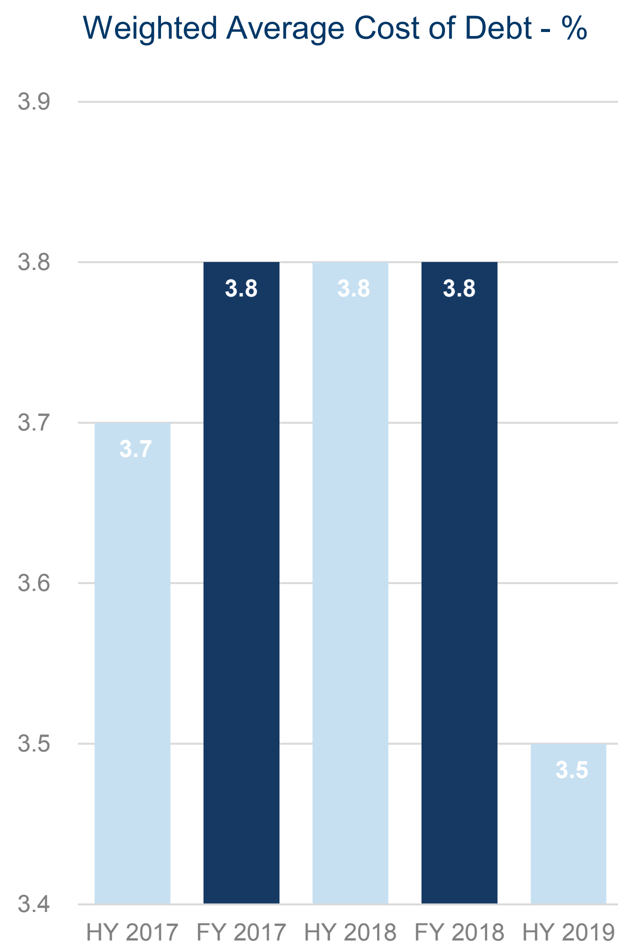
Delivering Returns to Shareholders

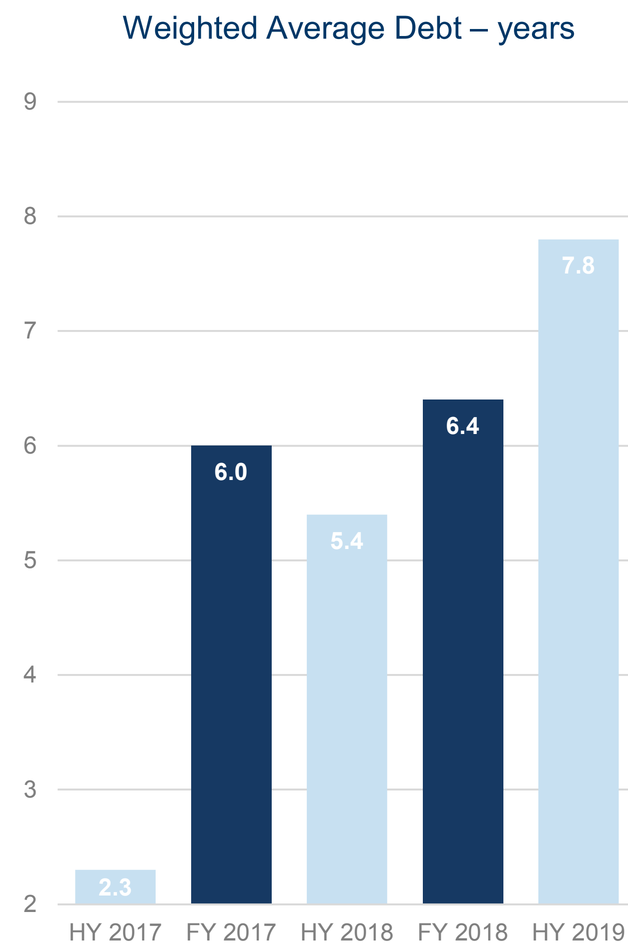
- **EPRA : £426.2m (114.3pps fully diluted)**
  (31 Dec'18: £430.5m, 115.5pps fully diluted)
- **IFRS: £423.8m (113.7pps fully diluted)**
  (31 Dec'18: £429.5m, 115.2pps fully diluted)



Debt Metrics







Property Portfolio

Diversified Income Stream

Portfolio details at 30 June 2019

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (mil)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Yield		
											Net initial	Equivalent	Reversionary
Office	106	564.7	78.2%	4.4	85.8%	3.0	45.0	12.69	57.5	129.20	6.1%	8.4%	9.2%
Industrial	17	103.1	14.3%	2.2	96.0%	5.9	7.4	3.83	8.6	47.50	5.1%	7.4%	7.7%
Retail	23	43.3	6.0%	0.5	92.6%	4.0	4.6	10.98	4.4	92.97	8.7%	8.7%	9.0%
Other	3	10.7	1.5%	0.2	93.3%	6.9	0.8	8.29	1.0	70.24	6.8%	7.9%	5.7%
Total	**149**	**721.7**	**100.0%**	**7.2**	**87.5%**	**3.5**	**57.8**	**9.64**	**71.4**	**100.82**	**6.1%**	**8.3%**	**9.0%**

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (mil)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Yield		
											Net initial	Equivalent	Reversionary
Scotland	40	126.1	17.5%	1.7	85.0%	3.3	11.4	8.81	14.5	75.88	6.4%	9.5%	10.5%
South East	30	209.7	29.1%	1.5	86.3%	3.1	15.9	11.46	18.9	135.37	6.4%	7.5%	8.1%
North East	20	80.7	11.2%	0.9	86.9%	3.1	6.7	8.50	8.5	86.71	5.9%	9.1%	9.7%
Midlands	31	135.1	18.7%	1.4	90.8%	3.3	11.2	8.98	12.3	97.20	6.1%	7.9%	8.4%
North West	14	78.9	10.9%	0.9	85.4%	5.4	5.3	7.41	8.4	84.67	5.3%	8.7%	9.3%
South West	12	71.8	9.9%	0.4	92.8%	3.3	5.8	15.15	6.9	159.75	6.1%	8.1%	8.8%
Wales	2	19.4	2.7%	0.2	86.8%	7.6	1.6	8.36	1.8	79.16	5.3%	8.1%	8.3%
Total	**149**	**721.7**	**100.0%**	**7.2**	**87.5%**	**3.5**	**57.8**	**9.64**	**71.4**	**100.82**	**6.1%**	**8.3%**	**9.0%**

Table may not sum due to rounding.

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 Execution Services Ltd	Tay House, Glasgow	Administrative and support service activities	2.4	78,044	1.6	2.8%
Bank Of Scotland Plc	Buildings 3 HBOS Campus, Aylesbury High Street, Dumfries	Banking	2.7	92,978	1.5	2.5%
Secretary of State for Communities & Local Government	Bennett House, Hanley Cromwell House, Lincoln Norfolk House, Birmingham Oakland House, Manchester	Public sector	2.6	115,879	1.4	2.5%
E.ON UK Plc	One & Two Newstead Court, Annesley	Electricity, gas, steam and air conditioning supply	4.4	146,262	1.4	2.5%
TUI Northern Europe Ltd	Columbus House, Coventry	Professional, scientific and technical activities	4.5	53,253	1.4	2.4%
The Scottish Ministers	Calton House, Edinburgh Quadrant House, Dundee Templeton On The Green, Glasgow The Courtyard, Falkirk	Public sector	2.0	111,076	1.3	2.3%
Jiffy Packaging Ltd	Road 4 Winsford Industrial Estate, Winsford	Manufacturing	15.3	246,209	1.0	1.7%
Aviva Health UK Ltd	Hampshire Corporate Park, Eastleigh	Financial and insurance activities (other)	0.0	42,612	0.9	1.6%
The Royal Bank Of Scotland Plc	Cyan Building, Rotherham	Banking	2.1	67,458	0.9	1.5%
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	6.3	58,167	0.8	1.4%
The Secretary of State for Transport	Festival Court, Glasgow St Brendans Court, Bristol	Public sector	2.5	55,586	0.7	1.2%
A Share & Sons Ltd	1-4 Llansamlet Retail Park, Swansea Juniper Park, Basildon	Wholesale and retail trade	4.9	75,791	0.7	1.2%
Edvance SAS	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	3.0	31,549	0.7	1.2%
Lloyds Bank Plc	Victory House, Chatham	Banking	0.0	48,372	0.7	1.2%
The Secretary of State for Defence	800 Aztec West, Bristol	Public sector	4.5	32,007	0.6	1.1%
Total			**3.8**	**1,255,243**	**15.7**	**27.1%**

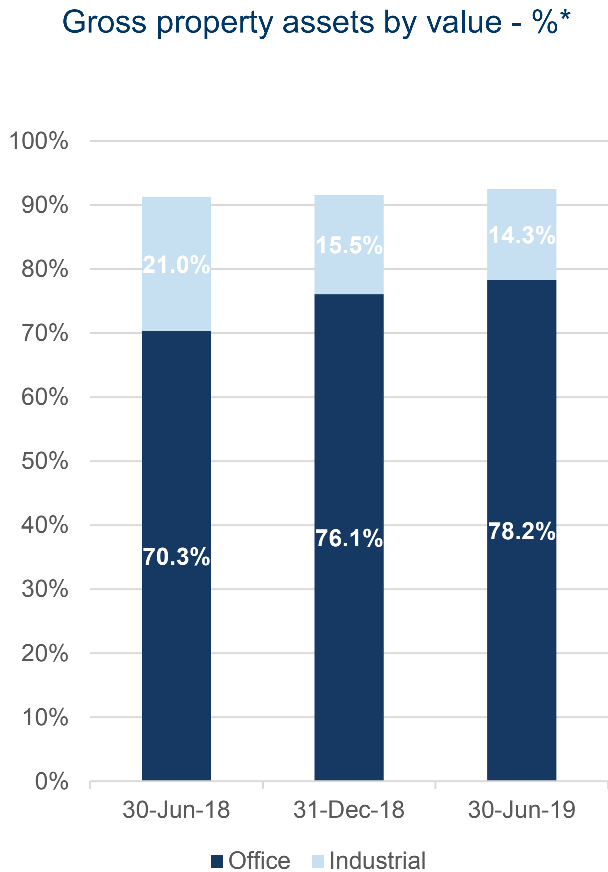
Table may not sum due to rounding.

Top 15 Investments (Market Value)

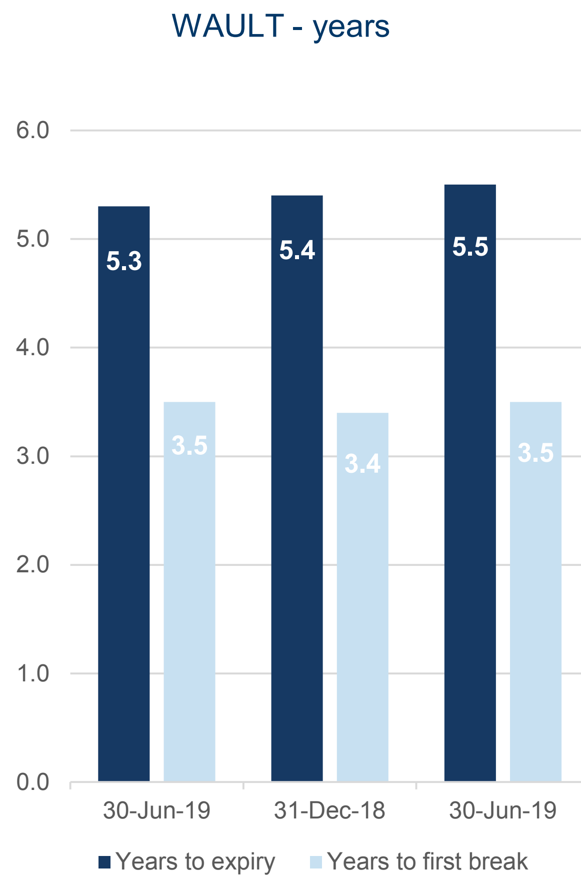
Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
Tay House, Glasgow	Office	Barclays Execution Services Ltd, University of Glasgow	32.9	4.6%	156,853	94.2%	2.7	4.7%	2.9
Juniper Park, Basildon	Industrial	Schenker Ltd, A Share & Sons Ltd, Vanguard Logistics Services Ltd	29.0	4.0%	277,228	100.0%	2.0	3.5%	1.8
Genesis Business Park, Woking	Office	Nuvias (UK & Ireland) Ltd, Alpha Assembly Solutions UK Ltd, McCarthy & Stone Retirement Lifestyles Ltd	25.4	3.5%	98,359	77.6%	1.4	2.4%	3.1
Buildings 2 & 3 HBOS Campus, Aylesbury	Office	Bank of Scotland Plc, The Equitable Life Assurance Society, Agria Pet Insurance Ltd	24.9	3.4%	140,791	96.1%	2.3	3.9%	3.9
Norfolk House, Smallbrook Queensway, Birmingham	Office	Secretary of State for Communities & Local Government, Spark44 Ltd	20.1	2.8%	114,982	100.0%	1.7	2.9%	2.1
Hampshire Corporate Park, Eastleigh	Office	Aviva Health UK Ltd, National Westminster Bank Plc, Digital Wholesale Solutions Ltd, Utilita Energy Ltd	19.7	2.7%	85,422	99.6%	1.7	2.9%	1.2
800 Aztec West, Bristol	Office	Edvance SAS, The Secretary of State for Defence	18.4	2.5%	73,292	86.3%	1.3	2.3%	3.7
One & Two Newstead Court, Annesley	Office	E.ON UK Plc	16.9	2.3%	146,262	100.0%	1.4	2.5%	4.4
Road 4 Winsford Industrial Estate, Winsford	Industrial	Jiffy Packaging Ltd	15.7	2.2%	246,209	100.0%	1.0	1.7%	15.3
Portland Street, Manchester	Office	New College Manchester Ltd, Mott MacDonald Ltd, Darwin Loan Solutions Ltd	14.5	2.0%	54,959	98.0%	0.8	1.3%	2.0
Columbus House, Coventry	Office	TUI Northern Europe Ltd	13.5	1.9%	53,253	100.0%	1.4	2.4%	4.5
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Hill Rom UK Ltd, Alstom Power Ltd	13.5	1.9%	91,034	100.0%	1.1	1.8%	1.3
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Heidi Beers Ltd, Fore Digital Ltd	11.1	1.5%	141,320	97.2%	1.2	2.0%	4.1
Oakland House, Manchester	Office	HSS Hire Service Group Ltd, Please Hold (UK) Ltd, CVS (Commercial Valuers & Surveyors) Ltd, Rentsmart Ltd	10.8	1.5%	160,938	86.9%	1.1	1.9%	4.0
1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea	Retail	Wren Living Ltd, Steinhoff UK Group Property Ltd, A Share & Sons	10.4	1.4%	71,615	100.0%	1.1	1.9%	5.8
Total			**276.5**	**38.3%**	**1,912,517**	**95.0%**	**22.1**	**38.1%**	**3.7**

Table may not sum due to rounding.

Diversified Office – led portfolio focused on the UK regions



- **6.0% - Retail**
  (31 Dec'18, 7.1%)
- **1.5% - Other**
  (31 Dec'18, 1.4%)



- **EPRA Occupancy– 87.5%**
  (31 Dec'18, 89.4%)

- **Gross rent roll – c. £57.8m**
  (31 Dec'18, £59.7m)
- **Valuation– £721.7m**
  (31 Dec'18, £718.4m)

Figures based on Cushman & Wakefield as at 30 June 2019

Investment Property Activity – proactive strategy

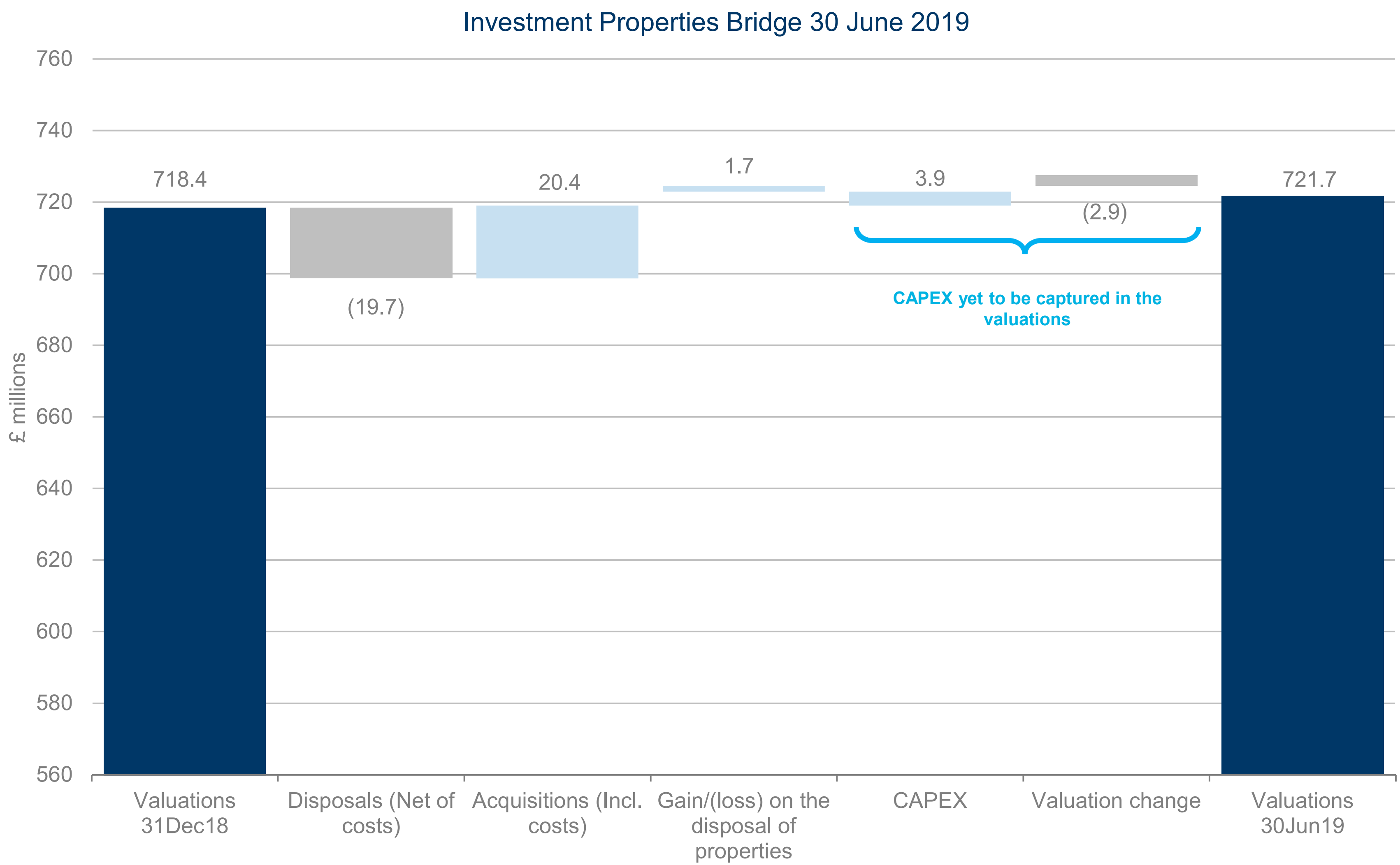


Table may not sum due to rounding.

Property Case Studies

- Active Asset Management Initiatives
- Disposals
- Acquisition H1 2019
- Post 30 June 2019 Acquisition

Active Asset Management Initiatives

Mile End Road, Colwick

Acquired as part of Empire Portfolio in August 2014

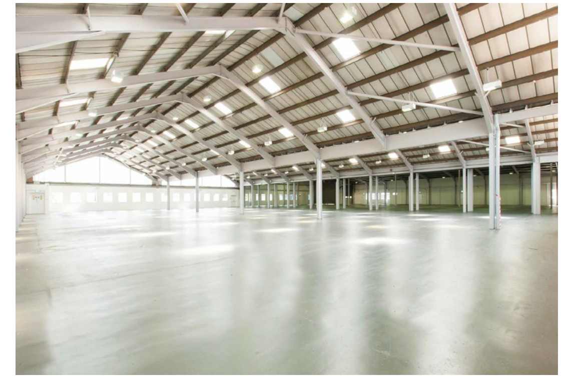
The property comprises a three-bay warehouse and production unit, incorporating two storey offices in part

Located in Colwick which is approximately 3 miles east of Nottingham City Centre off the A412

Property became vacant in January 2019

Property now fully let to Hillary's Blinds Ltd. for a period of 10 years and 6 months at a rent of £320,000 pa

Refurbishment to be undertaken as part of letting agreement. Projected costs for the project are as follows:
Refurbishment cost: £670,000 excl. VAT
Professional fees: £33,500 excl. VAT
Total: £703,500 excl. VAT



Acquisition Price	£2.5m
Valuation Jun 19	£2.9m
ERV (Jun 19)	£0.3m
Valuation uplift from Dec18	2.6%
Floor Area	84,489 sq. ft.

Century Way, Thorpe Park, Leeds

Acquired in 2014

The property comprises a modern good quality office pavilion set over three storeys providing a combined floor area of 30,840 sq. ft.

Thorpe Park is considered to be one of the region's most popular business parks. Located at J46 of the M1 motorway, approximately 6 miles east of Leeds city centre

The building was previously 100% let to WS Atkins

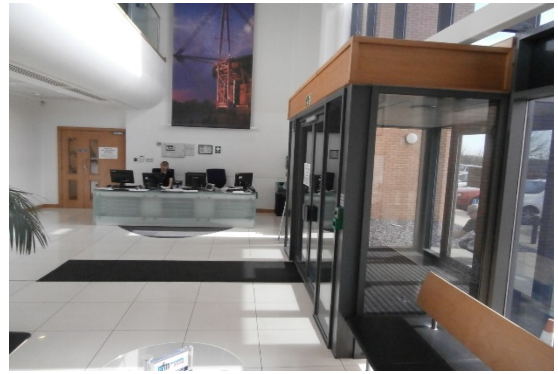
Costs for the project are as follows:

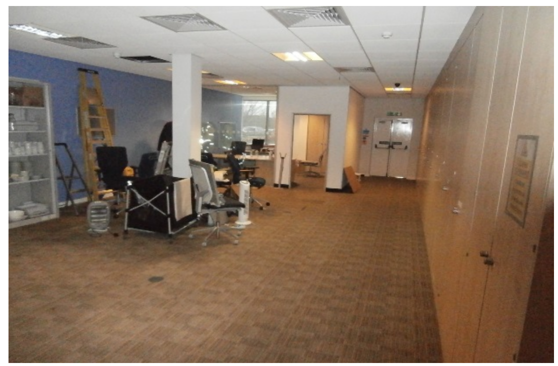
Construction cost: £2.0m excl. VAT
Professional fees: £0.2m excl. VAT
Total: £2.2m excl. VAT

Entire first floor of 10,748 sq. ft. let to Sodexo Ltd. at £17psf

Entire second floor of 10,748 sq. ft. let to Countryside Properties Plc at £19psf

Before





After

Acquisition Price	£5.7m
Valuation Jun 19	£6.0m
ERV (Jun 19)	£0.6m
Floor Area	30,840 sq. ft.
Capital Expenditure	£2.2m

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

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: £6.4m excl. VAT
Professional fee’s: £0.3m excl. VAT
Total: £6.7m excl. VAT

Anticipated dilapidation settlement of £2.4m

Entire first and second floor of 41,285 sq. ft. let to Edvance SAS at £21.85psf

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

Property now fully let

Before

After

Acquisition Price	£6.0m
Valuation Jun 19	£18.4m
ERV (Dec 18)	£1.5m
Valuation uplift from Dec 18	7.3%
Capital Expenditure	£6.7m (gross)

Before (Exterior)

After (Exterior)

REGIONAL REIT

2800 The Crescent, Birmingham Business Park

Acquired as part of Empire Portfolio in August 2014

28,996 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

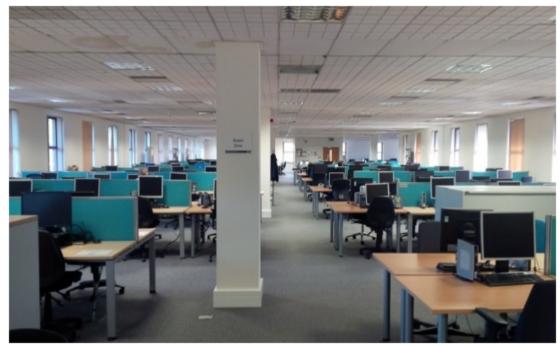
Building positively launched to market March 20

Entire ground floor of 13,356 sq. ft. let to Align Technology UK Ltd at £22psf

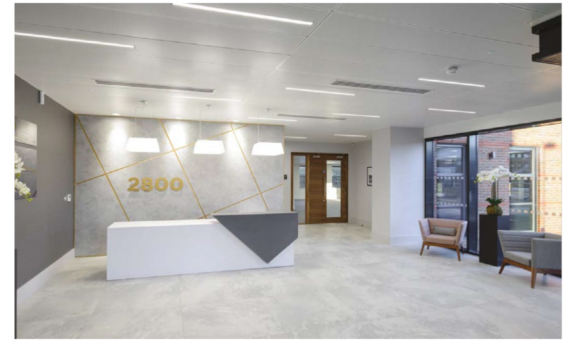
Occupancy (by value) increased to 47.3% as at 31 December 2018 from 0% the 12 month previous

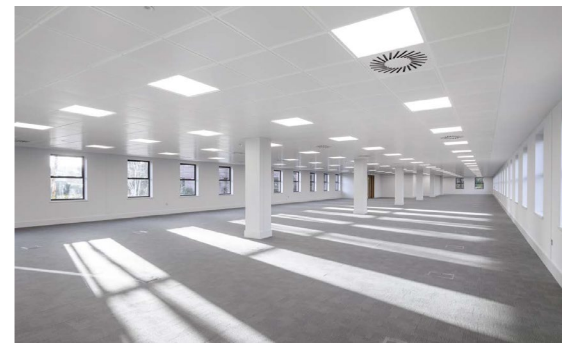
Agreement for lease for c. 6,750 sq. ft. of space on first floor at £22psf

Before



After





Acquisition Price	£2.9m
Valuation Jun 19	£6.9m
ERV (Jun 19)	£0.6m
Valuation uplift from Dec 18	2.2%
Capital Expenditure	£2.4m (gross)

Disposals

Aspect Court, Pond Hill, Sheffield

Acquired May 2016

A 57,976 sq. ft. fully let city centre office property with 37 on site car parking spaces and within walking distance of Sheffield station and university campus

At acquisition, the property was fully let to Sheffield Hallam University and SDL Plc

Following SDL's decision to vacate the fifth and sixth floors were re-let to Sheffield Hallam University until June 2021 in line with tenant's other leases

The total rental income for the property has increased to £620,000, representing an uplift of c. 18% from acquisition

Property sold in Q2 2019 to Sheffield Hallam University for £8.8 million, reflecting a net initial yield of 6.6%

The sale price marks an uplift of 39.7% since acquisition and 24.8% against the 31 December 2018 valuation.

Acquisition Price	£6.3m
Valuation Dec 18	£7.1m
ERV (Dec 18)	£0.6m
Sale Price	£8.8m
Uplift against Dec 18 Valuation	24.8%

Tokenspire Business Park, Beverley

Acquired in March 2016 as part of the Wing portfolio, a multi-let industrial property within a secure site

The industrial estate extends to over 24 acres and consists of 322,211 sq. ft. of commercial space

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

Since acquisition, the asset manager increased occupancy from 73.8% to 94.3%, decreasing EPRA vacancy from 26.2% to 5.7%. Simultaneously, rental income was increased to c. £829k pa, an uplift of 24% since acquisition

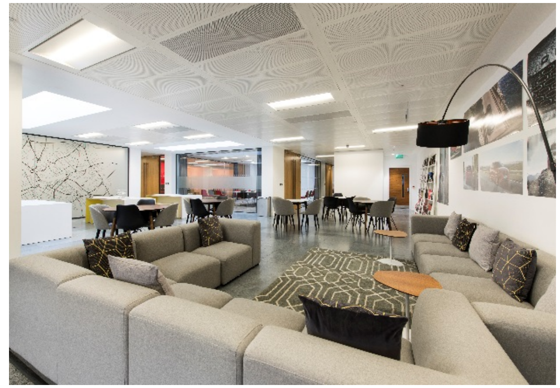
Key tenants include: QDOS Entertainment Limited, Sargent Electrical Services Ltd. and TAPCO Europe Ltd.

Property sold in Q2 2019 for £11.1m. The sale reflects a net initial yield of 7.0%. The sale price of £11.1 million represents an uplift of 30.6% to the acquisition price

Acquisition Price	£8.5m
Valuation Dec 18	£11.0m
ERV (Dec 18)	£1.0m
Sale Price	£11.1m
Uplift against acquisition price	**30.6%**

Acquisition H1 2019

Norfolk House, Birmingham



Acquisition of office property for £20.0m, with a current net initial yield of 7.9%, in an off market transaction.

The freehold property is in a highly commercial location in the centre of Birmingham; situated adjacent to Birmingham New Street Station, the Bullring Shopping Centre and close to the proposed new HS2 station, which will better link Birmingham to both London and Manchester.

The building comprises 12 retail units amounting to 27,433 sq. ft. and office accommodation

The property's weighted average unexpired lease term is 4.5 years.

Anchor tenants include: Secretary of State for Communities & Local Government, Spark44 Ltd

Acquisition Price	£20.0m
ERV	£2.0m
Rental Income	£1.7m
Net Initial Yield	7.9%
Floor Area	114,982 sq. ft.

Post 30 June 2019 Acquisition

Acquisition of £25.9 million portfolio

Acquisition of a portfolio of six office assets for a total consideration of £25.9million

The portfolio comprises six offices located in Birmingham, Bristol, Cardiff, Chester, Glasgow and Manchester

The assets total circa 172,442 sq. ft.

The portfolio is expected to provide a net income of approximately £2.36 million per annum from 27 tenants

The portfolio's weighted average unexpired lease term is 4.9 years.

The acquired tenant profile is deliberately diversified across both industry type and geography, with no crossover to existing Regional REIT tenants.

The portfolio provides the opportunity to secure lease renewals and rent reviews at increased rental levels and seek to let vacant space

Acquisition Price	£25.9m
ERV	£2.5m
Rental Income	£2.4m
Net Initial Yield	8.9%
Reversionary Yield	9.5%

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