



# Investor Presentation

Year End to 31 December 2023

**Resilient performance in challenging macroeconomic conditions**



## Introduction



**Stephen Inglis**  
Chief Executive Officer



**Derek McDonald**  
Chief Operating Officer



**Simon Marriott**  
Investment Director

# FY 23 Summary – Resilient Operational Performance in challenging macroeconomic environment

## Key Portfolio Update

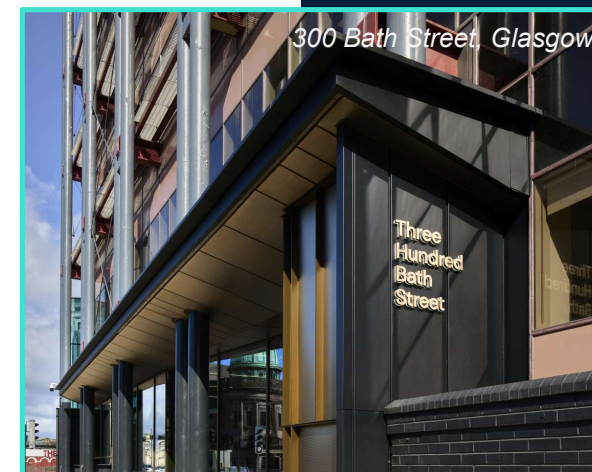
- Tenants back in the office
  - 4.1 days a week is the average
  - 102% active occupancy Vs pre-pandemic levels
- Rent roll £67.8m (2022: £71.8m)
  - 71.1% retention rate (number of units that remain let following 2023 lease expiry)
  - New lettings 7.1% above ERV
- Robust rent collections throughout 2023
  - Very strong FY rent collection 99%\* (2022: equivalent period 98.7%)
- Excellent EPC progress
  - Weighted average EPC scores improved to C 62 (2022: C 73)
- EPRA Occupancy
  - Remains robust (by ERV) 80.0% (2022: 83.4%)
- Market conditions
  - Favourable to the business model with reduced supply
  - Office Average Rent £14.72 psf (2022: £14.50 psf) remains good value

## Debt and Cash

- LTV 55.1% (2022: 49.5%)
- Cash £34.5m (2022: £50.1m)
- Debt 100% fixed, swapped or capped
- WACC 3.5% (2022: 3.5%)
  - Due to valuation decline
  - Asset management plans and a disposals programme are progressing to help bring LTV back to the **long-term target of 40%**
  - No current interest rate risk
  - Permanently repaid £23.8m of debt in 2023

## Retail Bond

- Significant preparatory work undertaken for refinancing options
  - Further announcements to follow when appropriate



# FY 23 Summary – Resilient Operational Performance in challenging macroeconomic environment

## Portfolio

- £700.7m (2022: £789.5m)
- Like-for-like capital value decline of 9.3% after adjusting for disposals and CAPEX Vs MSCI Rest of UK offices decline of 17.4%

Highly geographically diversified

- Asset management initiatives helping to mitigate valuation impact
- 144 properties; offices 92.1% (by value)
- 978 tenants; 903 office tenants
- Regional offices located across the main UK conurbations

## Earnings

- Disposals £25.0m (net of costs); CAPEX £10.2m
- EPRA EPS 5.23pps (2022: 6.6pps)

→ Significant progress made to deleverage

→ Inflationary cost pressures impacting other property expenses and irrecoverable costs and the operational cost base

## Dividend

- Dividend 5.25pps (2022: 6.6pps)

→ Delivering a dividend of 5.25p, adhering with REIT compliance

## EPRA NTA

- £290.8m; 56.4pps (2022: £379.2m; 73.5pps)

→ Tightening of monetary policy weighing upon valuations

## Performance

Total Accounting Return

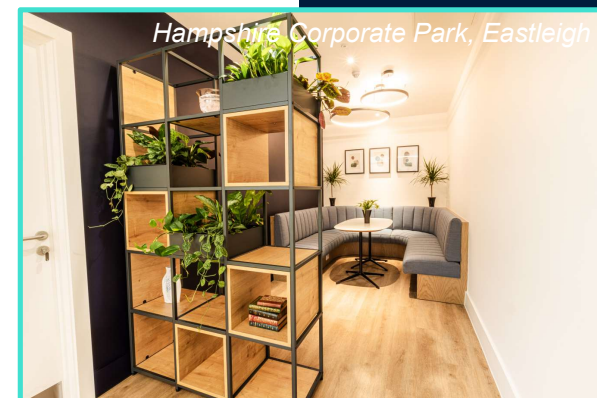
- Since IPO\* 12.7%
- Annualised 1.5%

Total Shareholder Return

- Since IPO (30.7)%
- FY 2023 (31.7)%
- Annualised (4.4)%

FTSE EPRA NAREIT UK Index

- (8.1)%
- 10.7%
- (1.0)%





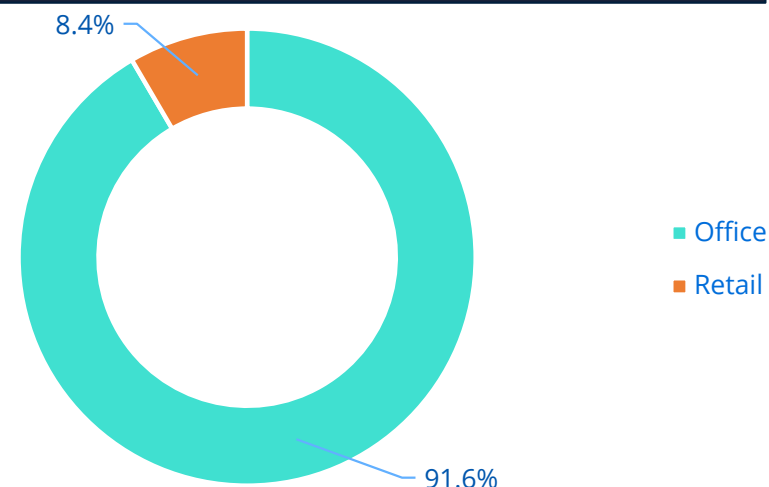
# Summary – Disposal Programme Update

- Disposals totalled **£25.0m** (net of costs)
- Reflecting an **average net initial yield of 4.5% (7.9% excluding vacant assets)**
- 10 assets and 4 part sales in total during 2023
- Disposals of non-core and assets at the end of their business plans
- 58.8% vacancy rate for 2023 disposals
- 63.2% of disposals (by floor area) had an EPC rating of D or below
- Since 31 December 2023**, the Company has completed eight disposals and two part sales for an aggregate total of £13.4m (before costs), in line with the 2023 year end valuation.

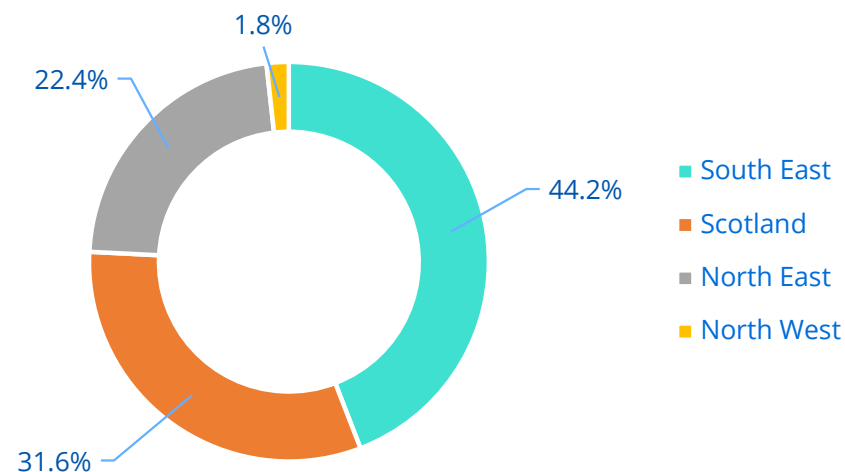
## Future asset disposal programme of 58 assets totalling c. £130m

- One disposal contracted for £405,000;
- 11 disposals totalling c. £26 million under offer and in legal due diligence;
- 10 further disposals totalling c. £18 million are in negotiation;
- 21 further disposals totalling c. £39 million are on the market; and
- 15 potential disposals totalling c. £49 million are being prepared for the market

### 2023 Disposals by Sector



### 2023 Disposals by Region



# Diversified portfolio – delivering income

## Proactive property asset management

- 88 new lettings; £3.8m pa gross rent roll - up 7.1% against December 2022 ERVs (2022: 114; £5.9m pa)
- EPRA Occupancy (by ERV) 80.0% (2022: 83.4%); like-for-like Dec 23 vs Dec 2022 80.0% (2022: 84.7%)
- 71.1% retention rate (number of units that remain let following 2023 lease expiry) with renewals achieving a 6.6% uplift against previous passing rent and in line with ERV

→ Focus on regional properties outside M25

→ Offices 92.1% (by value) (2022: 91.8%)

- 64.1% - Business Parks
- 29.6% - Central Business Districts
- 6.3% - Edge of town

→ Retail 3.1% (by value) (2022: 3.6%)

→ Industrial 3.2% (by value) (2022: 3.1%)

→ Other 1.7% (by value) (2022: 1.4%)

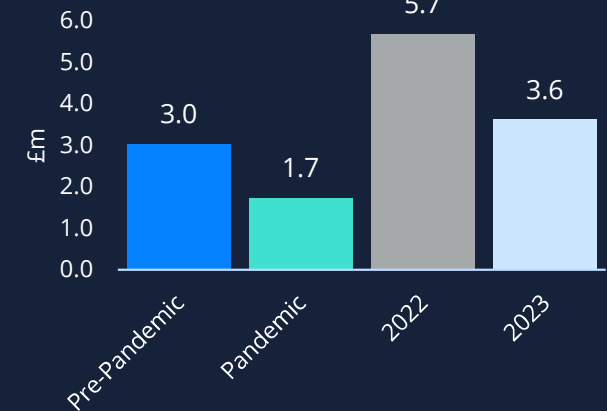


Hampshire Corporate Park,  
Eastleigh

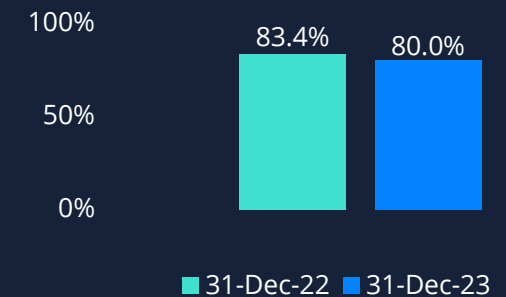


84 Albion Street, Leeds

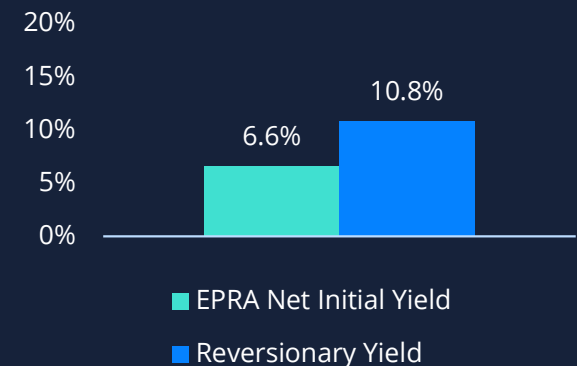
### New Lettings: Office Properties







### EPRA Occupancy



### All Yields



# Debt Facilities – Fully Hedged

	Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross loan to value** %	Annual Interest Rate %		Swaps\Caps: Notional £'000	Swap Rates Blend %
	Royal Bank of Scotland, Bank of Scotland & Barclays	128,000	122,221	Aug-26	54.5	2.40	Over 3mth £ SONIA	71,000 51,221	0.97 0.97
	Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	152,500	Dec-27	52.9	3.28	Fixed	n/a	
	Scottish Widows Ltd	36,000	36,000	Dec-28	47.2	3.37	Fixed	n/a	
	Santander UK	65,870	60,029	Jun-29	52.1	2.20	Over 3mth £ SONIA	49,403 10,626	1.39 1.39
		<b>394,870</b>	<b>370,750</b>						
	Retail Eligible Bond	50,000	50,000	Aug-24	n/a	4.50	Fixed		
		<b>444,870</b>	<b>420,750</b>						

**Weighted Average Debt Duration**

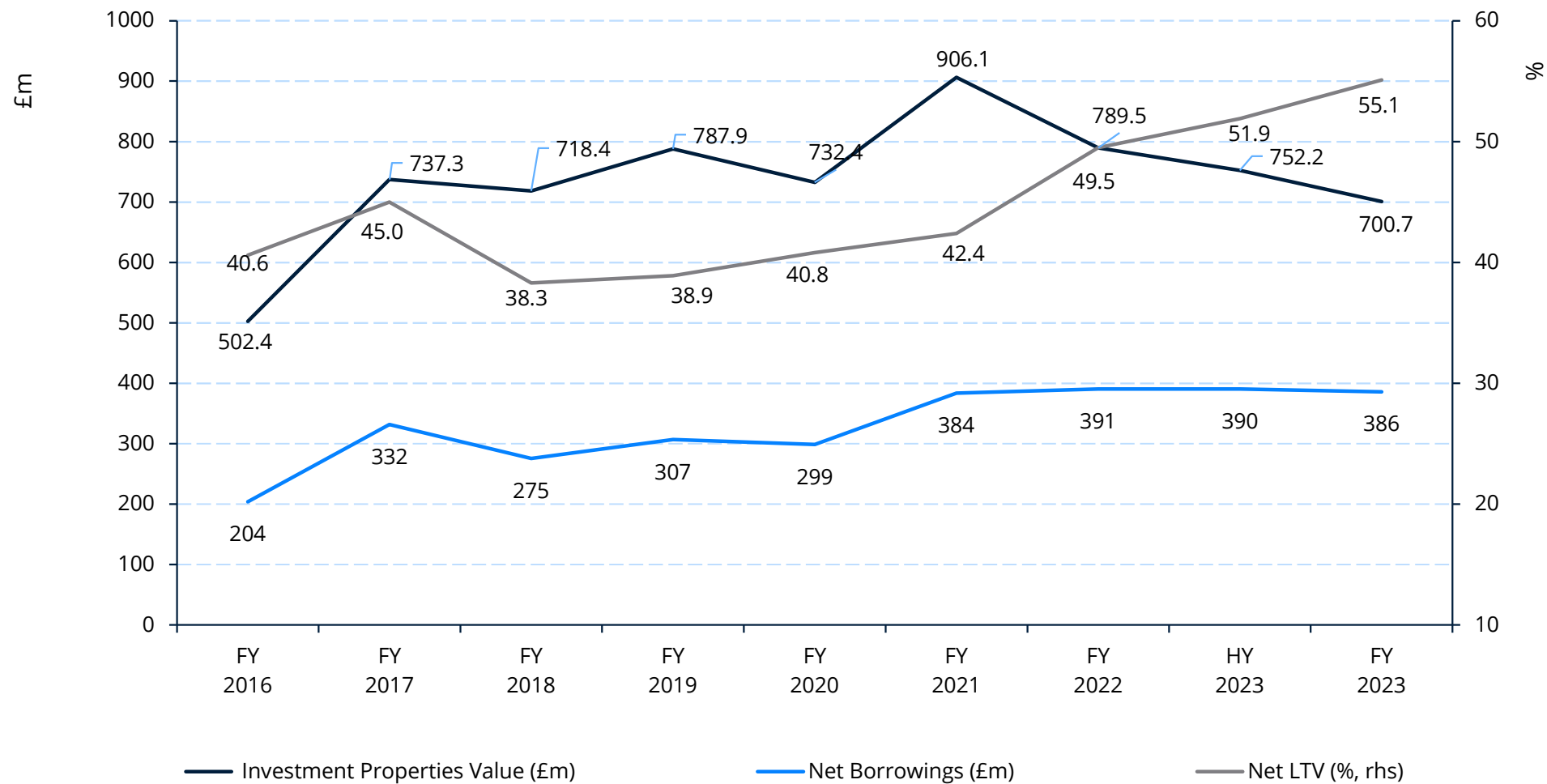
**3.5 years (2022: 4.5 years)**

**Weighted Average Cost of Debt**

**3.5% (2022: 3.5%)**

- The Group WACD on current facilities will not exceed 3.50% given the swaps and caps in place.

# Net LTV – FY 23





# What we are seeing – Return to the office

- **Vast majority of tenants back in the office**
  - 71.4% active office occupation across the portfolio (65.4% H1 2023)
  - Averaging 4.1 days back in the office
  - 65% active occupancy vs 70% Savills\* active occupancy pre-pandemic level; 102% of pre-pandemic physical occupancy level
- **Survey (Jan '24) based upon:**
  - 122 offices in the portfolio
  - Sample survey of over 29,000 employees
- **Encouraging level of enquiries continues in Q1 2024**
- **Attractive space at affordable rents**
  - Average rent per sq. ft £14.72 Vs prime regional rent £36.50 (Avison Young)
- **Supply continues to contract**
  - Repurposing reducing supply
  - Funding availability continues to be constrained as lenders stress test balance sheets
  - Inflation and interest rates impacting cost of build
  - Planning tighter on new build projects given environmental impact and embodied carbon now a consideration
  - Developers experiencing margin pressures resulting in reduced projects
- **Opportunities include, but are not limited to**
  - Increase rent from a low base
  - Creating superior office space to meet the needs of our customers
  - Hybrid approach to leasing, including flexible leasing offering to increase occupancy across the portfolio

“Deutsche Bank draws remote-work line in the sand, banning WFH on Friday and the following Monday”

Bloomberg (16 Feb 2024)

“United Parcel Service tell workers are expected in the office five days a week starting from March”

BBC (19 Feb 2024)

“Blackstone loads up on European real estate’ as analysts expect UK property to bottom out first with the EU and US to follow suit”

Financial Times (23 Dec 2023)

“Dell tells ‘hybrid’ workers to come into the office 3 days a week. Those who choose to be fully remote must sign a remote contract with tacit understanding that being remote is career limiting”

Business Insider (5 Feb 2024)

“IBM to Managers “move near an office or leave company” as CEO Arvind Krishna highlights the importance of in-person work”

Bloomberg (29 Jan 2024)

“Bank of America send “letters of education” to employees who have not been showing up at the office, warning of disciplinary action”

Financial Times (24 Jan 2024)

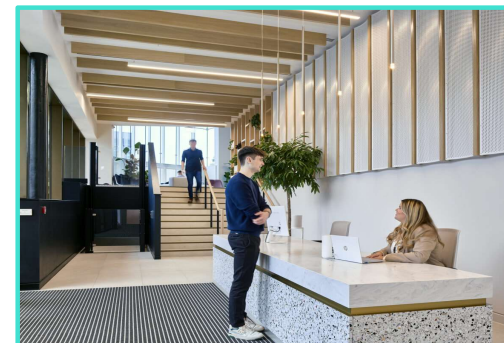
# Office Market – Supply and Demand Dynamics

- **No substitute for face-to-face collaboration**

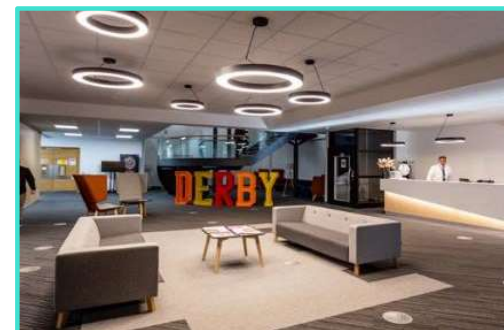
- Culture, community, creativity, value - add productivity
- Collaborative working
- Training
- Talk of recession is drawing people back to the office

- **Hybrid working**

- Tailwind of the return to the office
- Management question - how to make hybrid work
- ONS data shows only 12% of workers reported working exclusively from home – down from 26% in mid- January 2022
- Those aged 16 to 29 were less likely to exclusively work from home with only 6% stating that they did not travel to work

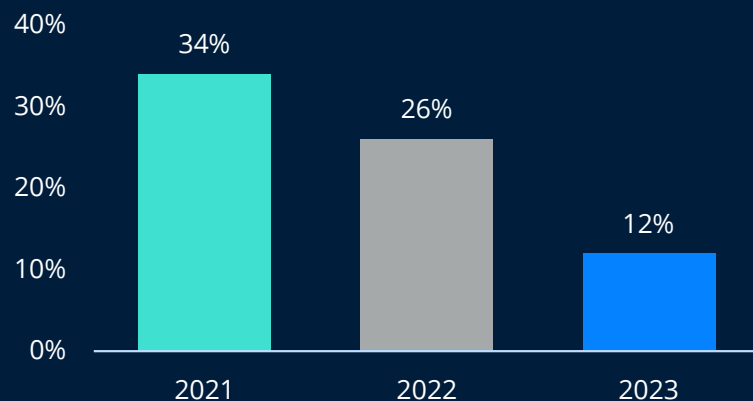


300 Bath Street, Glasgow

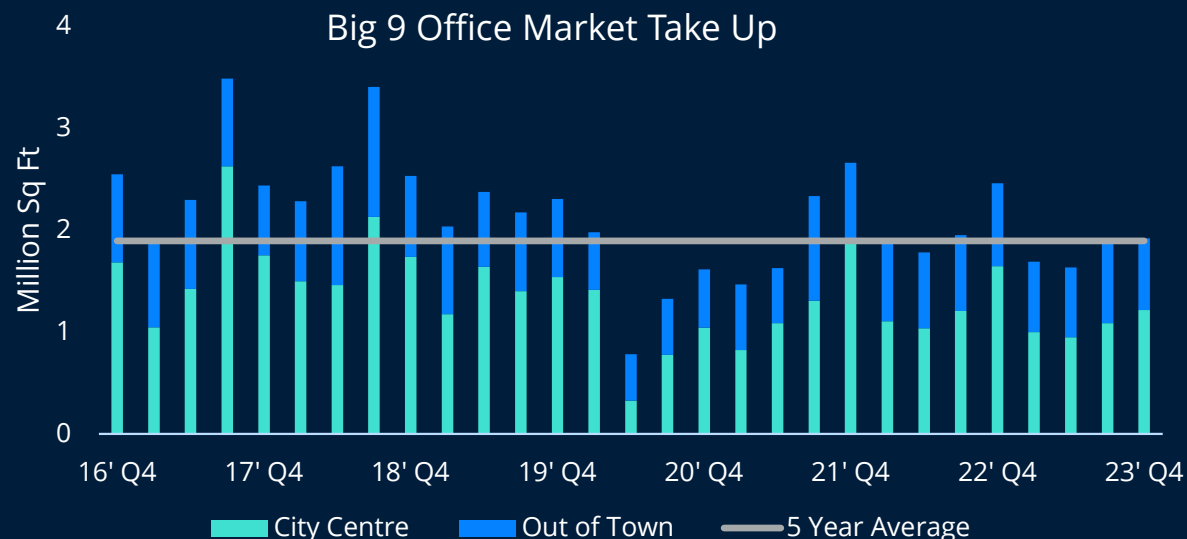


Orbis 1 & 2, Pride Park, Derby

## Working from home only (not travelled to work)



## Big 9 Office Market Take Up



Source: ONS (Mar 2023), Savills (Jun 23), Avison Young (Jun 2023)

\*Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle

# ESG – Focused on delivering sustainability – Good Progress Across Portfolio

## Environment

- On target to achieve current guidelines of EPC B rating by 2030
- EPC ratings progressing

Rating	31 December 2022	31 December 2023	Movement
B plus and Exempt	23.6%	42.1%	+18.50pps
C	33.3%	31.6%	(1.70)pps
D	27.2%	15.7%	(11.50)pps
E and below	16.0%	10.5%	(5.40)pps

- Excluding Scotland:

Rating	31 December 2022	31 December 2023	Movement
B plus	25.1%	42.9%	+17.80pps
C	33.5%	32.4%	(1.10)pps
D	28.0%	15.8%	(12.20)pps
E and below	13.4%	9.0%	(4.40)pps

- The weighted average EPC score continues to improve to C 62 (2022: C 73)
- GRESB indicative rating improved to a two Green Stars in 2023
- CAPEX programme to 31 Dec 23 £10.2m (2022: £10.0m) considers the choice of materials and equipment to mitigate impact and enhanced EPC rating and is in line with normal spending
- 63.2% of disposals (by floor area) had an EPC rating of D or below
- All sites visited regularly to enhance ESG standing



# ESG – Focused on delivering sustainability – Good Progress Across Portfolio

## Social

- Working with not-for-profit organisations
- Committed to making a positive difference in society with charitable donations; IM and AM match funding for good causes and encouraging staff to be active in their local communities
- LSPIM's dedication to supporting and empowering women through workplace culture has earned them a place on this year's UK's Best Workplaces™ for Women's list
- LSPIM certified as a 'Great Place to Work' (GPTW)



## Governance

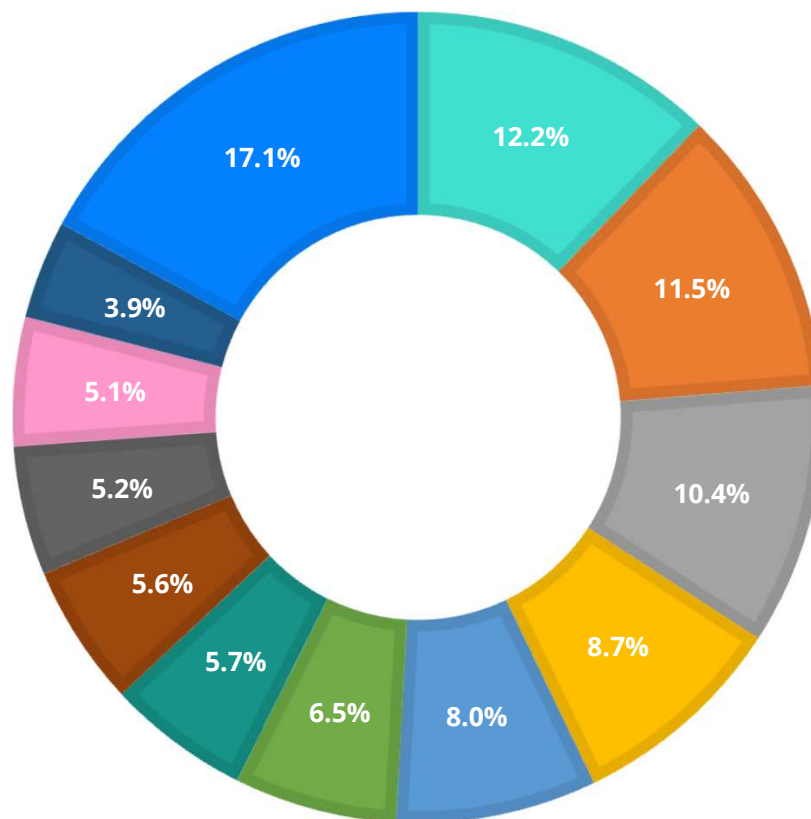
- Committed to promoting diversity in the workplace
- 80% of the Board are independent directors; 50% of the independent directors female
- 100% independent Audit, Management Engagement and Remuneration, and the Nomination Committee
- Committed to establishing and maintaining high standards of corporate governance in line with best practice (Fully AIC compliant)





# De-risking through diversification – Occupier Base

- Diversified income - large tenant mix across £700.7m of assets (2022: £789.5m)
- Spread of assets – 144 properties (2022: 154)
- 978 tenants (2022: 1,076) across 1,483 units (2022: 1,552)
- Broad spread of tenant businesses
- A broad geographic spread
- The largest occupier represents only 2.5% of rent roll (2022: 2.4%)
- Top 15 tenants represent 21.5% of the Group's gross rent roll (2022: 20.6%)
- Largest single property accounts for only 2.8% of portfolio by value (2022: 3.0%)
- High-quality tenants



- Information and communication
- Professional, scientific and technical activities
- Administrative and support service activities
- Financial and insurance activities
- Wholesale and retail trade
- Electricity, gas, steam and air conditioning supply
- Human health and social work activities
- Education
- Manufacturing
- Public sector
- Construction
- Other

\*Other - Accommodation and food service activities, activities of extraterritorial organisations and bodies, activities of households as employers; undifferentiated goods, arts, entertainment and recreation, charity, mining and quarrying, other service activities, overseas company, public administration and defence; compulsory social security, real estate activities, registered society, transportation and storage, water supply, sewerage, waste management and remediation activities.

## Blue Chip Tenants





## Summary and Outlook

# Outlook

## Focus

- Significant preparatory work has been undertaken to date in respect of both the debt and equity refinancing options of the £50m August 2024 retail bond
- Continue to execute the disposals programme to help reduce LTV to long term target 40%
- Maintaining strong rent collections
- Positioning space for the needs of current and future tenants to drive rental income and values

## Underpinned by rent and long term capital growth

- Rent collection remain strong
- Uplifts achieved with renewals rates - at ERV or higher often above passing rent

## Quarterly income stream to our shareholders

- Regular quarterly dividends to our shareholders - having regard to the future financial position & performance of the Group and adhering to UK REIT requirements

## ESG – Improving

- GRESB: indicative rating improved from one to two Green Star in 2023
- EPC ratings continue to improve, weighted average EPC score C 62 (2022:C 73)

## Looking ahead

- Occupational market - leasing enquiries increasing
- Investment market – “bottoming out” coupled with limited supply coming to the market







## Appendix

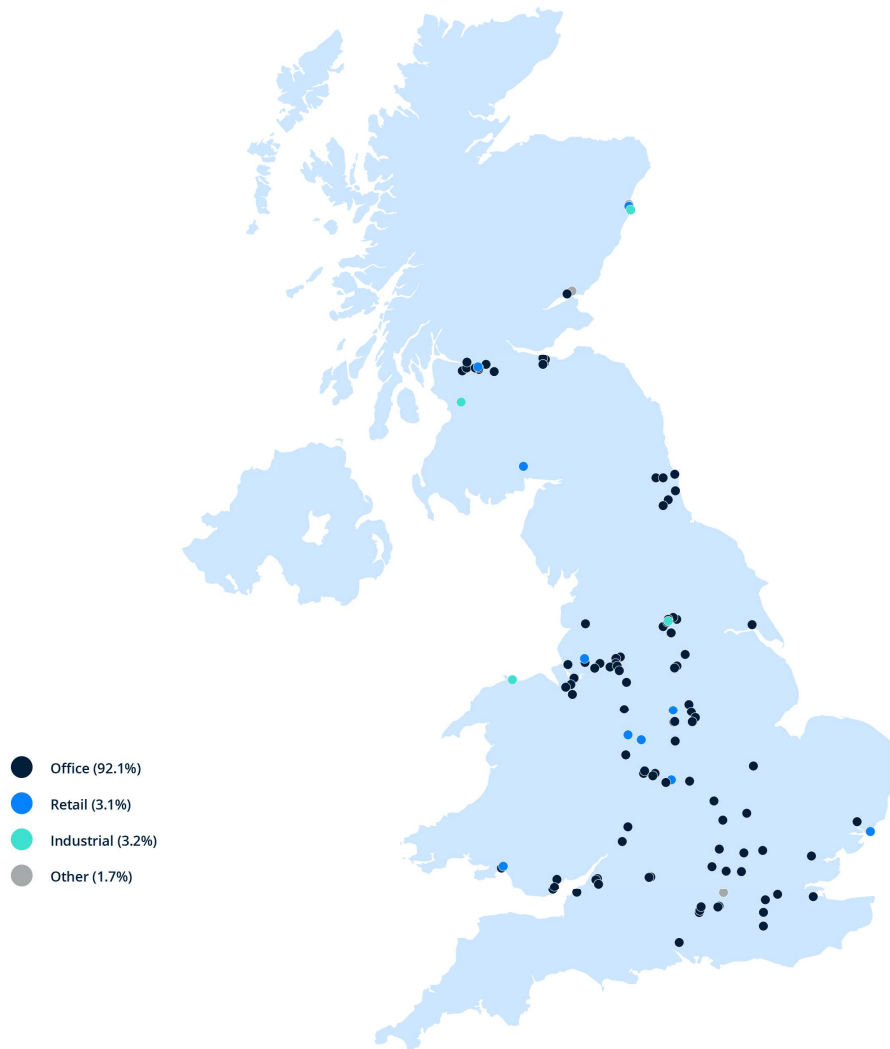
- **Property Portfolio**
- **Portfolio Activity**
  - Asset Management Initiatives (CAPEX)
  - Disposals
- **Financial Information**
- **Performance**



## Property Portfolio

# Overview – Specialised Platform and Geographically Diverse Portfolio

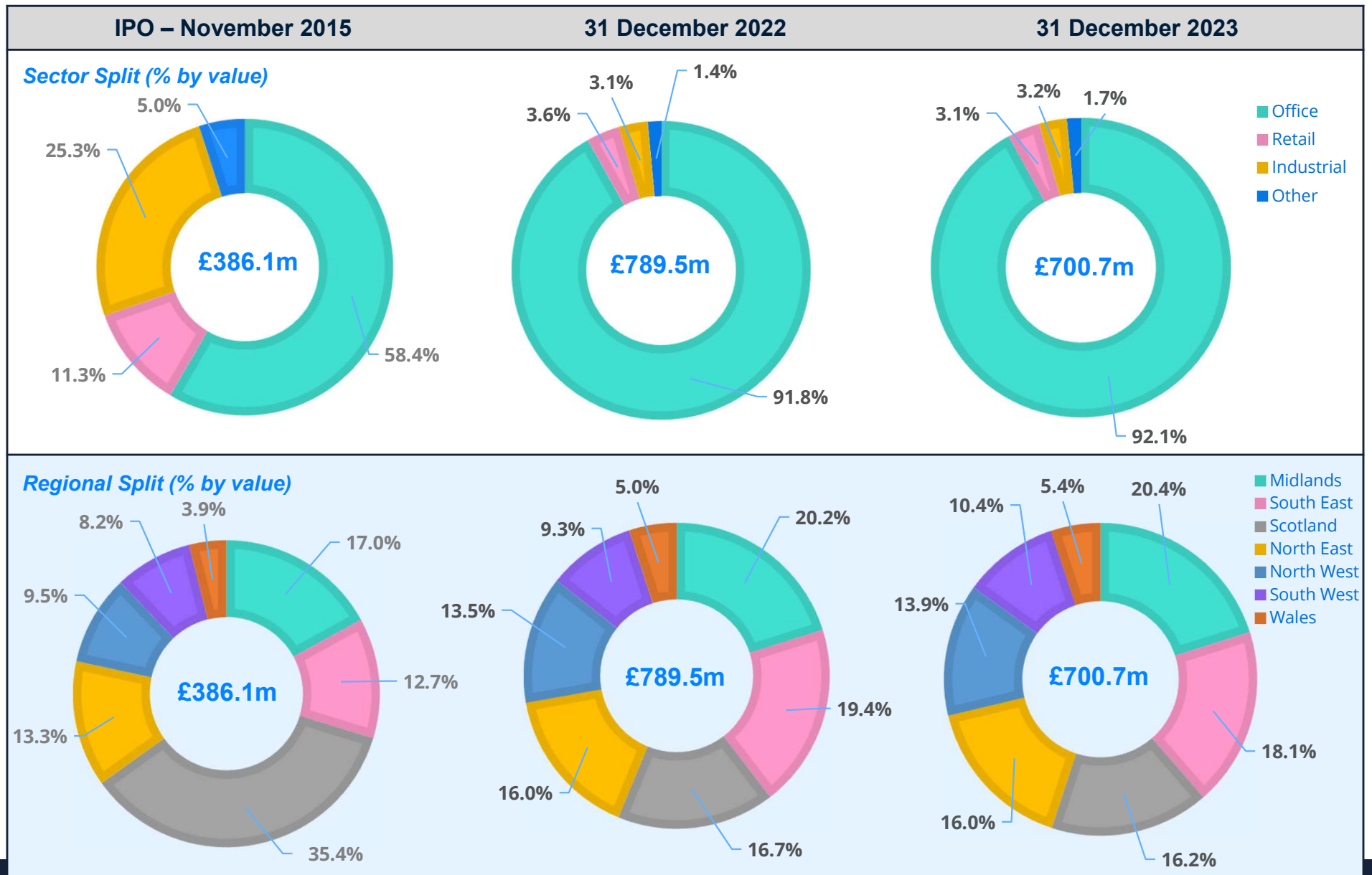
**UK property locations**  
as at 31 December 2023



**Portfolio details**  
as at 31 December 2023

Sector	Properties	Valuation (£m)	% by valuation	Capital Values (£psf)
Office	122	645.0	92.1	117.14
Retail	15	21.9	3.1	81.93
Industrial	4	22.1	3.2	52.76
Other	3	11.7	1.7	120.86
<b>Total</b>	<b>144</b>	<b>700.7</b>	<b>100.0</b>	<b>111.40</b>

# £700.7m Property Portfolio (FY 2022 £789.5m)





# Diversified Income Stream

## Portfolio details at 31 December 2023

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	122	645.0	92.1	5.5	79.2	2.6	61.9	14.72	81.6	117.14	6.1	10.0	11.0
Retail	15	21.9	3.1	0.3	93.6	3.5	2.9	11.55	2.4	81.93	8.9	9.2	9.5
Industrial	4	22.1	3.2	0.4	86.2	5.0	1.9	5.27	2.1	52.76	5.9	7.6	8.0
Other	3	11.7	1.7	0.1	100.0	10.3	1.1	12.36	0.9	120.86	7.1	8.5	7.0
<b>Total</b>	<b>144</b>	<b>700.7</b>	<b>100.0</b>	<b>6.3</b>	<b>80.0</b>	<b>2.8</b>	<b>67.8</b>	<b>13.82</b>	<b>87.0</b>	<b>111.40</b>	<b>6.2</b>	<b>9.9</b>	<b>10.8</b>

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	33	113.8	16.2	1.2	72.4	4.0	10.7	13.31	16.5	98.62	5.1	10.4	11.7
South East	26	126.5	18.1	0.9	83.7	2.1	12.3	16.46	15.5	135.77	6.4	9.6	10.6
North East	21	112.5	16.0	1.0	77.2	3.0	9.8	13.03	13.1	113.59	5.4	9.7	10.5
Midlands	26	142.7	20.4	1.4	85.2	3.1	15.2	13.29	17.8	101.40	6.4	9.9	10.9
North West	18	97.7	13.9	0.9	73.4	2.0	9.1	13.50	12.1	108.71	5.9	10.0	11.1
South West	14	69.8	10.0	0.5	85.9	2.1	6.7	16.81	7.9	147.44	8.3	10.0	10.6
Wales	6	37.8	5.4	0.4	90.4	3.5	3.8	10.22	4.0	86.85	7.9	8.8	9.1
<b>Total</b>	<b>144</b>	<b>700.7</b>	<b>100.0</b>	<b>6.3</b>	<b>80.0</b>	<b>2.8</b>	<b>67.8</b>	<b>13.82</b>	<b>87.0</b>	<b>111.40</b>	<b>6.2</b>	<b>9.9</b>	<b>10.8</b>

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)
300 Bath Street, Glasgow	Office	University of Glasgow, Glasgow Tay House Centre Ltd, Fairhurst Group LLP, London & Scottish Property Investment Management	19.4	2.8%	156,853	87.2	1.2	1.8%	1.9
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd, National Westminster Bank Plc	19.0	2.7%	84,043	100.0	1.8	2.7%	3.2
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd	18.8	2.7%	132,416	62.8	1.3	1.9%	3.4
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, Heart Internet Ltd, SMS Product Services Ltd	16.5	2.3%	215,330	78.6	1.4	2.1%	4.6
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Accenture (UK) Ltd	16.3	2.3%	118,530	98.9	1.9	2.9%	6.8
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, EDF EPR Engineering UK Ltd	16.3	2.3%	73,292	100.0	1.5	2.3%	1.2
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd, Contemporary Travel Solutions Ltd	16.3	2.3%	107,760	79.3	1.4	2.1%	2.7
Orbis 1, 2 & 3, Pride Park, Derby	Office	First Source Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	14.8	2.1%	121,883	100.0	1.8	2.7%	3.4
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, BDW Trading Ltd	13.4	1.9%	98,340	41.6	0.7	1.1%	4.1
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Aztech IT Solutions Ltd, Autotech Recruit Ltd	13.3	1.9%	107,352	79.9	1.3	2.0%	1.8
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M.London Fashion Ltd, CVS (Commercial Valuers & Surveyors) Ltd	13.1	1.9%	161,502	74.3	1.0	1.5%	1.9
Portland Street, Manchester	Office	Evolution Money Group Ltd, Mott MacDonald Ltd, NCG (Manchester) Ltd, Simard Ltd	13.0	1.9%	55,787	95.9	1.1	1.6%	1.9
Lightyear – Glasgow Airport, Glasgow	Office	Rolls-Royce Submarines Ltd, Loganair Ltd, Cefetra Ltd, Taylor Wimpey UK Ltd	12.3	1.8%	73,499	88.4	1.1	1.6%	4.7
Origin 1 & 2, Crawley	Office	Knights Professional Services Ltd, DMH Stallard LLP, Spirent Communications Plc, Travelopia Holdings Ltd	11.7	1.7%	45,855	100.0	1.1	1.6%	1.0
Buildings 2, Bear Brook Office Park, Aylesbury	Office	Utmost Life and Pensions Ltd, Musarubra UK Subsidiary 3 Ltd, Agria Pet Insurance Ltd	10.9	1.5%	61,642	94.5	1.0	1.5%	3.5
<b>Total</b>			<b>224.9</b>	<b>32.1%</b>	<b>1,614,084</b>	<b>84.6</b>	<b>19.7</b>	<b>29.1%</b>	<b>3.2</b>

Table may not sum due to rounding.

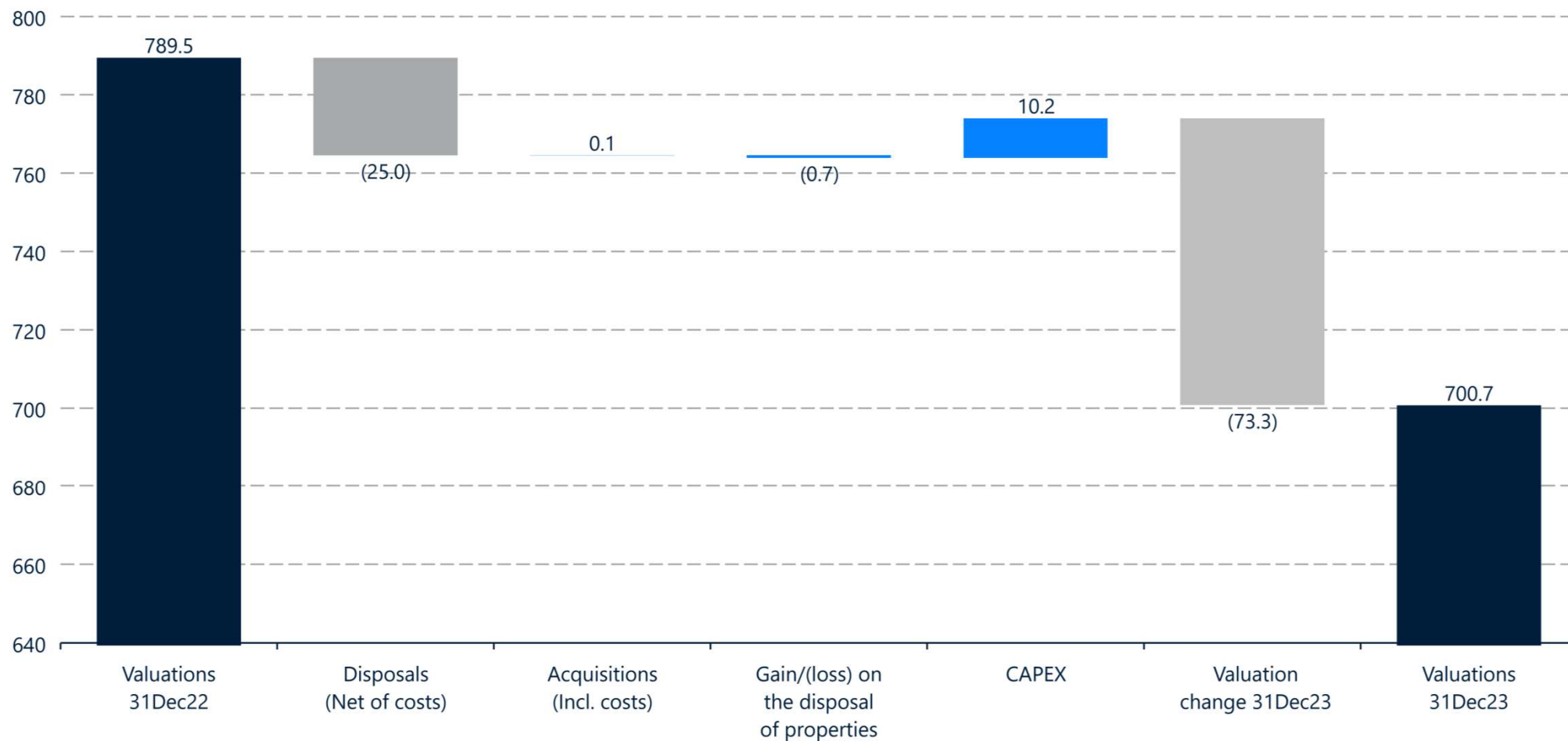
# Top 15 Occupiers (Share of Rental Income)

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq Ft)	Annualised gross rent (£m)	% of Gross rental income
<b>EDF Energy Ltd</b>	Eagle Court, Birmingham	Electricity, gas, steam and air conditioning supply	4.3	109,114	1.7	2.5
	Southgate Park, Peterborough					
<b>Global Banking School Ltd</b>	Norfolk House, Smallbrook Queensway, Birmingham	Education	8.5	73,628	1.4	2.1
<b>Shell Energy Retail Ltd</b>	Columbus House, Coventry	Electricity, gas, steam and air conditioning supply	0.0	53,253	1.4	2.0
<b>Virgin Media Ltd</b>	Eagle House, Coventry Road, Birmingham					
<b>Secretary of State for Communities &amp; Local Government</b>	Southgate Park, Peterborough	Public sector	3.6	108,915	1.1	1.6
	1 Burgage Square, Merchant Square, Wakefield					
	Albert Edward House, Preston					
	Bennet House, Stoke-On-Trent					
	Oakland House, Manchester					
	Waterside Business Park, Swansea					
<b>First Source Solutions UK Ltd</b>	Orbis 1,2 & 3, Pride Park, Derby	Administrative and support service activities	3.3	62,433	1.0	1.5
<b>E. ON UK Plc</b>	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	1.3	99,142	0.9	1.4
<b>NNB Generation Company (HPC) Ltd</b>	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.6	41,743	0.9	1.3
<b>SPD Development Co Ltd</b>	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	1.8	58,167	0.8	1.2
<b>Aviva Central Services UK Ltd</b>	Hampshire Corporate Park, Eastleigh	Other service activities	0.9	42,612	0.8	1.1
<b>Odeon Cinemas Ltd</b>	Kingscourt Leisure Complex, Dundee	Information and communication	11.8	41,542	0.8	1.1
<b>Care Inspectorate</b>	Compass House, Dundee	Public sector	4.3	51,852	0.7	1.0
	Quadrant House, Dundee					
<b>SpaMedica Ltd</b>	1175 Century Way, Thorpe Park, Leeds	Human health and social work activities	2.5	40,529	0.6	0.9
	Albert Edward House, Preston					
	Fairfax House, Wolverhampton					
	Southgate Park, Peterborough					
	The Foundation Chester Business Park, Chester					
<b>University of Glasgow</b>	300 Bath Street, Glasgow	Education	0.7	29,885	0.6	0.9
<b>Homeserve Membership Ltd</b>	1175 Century Way, Thorpe Park, Leeds	Construction	2.7	37,818	0.6	0.9
	Aspect House, Bennerley Road, Nottingham					
<b>Total</b>			<b>3.5</b>	<b>925,942</b>	<b>14.5</b>	<b>21.5</b>

Table may not sum due to rounding.

# Investment Property Activity

Investment properties bridge 31 December 2023 (£m)



# Geographically Diversified Office Led Portfolio Focused on the UK Regions

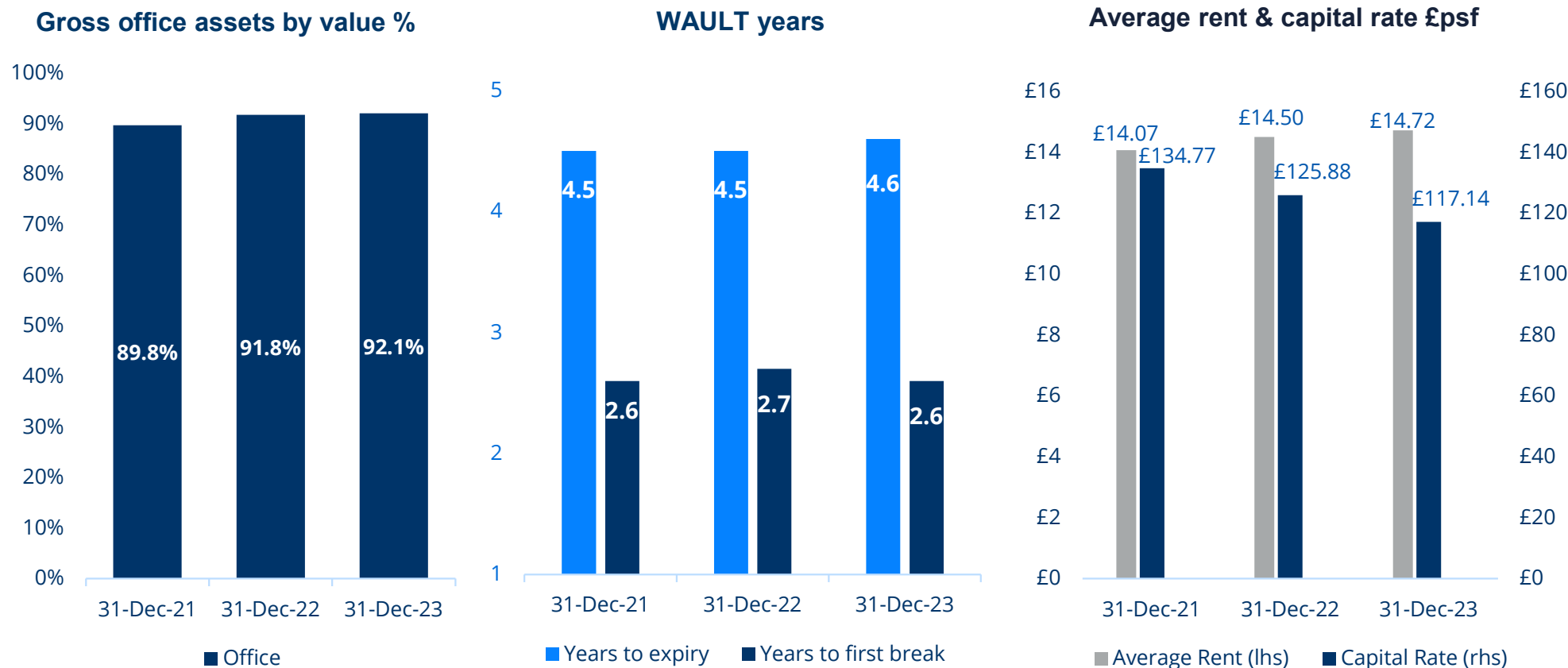


Table may not sum due to rounding.

# FY 2023 Portfolio Highlights

## Major lettings and renewals successfully secured across the regions

### Legal House, Glasgow

The Lord Advocate renewed its lease to May 2028, with the option to break in 2026, at a rental income of £100,935 pa (£12.69/ sq. ft.) on 7,957 sq. ft. of space.

### Buchanan Gate, Stepps, Glasgow

BDW Trading Ltd. has extended the term of two existing leases (13,457 sq. ft.) until April 2024 at a combined rental income of £154,549 pa (£11.48/ sq. ft.).

### Norfolk House, Birmingham

Existing tenant Global Banking School Ltd. has let an additional 29,383 sq. ft. of space at a rental income of £558,277 (19.00/ sq. ft.). The lease is to December 2037, with a break option in 2032 to be coterminous with the existing lease of ground, first and third floors.

### Delta 1200, Delta Business Park, Swindon

TM Group (UK) Ltd. renewed its lease to the end of August 2032, with the option to break in 2027, at a rental income of £187,236 pa (£18.00/ sq. ft.) on 10,402 sq. ft. of space.

### Woodlands Court, Bristol

Sirona Care & Health C.I.C. has let 5,724 sq. ft. of space for seven years to March 2030, with the option to break in 2026, at a rental income of £91,584 pa (£16.00/ sq. ft.).

### Quadrant House, Dundee

The Care Inspectorate has extended the term of existing lease (21,510 sq. ft.) for a further 15 years, with a break option in 2028 and 2033 at a rental income of £292,275 pa (£13.59/ sq. ft.).

### Compass House, Dundee

The Care Inspectorate has extended the term of existing lease (30,342 sq. ft.) for a further 15 years, with a break option in 2028 and 2033 at a rental income of £380,000 pa (£12.52/ sq. ft.).

### Manchester Green, Manchester

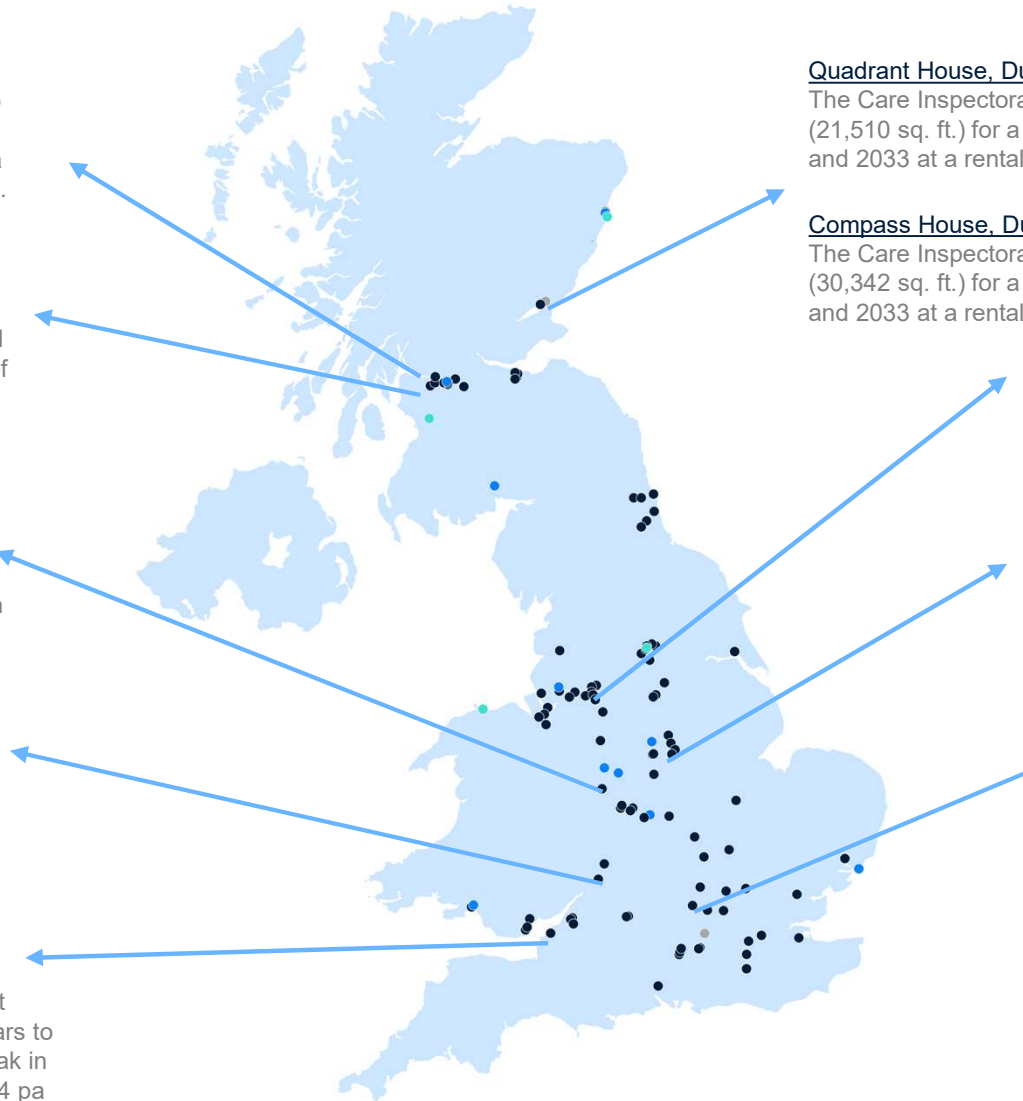
Assetz SME Capital Ltd. renewed its lease until September 2027, at a rental income of £272,600 pa (£18.25/ sq. ft.) on 14,937 sq. ft. of space.

### Columbus House, Coventry

Shell Energy Retail Ltd. has taken assignment of lease and renewed for a further two years from January 2024, at a rental income of £908,500 pa (£17.06/ sq. ft.) on 53,253 sq. ft. of space.

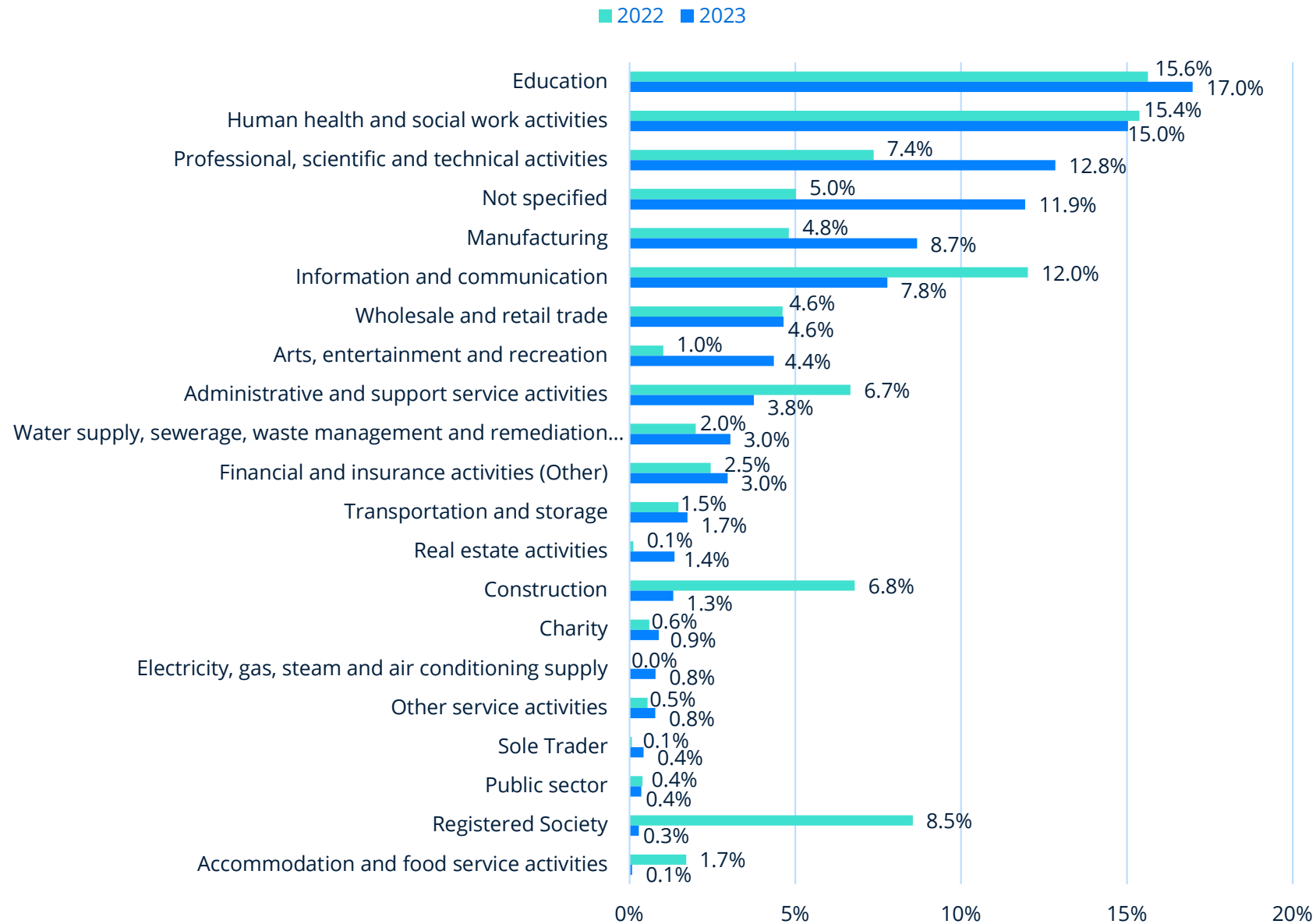
### Building 2, Bear Brook Office Park, Aylesbury

14,242 sq. ft. of space has been let to Musarubra UK Subsidiary 3 Ltd. at a rent of £256,356 pa (£18.00/ sq. ft.) until January 2028.





# New Lettings by Industry Type (% of Gross Rent)



# Rent Collections – remain strong

## Rent collected Vs invoiced (%)

2022

2023

(%)	Q1	Q2	Q3	Q4	2022 Total	Q1	Q2	Q3	Q4	2023 Total
Rent Paid	99.2	99.0	98.3	98.3	98.7	99.8	98.5	98.4	99.1	99.0

Quarterly rental invoices include contractual rent for the proceeding quarter as at 15.03.2024



## **Portfolio Activity – Asset Management Initiatives (CAPEX)**

# 300 Bath Street, Glasgow

- Acquired in 2013, 300 Bath Street is the largest single asset (by value) in the portfolio at £21.4m (2.8% of the portfolio)
- Landmark Grade A office building (Grade A spec) in Glasgow City Centre offering column free floor plates up to 30,000 sq. ft.
- At acquisition, the building was dominated by the occupation of Barclays who had a lease over several floors which provided a substantial ongoing net income position with an opportunity to redevelop/reposition the building at expiry
- The first and second floors were comprehensively refurbished in 2016 with Regus, under their Spaces brand, taking the second floor shortly thereafter
- As anticipated as part of the business plan for the asset, Barclays initiated their lease break options and vacated the property in November 2021 providing the opportunity to update and reposition the building to deliver contemporary Grade A specification space at a cost effective rent
- The asset has been re-branded from “Tay House” to 300 Bath Street. Works are due to complete on the comprehensive reconfiguration of the entrance to the building and refurbishment of the reception. The works will also include the provision of an amenity block providing updated wellness facilities including cycle storage, fully equipped gym and showers. We have now refreshed the branding and marketing of 300 Bath Street and the available office space. The former Barclays' floors will be refurbished as part of the scope of works



- **Acquisition Price £25.0m**
- **Valuation Dec 23 £19.4m**
- **ERV (Dec 23) £3.2m**
- **Floor Area 156,853 sq ft**
- **Gross Rent Roll £1.2m**

# 300 Bath Street, Glasgow

Completion of the comprehensive reconfiguration of the entrance to the building from Bath Street creating a new hosted reception, lounge and event space, wellness facilities including cycle storage, fully equipped gym, and showers, updated branding and marketing of the available office space and regular tenant engagement including events and social activities concentrating on staff wellness.

Our completed showsuite on the 4th floor (East part) provides our refurbished example of space that we can demonstrate to potential occupiers which is a combined temporary large event space for 300 Bath Street.

## Summary Description of Works

- Relocation of entrance onto Bath Street elevation
- Introduction of new business lounge area for waiting guests and informal meetings and small event space
- New basement amenity to include gym area, showers and cycle racks
- Refurbishment of 4th Floor (East)

## New Entrance

### External Works

- Replacement of existing curtain walling to be replaced by new glazed entrance
- Installation of new automatic doors
- Installation of new canopy
- Existing glazed sections at current entrance to be replaced
- Water ingress at existing entrance to be investigated and remedied
- External brickwork to be painted

### Internal Works

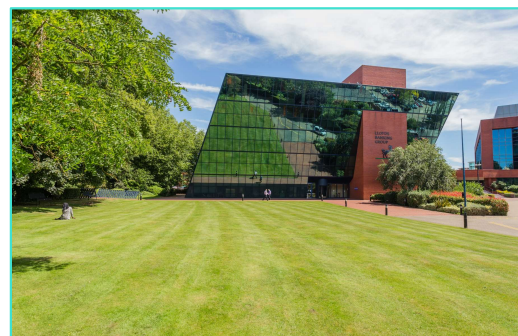
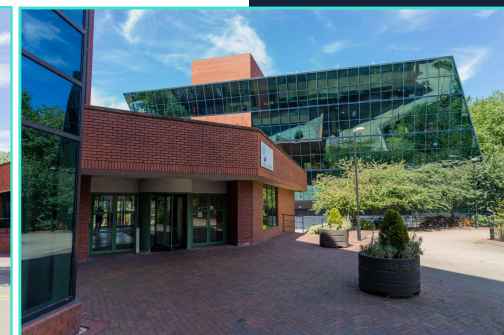
- Addition of new reception desk
- Accessible platform lift to be installed

# Building 2, Bear Brook Office Park, Aylesbury

- Acquired in March 2016
- An 'in town' Campus purpose built high specification HQ building, known as the "Blue Leanie" (Building 2), acquired in March 2016 as part of the "Rainbow" portfolio. The property is situated adjacent to Aylesbury train station with regular service direct to Marylebone Station
- Building 2, previously single let to Scottish Widows, is now multi-let let to five tenants after, as expected, Scottish Widows exercised their option to break their lease

## Action Taken Since Acquisition

- Comprehensive refurbishment programme of Building 2 completed with gross capital expenditure of c. £3.3m and property now offers high specification contemporary space at cost effective rents
- Post refurbishment, the development was rebranded as Bear Brook Office Park
- Building 2 has one vacant suite on the 4<sup>th</sup> floor following the break option being exercised by Prospitalia in May 2023. The suite extends to 3,347 sq ft with an ERV of £17/sq ft.



- **Acquisition Price £11.6m**
- **Valuation Dec 23 £10.9m**
- **ERV (Dec 23) £1.1m**
- **Floor Area 61,642 sq ft**
- **Gross Rent Roll £1.0m**



# Norfolk House, Birmingham

- Acquired in February 2019
- Norfolk House occupies a 0.52 acre island site in the centre of Birmingham close to Birmingham New Street Station and adjacent to the Bullring Shopping Centre. The building is split over six floors with 12 retail units at the ground floor level totalling 26,099 sq. ft. with 88,883 sq. ft. of office accommodation on the ground floor and above. The building offers large column free floor plates adjacent to the city's main rail terminus at a discount rent compared to the competing brand new space.
- Existing tenant Global Banking School Ltd. has let an additional 29,383 sq. ft. of space at a rental income of £558,277 (19.00/ sq. ft.). The lease is to December 2037, with a break option in 2032 to be coterminous with the existing lease of ground, first and third floors.



- **Acquisition Price £11.6m**
- **Valuation Dec 23 £16.3m**
- **ERV (Dec 23) £2.0m**
- **Floor Area 118,530 sq ft**
- **Gross Rent Roll £1.9m**



## Disposals

# Venlaw and Elmbank Gardens, Glasgow

- Acquired in December 2013 for £5.0m
- Sold for £6.25m. This represents a substantial uplift of 26.3% against the most recent valuation at 30 June 2023.
- The 51,775 sq. ft. of office and ancillary leisure space comprises 23 individual units let on 13 separate leases. The purchaser intends to redevelop the office space for student and residential use.



<b>Acquisition Price</b>	<b>£5.0m</b>
<b>Valuation Dec 22</b>	<b>£5.0m</b>
<b>Sale Price (before costs)</b>	<b>£6.3m</b>
<b>Net Initial Yield</b>	<b>6.2%</b>
<b>Uplift against acquisition price</b>	<b>26.3% (post-capex)</b>



# Wakefield 41 Business Park, Wakefield

- Acquired in December 2017 for £1.5m
- The 25,845 sq. ft. office property was multi-let to six tenants at time of disposal
- Over the period of ownership of this property, the asset manager completed a number of new lettings and lease renewals
- The site was sold in June 2023 for £1.9m
- After capital expenditure, this disposal reflects a 14.4% uplift from the acquisition price and is a 12.1% premium to the 31 December 2022 valuation, with a net initial yield of 7.8%



<b>Acquisition Price</b>	<b>£1.5m</b>
<b>Valuation Dec 22</b>	<b>£1.7m</b>
<b>Sale Price (before costs)</b>	<b>£1.9m</b>
<b>Net Initial Yield</b>	<b>7.8%</b>
<b>Uplift against acquisition price</b>	<b>14.4% (post-capex)</b>



## Financial Information

# Delivering on Strategy

## Portfolio – Active management

	Dec 2022	Dec 2023	Change
Investment Property	£789.5m	£700.7m*	(£88.8m)
Acquisitions before costs	£74.7m	-	(£74.7m)
Acquisition Net Initial Yield	8.4%	-	(8.4pps)
Disposals net of costs	£84.1m	£25.0m	(£59.1m)
Disposal Net Initial Yield	4.9%	4.5%	(0.4pps)
CAPEX	£10.0m	£10.2m	+£0.2m

## Portfolio diversification

Office	91.8%	92.1%	+0.3pps
Scotland**	16.7%	16.2%	(0.5pps)

## Debt

Weighted Average Cost of Debt	3.5%	3.5%	0.0pps
Weighted Average Duration	4.5yrs	3.5yrs	(1.0yr)
Fixed and hedged	100.9%	100.0%	(0.9pps)

## Return

Total Accounting Return since IPO***	24.2%	12.7%	(11.5pps)
Total EPRA Annual Accounting Return	3.1%	1.5%	(1.6pps)
Dividends declared FY	6.6p	5.25p	(1.35p)

\* Per Colliers International Property Consultants Valuation of £700.720m Excl. adjustment for Accounting treatment under IAS 40 amounting to £13.0m) \*\*Long term exposure target to Scotland of 15% \*\*\*IPO 06.11.2015 – NAV plus dividend pps: percentage points



# Financial – Statement of Comprehensive Income

	Year ended 31 Dec 2022 (£'000)	Year ended 31 Dec 2023 (£'000)	Change (£'000)
Rental and property income	93,318	91,880	(1,438)
Property costs	(30,672)	(38,161)	(7,489)
<b>Net rental and property income</b>	<b>62,646</b>	<b>53,719</b>	<b>(8,927)</b>
Administrative & other expenses	(11,421)	(10,626)	795
<b>Operating profit (loss) before gains/(losses) on property assets/other investments</b>	<b>51,225</b>	<b>43,093</b>	<b>(8,132)</b>
Gains(loss) on the disposal of investment properties & right of use asset	(8,560)	(726)	7,834
Change in fair value of investment properties & of right of use asset	(113,418)	(86,489)	26,929
<b>Operating profit/(loss)</b>	<b>(70,753)</b>	<b>(44,122)</b>	<b>26,631</b>
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	5,584	(23,325)	(28,909)
<b>Profit/(loss) before tax</b>	<b>(65,169)</b>	<b>(67,447)</b>	<b>(2,278)</b>
Taxation	6	(9)	(15)
<b>Profit/(loss) after tax for the period (attributable to equity shareholders)</b>	<b>(65,163)</b>	<b>(67,456)</b>	<b>(2,293)</b>
Earnings/(losses) per share – basic	(12.6)p	(13.1)p	(0.5p)
Earnings/(losses) per share - diluted	(12.6)p	(13.1)p	(0.5p)
<b>EPRA earnings/(losses) per share - basic</b>	<b>6.6p</b>	<b>5.2p</b>	<b>(1.4p)</b>

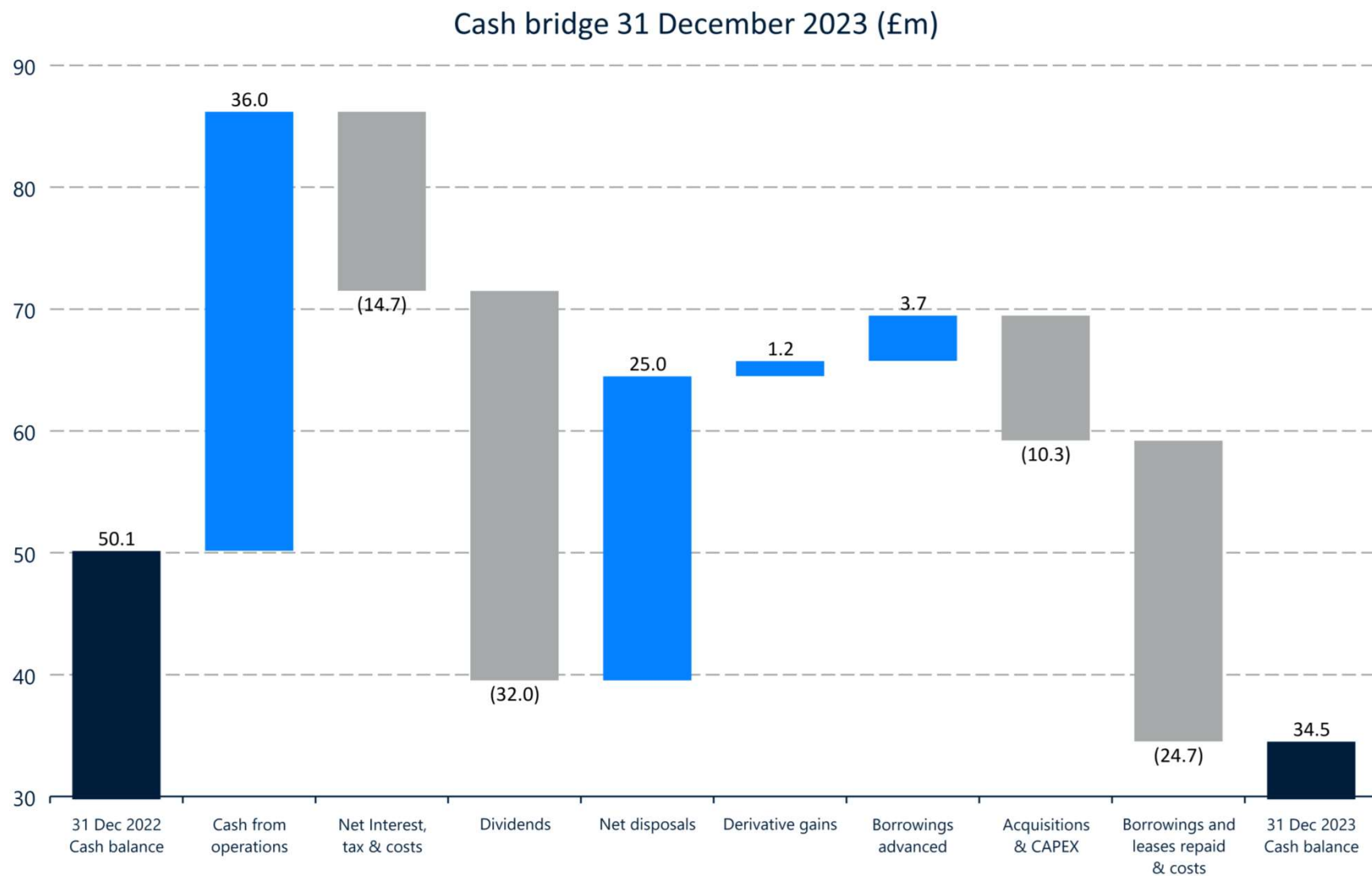
# Financial – Statement of Financial Position

	Year-end Dec 2022 (£'000)	Year-end Dec 2023 (£'000)	Change		Year-end Dec 2022 (£'000)	Year-end Dec 2023 (£'000)	Change
<b>Assets Non-current Assets</b>				<b>Liabilities</b>			
Investment properties	789,480	687,695*	(101,785)	Current liabilities	(56,591)	(99,251)	(42,660)
Right of use assets	11,126	10,987	(139)				
Other non-current assets and derivative financial instruments	25,027	16,394	(8,633)	<b>Non-current liabilities</b>			
				Bank and loan borrowings - non current	(435,017)	(365,603)	69,414
<b>Current assets</b>				Lease liabilities	(11,505)	(11,475)	30
Current assets	30,274	32,837	2,563	<b>Total liabilities</b>	<b>(503,113)</b>	<b>(476,329)</b>	<b>26,784</b>
Cash and cash equivalents	50,148	34,505	(15,643)	<b>Net assets</b>	<b>402,942</b>	<b>306,089</b>	<b>(96,853)</b>
<b>Total assets</b>	<b>906,055</b>	<b>782,418</b>	<b>(123,637)</b>	Share capital	513,762	513,762	0
				Retained earnings/accumulated (losses)	(110,820)	(207,673)	(96,853)
				<b>Total equity</b>	<b>402,942</b>	<b>306,089</b>	<b>(96,853)</b>
				Net assets per share – basic	78.1p	59.3p	(18.8p)
				Net assets per share – diluted	78.1p	59.3p	(18.8p)
				<b>EPRA net tangible value per share **</b>	<b>73.5p</b>	<b>56.4p</b>	<b>(17.1p)</b>

\*£687.695m (Colliers International Property Consultants Valuation of £700.720m less adjustment for Accounting treatment under IAS 40 amounting to £13.0m)

\*\*EPRA Net Reinstatement Value(NRV): 31 December 2023 56.4p (31 December 2022: 73.5p); Net Disposal Value(NDV): 31 December 2023 62.2p (31 December 2022: 81.9p)

# Cash Flow



# Income and Cost Focused

	Year ending 31 Dec 2022	Year ending 31 Dec 2023	Change*
Net rental and property income	£62.6m	£53.7m	(£8.9m)
Operating profit before gains/losses on property assets/other investments	£51.2m	£43.1m	(£8.1m)
IFRS EPS	(12.6p)	(13.1p)	(0.5p)
EPRA EPS	6.6p	5.2p	(1.4p)
EPRA cost ratio (incl. direct vacancy costs)	32.8%	38.5%	+5.7pps
EPRA cost ratio (excl. direct vacancy costs)	16.2%	16.4%	+0.2pps
Dividend declared for the period	6.60p	5.25p	(1.35p)

- Rental income continues to remain robust. If the portfolio was fully occupied per Colliers International Property Consultants view of market rents the Rent roll at 31 Dec 2023 would be £87.0m pa. (31 Dec 2022: £92.0m)\*\*
- The EPRA cost ratio (incl. direct vacancy costs) increased ostensibly due to an increase in the level of property expenses incurred relative to the level of rental income.
- Loss before tax 31 Dec 2023 £67.4m (31 Dec 2022: loss £65.2m); including loss on the disposal of investment properties £0.7m (31 Dec 2022: loss £8.6m) and loss in the change in fair value of investment properties of £86.4m (31 Dec 2022: loss £113.2m).
- EPRA EPS 31 Dec 2023 5.2p (31 Dec 2022: 6.6p) paying a FY 2023 dividend 5.25p (2022: 6.6p)

\*Rounded to whole numbers    \*\*Excluding service charge income and other similar items  
pps: percentage points

# Financial Position

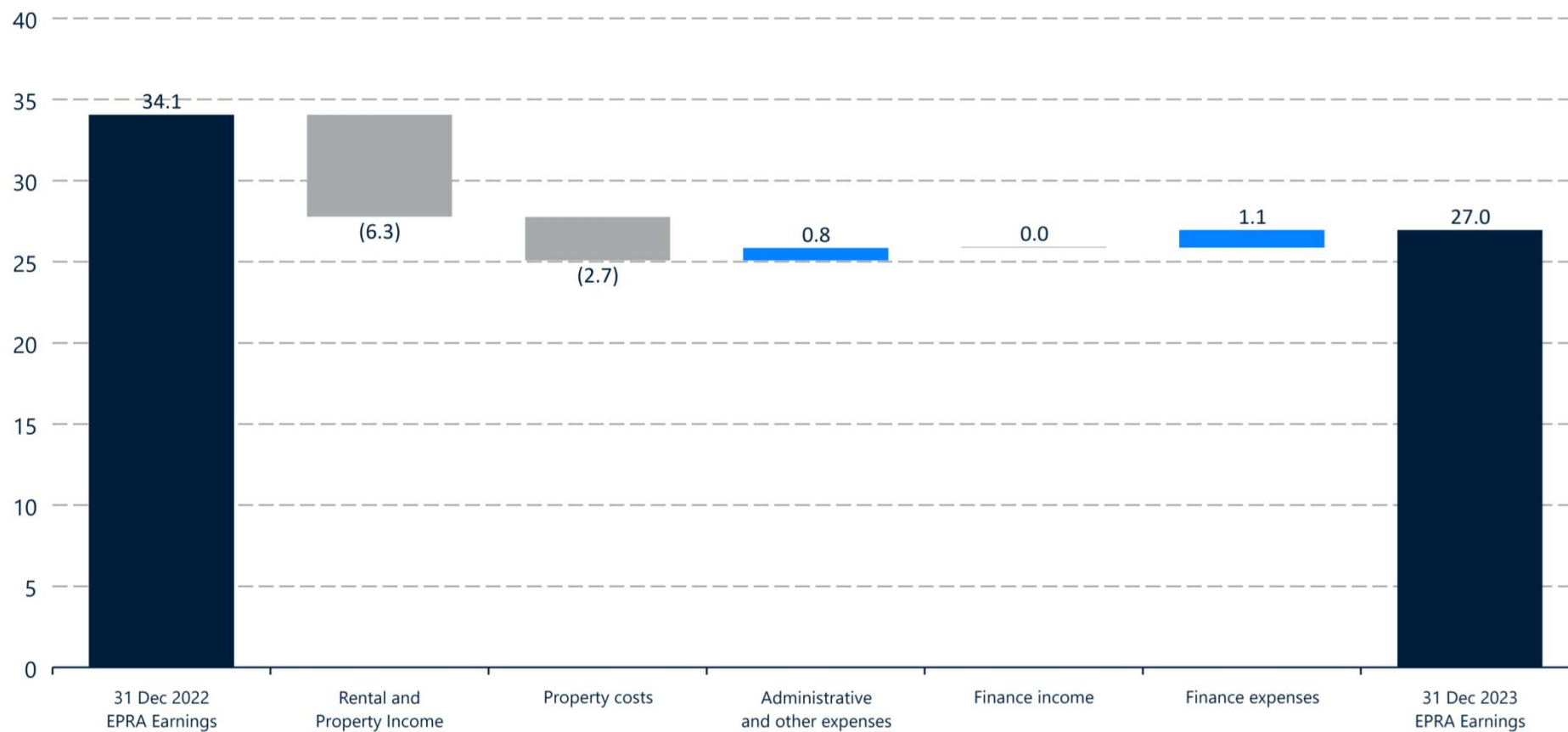
	Year ending 31 Dec 2022	Year ending 31 Dec 2023	Change
Investment Property	£789.5m	£700.7m	(£88.8m)
IFRS NAV (fully diluted)	78.1p	59.3p	(18.8p)
EPRA NTA* (fully diluted)	73.5p	56.4p	(17.1p)
Borrowings (incl. retail eligible bond)	£440.8m	£420.8m	(£20.0m)
Weighted average cost of debt (incl. hedging)	3.5%	3.5%	0.0pps
Net Loan-to-value	49.5%	55.1%	+5.6pps
EPRA Occupancy	83.4%	80.0%	(3.4pps)
EPRA Occupancy like-for-like	84.7%	80.0%	(4.7pps)
Rent roll like-for-like	£70.3m	£67.8m	(£2.5m)

- Investment properties on a like-for-like valuation decrease of 9.3%, after adjusting for capital expenditure, acquisitions and disposals during the period.
- Borrowings decreased by a net £20.0m.
- EPRA Occupancy of 80.0%, with planned refurbishment programmes impacting ERV amounting to £3.7m
- Total accounting returns to shareholders since IPO of 12.7%, and annualised total accounting rate of return 1.5%.

\*EPRA Net Reinstatement Value(NRV): 31 December 2023 56.4p (31 December 2022: 73.5p); Net Disposal Value(NDV): 31 December 2023 62.2p (31 December 2022: 81.9p)

# FY 23 - Earnings

EPRA Earnings bridge 31 December 2023 (£m)



- Earnings variance between 31 December 2022 to 31 December 2023
- Excluding the Recoverable service charge income/expenditure and other similar items



# Positioned to Unlock Shareholder Value over the Long Term

## EPRA Net Tangible Asset - Bridge 31 December 2023

- **EPRA NTA\***: £290.8m (56.4p fully diluted)  
(31 Dec '22: £379.2m, 73.5p fully diluted)
- **IFRS**: £306.1m (59.3p fully diluted)  
(31 Dec '22: £402.9m, 78.1p fully diluted)

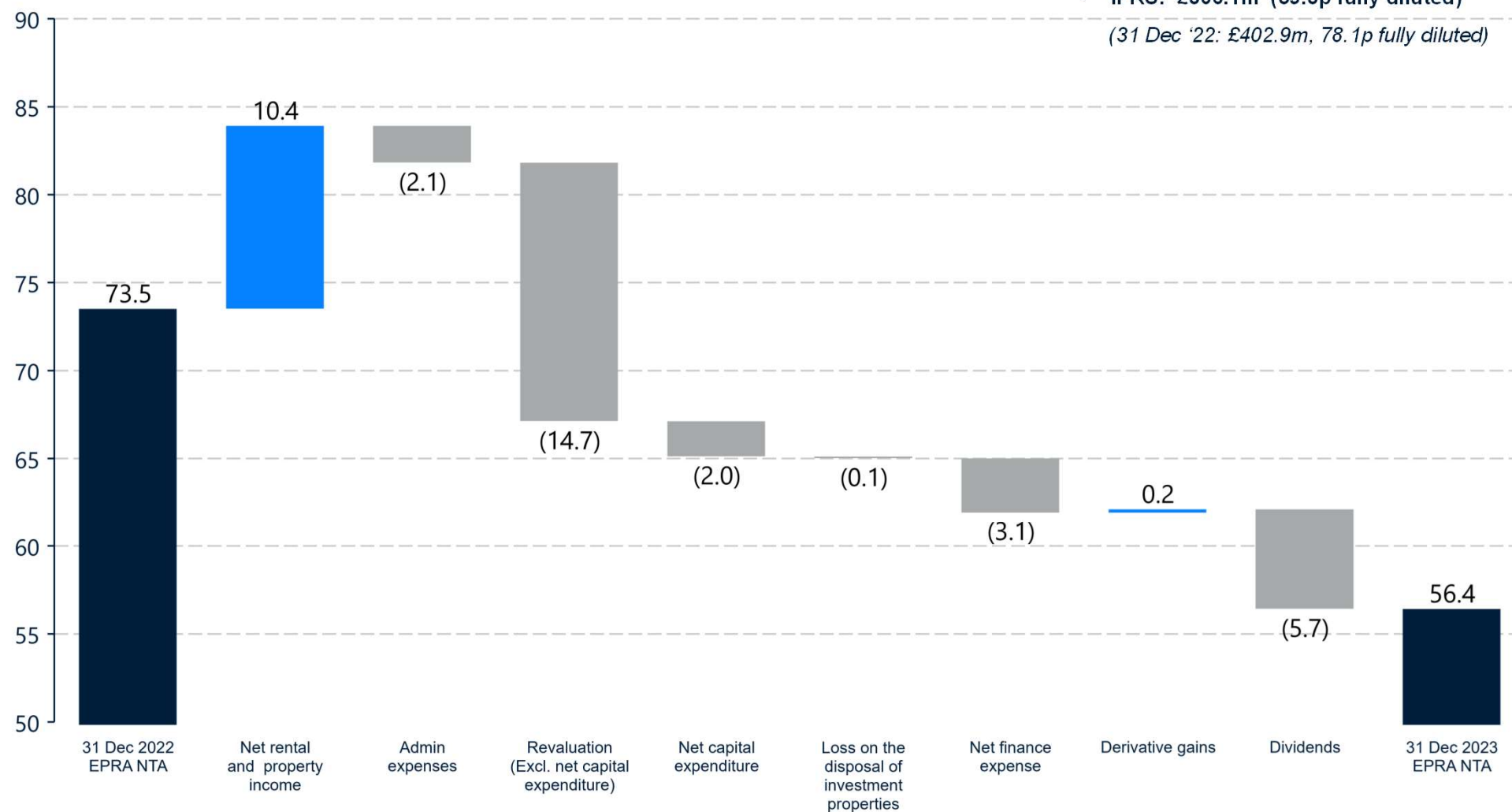


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\*EPRA Net Reinstatement Value(NRV): 31 December 2023 56.4p (31 December 2022: 73.5p); Net Disposal Value(NDV): 31 December 2023 62.2p (31 December 2022: 81.9p)



## Performance



# Cost Focused

## EPRA cost ratio excl. direct costs

Newriver REIT PLC	36%
Warehouse REIT	22%
AEW UK REIT PLC	14%
Picton Property Income Ltd	15%
Custodian REIT PLC	8%
Urban Logistics REIT	16%
<b>Regional REIT Ltd</b>	<b>16%</b>

**Average**(Excl. RGL) **21%**

## EPRA cost ratio incl. direct costs

Town Centre Securities PLC	71%
Real Estate Investors PLC	44%
<b>Regional REIT Ltd</b>	<b>39%</b>
Newriver REIT PLC	39%
AEW UK REIT PLC	34%
Warehouse REIT	23%
Picton Property Income Ltd	33%
Custodian REIT PLC	19%
Urban Logistics REIT	19%

**Average**(Excl. RGL) **35%**

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