

25 March 2025

Regional REIT Limited
(“Regional REIT”, the “Group” or the “Company”)

2024 Full Year Results

Strong operational delivery and transformed balance sheet provide pathway to recovery

Regional REIT (LSE: RGL), the regional office specialist, today announces its full year results for the 12 months to 31 December 2024.

Stephen Inglis, Head of ESR Europe LSPIM Ltd, the Asset Manager, said:

“While 2024 was another challenging year for both the property market and the regional office sector in particular, Regional REIT continued to deliver a strong operational performance, and the successful completion of the £110.5m equity raise has transformed the Company’s balance sheet. With this increased flexibility, Regional REIT is well placed to take advantage of the significant opportunities for value creation within the portfolio. We now have the capital to refurbish assets to drive rental income growth while simultaneously pursuing accretive initiatives, such as securing planning consents ahead of sales, and this has the potential to deliver good shareholder value over the medium term.

“We fully recognise that we remain at the start of the pathway to recovery and the company remains laser-focused on continuing to further reduce its LTV. There is a lot of work to do, and this will remain a priority through 2025, with £18.6m of disposals already in legal due diligence.

“It is clear that we are starting to see an improvement in sentiment in the UK office market, albeit there will be a lag before we see this reflected in the Company’s financial performance. There continues to be occupational headwinds, however the diversified nature of Regional REIT’s tenant base combined with the high-quality nature of its occupiers and its competitive rents significantly mitigates any risk. With supportive fundamentals, extensive scope for value creation within the portfolio, and increased balance sheet flexibility, Regional REIT can look to the future with optimism.”

Diversified portfolio with slowing valuation decline in H2

- Portfolio valuation £622.5m (2023: £700.7m), down 8.2% on a like-for-like basis, with a decrease of 3.1% in H2
- EPRA NTA £340.7m (2023: £290.8m)

Resilient operational performance underpinning fully covered

- EPRA EPS 19.2pps (2023: restated 33.1pps) post share issuance and 1 for 10 share consolidation
- Dividend declared of 7.8p* (2023: 5.25p) fully covered

*Q1 '24 dividend 1.2p, post the capital raise and subsequent share consolidation the Company declared Q2-Q4 dividends of 6.6p

Transformed balance sheet unlocks opportunities to create value across portfolio

- Gross borrowings reduced to £316.7m (2023: £420.8m); cash and cash equivalents £56.7m (2023: £34.5m)
- Net LTV 41.8% (2023: 55.1%) following successful £110.5m capital raise
- Continued momentum in disposals programme; total disposals £28.6m (net of costs) across 18 assets
- c.£107m of sites identified for sale, of which circa £18.6m either contracted, under offer, or in negotiation

New lettings 13.5% ahead of ERV supported by targeted Capex programme for value enhancing asset management

- EPRA occupancy remains robust at 78% (2023: 80%)
- Rent collection remains high at 98.6% (2023: 98.9%); 61 new lettings during the period totalling £3.2m rent roll, with lettings achieved 13.5% above 2023 ERV Gross annualised rent roll £60.7m (2023: £67.8m)
- A further 14 notable new lettings and renewals/regears achieved post period end for 114,888 sq.ft. amounting to £1.6m

Progressing our sustainability strategy to improve the quality of the portfolio

- c.82.7% of the portfolio EPC C or better (2023: 73.7%)

Portfolio strategy update

Following the successful equity raise completed in the period, the Company announced that £28.4m of the proceeds would be used to fund accretive capital expenditure projects, including securing planning consents to reposition assets ahead of sales. Significant progress has already been made in identifying priority sites and preparing the pipeline.

Over the next four years, c.20 sites have been identified where planning applications will be submitted to change the use to alternatives such as student accommodation, residential or hotel use ahead of a sale, to maximise value for shareholders. It is anticipated that this programme will deliver good shareholder value over the medium term. This is in addition to the 43 sites marked for nearer-term disposal.

Along with £371.2m core assets that are well positioned to deliver income on an ongoing basis, there are a further £126.5m of assets strategically located in areas of high office demand where capex is required to bring the sites up to a grade A or B standard.

Currently, there are 7 capital projects underway for £5.4m, 11 projects scheduled to commence on-site works by the end of H1 '25 for £7.9m and 10 projects that have been identified for £8.9m. This amounts to a total investment of £22.2m.

Outlook

With the average number of days spent in the office across the portfolio now up to four days a week, together with a lack of high quality and sustainable regional office space and no real new supply coming on stream, we believe Regional REIT is well positioned to deliver future rental growth. However, we anticipate that the business will not start seeing the benefits of this increased momentum until 2026.

Following the capital raise in 2024, Regional REIT's transformed balance sheet allows the company to advance its capex programme and pursue additional initiatives over the next 12 months. These initiatives include securing higher value planning consents to drive value. Additionally, proceeds from planned portfolio sales will be used to further reduce the Company's LTV.

- ENDS -

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Regional REIT Limited

Press enquiries through FTI Consulting

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About Regional REIT

Regional REIT Limited ("Regional REIT" or the "Company") and its subsidiaries (the "Group") is a United Kingdom ("UK") based real estate investment trust that launched in November 2015. It is managed by ESR Europe LSPIM Limited, the Asset Manager, and ESR Europe Private Markets Limited, the Investment Adviser.

Regional REIT's commercial property portfolio is comprised wholly of income producing UK assets, predominantly offices located in the regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 126 properties, 1,271 units and 780 tenants as at 31 December 2024, with a valuation of c.£622.5m.

Regional REIT pursues its investment objective by investing in, actively managing and disposing of regional Core and Core Plus Property assets. It aims to deliver an attractive total return to its Shareholders, targeting greater than 10% per annum, with a strong focus on income supported by additional capital growth prospects.

The Company's shares were admitted to the Official List of the UK's Financial Conduct Authority and to trading on the London Stock Exchange on 6 November 2015. For more information, please visit the Group's website at www.regionalreit.com.

LEI: 549300D8G4NKLRIKBX73

FINANCIAL KEY POINTS

Year Ended 31 December 2024

Income focused - opportunistic buying and strategic selling, coupled with intensive asset management, continues to secure long-term income.

Portfolio Valuation	£622.5m (2023: £700.7m)
IFRS NAV per Share*	216.9p (2023 restated: 376.2p)
EPRA** NTA per Share*	210.2p (2023 restated: 357.4p)
Dividend per share*	7.8p (2023: 5.25p)
Net Loan to Value Ratio***	41.8% (2023: 55.1%)
Weighted Average Cost of Debt***	3.4% (2023: 3.5%)
Weighted Average Debt Duration***	2.9 yrs (2023: 3.5 yrs)

** During the year the Company offered 15 new ordinary shares for every 7 existing shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 split with the resulting Ordinary shares in issue being 162,088,483. See note 28 for details of the restatement.*

*** The European Public Real Estate Association ("EPRA"). The EPRA's mission is to promote, develop and represent the European public real estate sector. As an EPRA member, we fully support the EPRA Best Practices Recommendations. Specific EPRA metrics can be found in the Company's financial and operational highlights, with further disclosures and supporting calculations provided in the full Annual Report.*

**** Alternative Performance Measures. Details are provided in the full Annual Report.*

OPERATIONAL KEY POINTS

Year Ended 31 December 2024

Income focused with intensive asset management.

Properties	126
Units	1,271
Tenants	780
Rent Roll	£60.7m
Portfolio by region and sector (by value)	
England & Wales	83.4%
Office	90.7%
Property disposal proceeds (net of costs)	£28.6m
Number of properties	18
EPRA Occupancy by ERV*	77.5%
WAULT to expiry	4.6 yrs
WAULT to first break by ERV*	2.9 yrs

** Alternative Performance Measures. Details are provided in the full Annual Report.*

PERFORMANCE KEY POINTS

Year ended 31 December 2024

A key focus on delivering high dividend distributions to shareholders.

Dividends declared per Share	Pence per share
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2024	7.80
2023	5.25
2022	6.60
2021	6.50
2020	6.40
2019	8.25
2018	8.05
2017	7.85
2016	7.65
2015	1.00

CHAIRMAN'S STATEMENT

"Letting demand for our portfolio remained robust, with 2024 lettings having exceeded the prior year's estimated rental values by a significant 13.5%."

David Hunter, Chairman

As I begin my first months in this role, I, together with the rest of the Board fully acknowledge the unprecedented challenges our Company and shareholders have faced over recent years. However, the £110.5 million capital raise in July 2024 enabled the Company to fully repay the £50 million Retail Bond in August, reduce overall bank borrowings and focus on accretive capital expenditure projects.

Overview

While it was another difficult year for the property market and the regional office sector, our active management strategy did enable the Company to outperform the MSCI Rest of UK Offices Index which declined by 8.9% over the year with our portfolio value falling by 8.2% on a like-for-like basis after adjustments for acquisitions, disposals, and capital expenditure. The bulk of that fall was in the first half of the year with some signs of stabilisation in values in the second half.

Throughout the year, the Board remained committed to delivering consistent quarterly dividend distributions to our shareholders, ensuring full compliance with the HMRC REIT guidelines and maintaining a covered annual dividend. Our strong operational performance — driven by effective asset management and robust rent collection — further supported these uninterrupted dividend payments. The Board recognises the importance of delivering dividend growth on a fully covered basis going forward, and that will remain an overriding priority.

Letting demand for our portfolio remained robust despite overall occupancy falling on a like for like basis, with 2024 lettings having exceeded the prior year's estimated rental values by a significant 13.5%. This encouraging element of performance reflects the appeal of our properties and ability to cater for all tenants' requirements from a single desk to a stand-alone headquarter office. We do firmly believe that our portfolio is well positioned to benefit from the continued return-to-office momentum across the United Kingdom. This will be enhanced in the medium term by a more favourable macroeconomic environment and easing UK monetary policy, supporting the quarterly dividends and adding shareholder value.

There is a lot of work to do and the Board remains committed to reducing LTV while progressing opportunities across the portfolio to generate sustainable, long-term value for shareholders.

Financial Resources

The Company's EPRA NTA increased to £340.7 million (IFRS NAV: £351.6 million) as at 31 December 2024, representing an increase of £49.9 million from £290.8 million (IFRS NAV: £306.1 million) as at 31 December 2023. This increase was driven by the £110.5 million equity capital raise, although it was partially offset by a challenging commercial real estate market that led to a decline in the

property portfolio revaluation. A strong cash balance of £56.7 million was retained as of 31 December 2024 (2023: £34.5 million), of which £55.9 million was unrestricted (2023: £30.2 million).

The Company's debt position, which is comprised entirely of fixed and hedged interest rate debt, helped the Company mitigate rate volatility. With the repayment of the 4.5% £50 million Retail Bond, the weighted average cost of debt was reduced to 3.4% at the end of 2024 (2023: 3.5%), and the Net Loan-to-Value (LTV) decreased to 41.8% as of 31 December 2024, compared with 55.1% as at 31 December 2023.

The Company continues to execute its controlled disposal programme, consisting of 18 assets and three-part sales of assets, amounting to circa £28 million, net of costs.

Sustainability

Once again, I am pleased to report the significant progress achieved by the ESG Working Party in 2024, which improved the Company's Global Real Estate Sustainability Benchmark (GRESB) from 66 to 73 and maintained a two Green Star Status. Additionally, we continued to achieve advancements in our EPC ratings and EPRA sustainability accreditation. Overall performance remains robust.

82.7% of our portfolio attained EPC ratings C plus or better (compared with 73.7% on 31 December 2023), while EPC B plus and exempt rose steeply to 57.7% (compared with 31.6% on 31 December 2023). This progress moves us nearer to meeting the Minimum Energy Efficiency Standard ('MEES') target of EPC B, well ahead of the stated 2030 target. Importantly, with limited compliant office supply in the regions, providing high quality, energy efficient space can be a key differentiator for Regional REIT, driving improved occupancy and rental growth.

Market Environment

UK office investment reached £1.8 billion in Q4 2024, bringing the annual total to £7.3 billion, a 27% decline from 2023. London saw the sharpest drop, with investment falling 34% to £4.7 billion, while regional markets declined 5.5% to £2.34 billion. Q4 2024 transactional yields for central London offices rose slightly to 6.02% and yields for the rest of the UK increased by 43 basis points to 7.75%.

Looking ahead, Lambert Smith Hampton ("LSH")¹ sees 2024 as an inflection point for office space sector. LSH forecasts total returns averaging c7.9% per annum citing improved staff occupancy and tighter supply. Underpinning LSH's forecast, Centre for Cities² notes London office attendance rose from 2.2 to 2.7 days weekly; KPMG³ reports 76% of financial leaders plan to boost attendance; and Willis Towers Watson⁴ finds 60% of firms enforce office-day policies, improving engagement (85%), culture (72%), and learning (69%). Regional REIT's own annual tenant survey found that current active office occupation is now above pre-pandemic active occupancy, while employee occupation has stabilised at an average of four days a week.

¹ *UK Investment Transactions Bulletin, UKIT Q4 2024 by Lambert Smith Hampton (LSH), Jan. 2025*

² *The Future of Work, Centre for Cities report (in partnership with Imperial College London), Sep. 2024*

³ *Financial Services employee survey, KPMG, Oct. 2024*

⁴ *Flexible Work Models Pulse survey by WillisTowersWatson, Dec. 2024*

Dividends

The dividend remains a significant component of total shareholder returns. During the period under review, prior to the capital raise and share consolidation, the Company declared a Q1 2024 dividend of 1.2pps. Following the capital raise and subsequent share consolidation, the Company declared a Q2 2024 dividend of 2.2pps on 10 September 2024, a Q3 2024 dividend of 2.2pps on 13 November 2024, and has now declared a Q4 2024 dividend of 2.2pps. These dividend distributions ensure compliance with the HMRC REIT regime. Notably, the Company has paid a fully covered dividend for 2024, having also paid a covered dividend for 2023. Since inception, the Company has declared

dividends amounting to 65.35pps noting the aforementioned one for ten share consolidation on 29 July 2024 and has distributed approximately £251.4 million in dividends to shareholders.

Performance

The period under review was impacted by the announced equity capital raise on the 27 June 2024. The Company's total shareholder return was -40.5%, versus the return of -11.7% for the FTSE EPRA NAREIT UK Total return Index over the same period. The annualised EPRA Total Return was 0.6% p.a. (2023: 1.5% p.a.).

Board Changes

As announced on 18 December 2024, following a thorough search process and in line with the Company's policy, I was appointed as an Independent Non-Executive Director and Chair designate. I have since been appointed to the Audit, Nomination, and Management Engagement & Remuneration Committees and, following a handover period, assumed the role of Chair of the Board on 18 March 2025, succeeding Kevin McGrath, who stepped down after completing his nine-year tenure.

On behalf of the Board and our shareholders I extend our thanks to Kevin for his leadership and unwavering commitment over the years. His guidance and dedication have been instrumental in the governance of the Company, particularly with regard to our successful £110.5 million equity capital raise in 2024.

As announced on 11 October 2024, Daniel Taylor stepped down as Senior Independent Director and Non-Executive Director ("NED") of the Company, having completed his nine-year tenure in accordance with the Company's policy. Again, I record our appreciation of Daniel's significant contribution during his tenure.

Also on 11 October, Massy Larizadeh was appointed as Senior Independent Director. An independent NED since June 2022, she chairs the Management Engagement & Remuneration and Nomination Committees.

Finally, as announced on 21 October 2024, Nicole Burstow was appointed as a Non-Executive Director, representing our new significant shareholder Bridgemere Investments Limited. Nicole, a chartered accountant with over 20 years of financial services experience, is currently CFO of Bridgemere Group and was previously Deputy CEO of DSW Capital.

Annual General Meeting

The notice for the 2025 AGM will be published on our website and circulated to Shareholders in line with the Company's Articles of Incorporation. In accordance with the Company's Articles of Incorporation and the AIC Code, all Directors will stand for re-election at the AGM, except for Ms Burstow and myself, as we were appointed as Directors since the last AGM and will therefore stand for election. Directors maintain their professional development through regular briefings from the Company Secretary and the Company's other advisers. As well as being committed to orderly succession planning, the Board will enhance its skills base as necessary. The Board looks forward to engaging with Shareholders at the AGM.

Shareholder and Stakeholder Engagement

We welcomed Bridgemere Investments Limited as a new significant shareholder following the successful completion of the capital raise and thank them and our existing shareholders for their support. We look forward to working with Bridgemere and all our stakeholders as we look to return to growth.

Tenant and stakeholder satisfaction is key to our success. We aim to provide high-quality workspaces that accommodate diverse business needs, from small flexible units to corporate headquarters. Engaging actively with tenants is central to our asset management strategy, helping

us understand their needs, address challenges, and enhance our workspaces. We promote open and transparent communication, ensuring a collaborative approach that benefits all stakeholders and improves operational efficiency. The Company welcomes shareholder engagement, with further details available at www.regionalreit.com and in the full Annual Report.

Outlook

The property market continues to adjust to the evolving economic conditions and cautious investor sentiment. While the management team is doing all it can to increase returns including through capex, leasing and sales, performance is to some extent inevitably dependent on recovery in the sector. However, demand for well-located, high-quality office space remains resilient, supported by the continued return to the office, and there are significant opportunities to create value within the portfolio by progressing accretive initiatives such as securing planning consents ahead of sales. The Company remains focused on active asset management to drive occupancy, enhance tenant retention, and optimise rental growth, underpinning sustainable dividend distributions. As businesses prioritise dynamic and engaging workspaces, the Company is well placed for recovery, which will support long-term value creation and benefit shareholders as confidence gradually returns to the commercial property market.

David Hunter

Chairman

24 March 2025

ASSET MANAGER AND INVESTMENT ADVISERS' REPORT

"We are beginning to see an improvement in sentiment in the UK office market, with the average number of days in the office having stabilised at four days a week. There is also a growing recognition of the vital role the office plays in driving productivity and strengthening a company's culture."

Stephen Inglis

Head of ESR Europe LSPIM Ltd.

Asset Manager

While 2024 has undoubtedly been another challenging year for the property market and the regional office market in particular, with the successful equity raise in July Regional REIT enters 2025 with cautious optimism. We are beginning to see an improvement in sentiment in the UK office market, with the average number of days in the office having stabilised at four days a week across our portfolio. There is also a growing recognition of the vital role the office plays in driving productivity and strengthening a company's culture.

We anticipate a slow and steady improvement to the occupational market in 2025, however, it will take time for the impact of these changes to flow through to our financial performance. On a like-for-like basis the valuation of the portfolio fell by 8.2% in the year to £622.5m, although the pace of this reduction slowed to 3.1% in the second half. If, as is widely forecast, interest rates continue to fall then this will bring stability and confidence and ultimately be beneficial to real estate values.

Our operational performance continues to be robust. At an operational level, the business delivered 61 new lettings last year at 13.5% above 2023 ERV, totalling £3.2m rent roll. Rent collection remained high at 98.6%, and occupancy amounted to 77.5% compared to 80.0% in 2023. This slight reduction was in part due to the business holding some buildings vacant while it progresses planning applications to add value.

Importantly, the combination of our ongoing controlled disposals programme and the successful £110.5m equity raise have transformed Regional REIT's balance sheet, taking LTV to 41.8% at the end of the year from 55.1% in 2023. This ensures that we have the resources and flexibility to take

advantage of the opportunities we see to create value across our portfolio. Further reducing LTV via selected disposals remains a priority, and a total of 43 sites totalling c. £106.7m have been earmarked for sale, with nine sales totalling £18.6m either contracted, under offer, or in negotiation.

Looking ahead, along with a targeted capex programme to bring selected assets up to the necessary standard to optimise rents, a key objective will be maximising the opportunities we see in the portfolio to add value by securing planning consents ahead of sales. Over the medium term, based on current property values we estimate that there is the potential to add substantial value through these initiatives.

There is a lot of work to do. However, the team is laser focused on delivering against our restated strategy and with a transformed balance sheet there are extensive opportunities across the portfolio. Regional REIT is well placed to deliver against its objective of being a high dividend paying REIT, while also pursuing added capital value.

KEY POINTS FROM 2024

- **High Level of Rent Collection**

Achieved a high level of rent collection. As at 14 March 2025, rent collection remains robust, with FY 2024 at 98.6%, adjusting for monthly rent and agreed collections plans, which is similar to the equivalent date in 2024 when 98.9% had been collected.

- **Increase in Average Rent**

Average rent by let sq. ft. increased by 1.1% from £13.82 per sq. ft. in December 2023 to £13.92 per sq. ft. in December 2024.

- **New Lettings – Greater than ERV**

Completed 61 new lettings in 2024, totalling 191,541 sq. ft and 13.5% above ERV, which when fully occupied will provide a gross rental income of c. £3.2 million.

- **Increase in GRESB Score**

The Company submitted its Fourth Global Real Estate Sustainability Benchmark ("GRESB") assessment resulting in an increased score of 73 from 66.

- **Disposals Programme**

Disposals during 2024 totalled £28.6 million (net of costs), reflecting a net initial yield of 8.3% (10.6% excluding vacant assets).

- **Outperform the MSCI Monthly Data**

The like-for-like value of the portfolio decreased by 8.2% from 31 December 2023 to 31 December 2024 after adjusting for capital expenditure, acquisitions and disposals during the period (7.1% excluding capital expenditure adjustment). Noting that some assets are being held for repurposing potential, MSCI monthly data shows a capital value decline of 8.9% for the rest of the UK offices over the same period.

UK Office Investment Activity

Investment in UK offices reached £1.8 billion in Q4 2024, bringing the total for the year to £7.3 billion, 27% lower than 2023¹. The decline in overall office investment was primarily driven by a significant drop in London, where investment fell by 34% to £4.7 billion in 2024 down from £7.2 billion in 2023. The regional office markets also experienced decline in investment in 2024 when compared to 2023 of 5.5%, an annual total of £2.34 billion from £2.48 billion.

Transactional yields² for central London offices were marginally up for Q4 2024 at 6.02% against the

same period in Q4 2023. In contrast the transactional yields for the rest of the UK were 7.75% for Q4 2024, an increase of 0.5% on the Q4 2023.

Looking ahead, Lambert Smith Hampton (“LSH”), see 2024 as an inflection point for the office sector. LSH forecast to returns averaging c7.9% per annum citing improved staff occupancy and tighter supply.

Underpinning LSH’s forecast, the Office for Nation Statistics (“ONS”) data³ shows that in 2024, 42% of workers in the UK on average travelled exclusively to work, while only 13% worked from home full-time, a drop from 25% in 2021. Additionally, approximately 26% of the UK workforce were hybrid working in 2024.

Recent surveys underscore a growing trend toward increased office attendance across the UK, driven by new policies, improved team engagement, and recognised in-office benefits.

- Centre for Cities Survey⁴: In London, workers increased their office attendance from 2.2 days per week in 2023 2.7 days in 2024, signalling a gradual return.
- KPMG Survey⁵: A survey of financial services leaders shows that 76% plan to increase attendance, with 37% expecting employees to be in the office at least four days weekly.
- Willis Towers Watson Survey⁶: ‘Flexible Work Models Pulse’ reports that 60% of UK companies now enforce a minimum office-days policy, boosting engagement (85% culture (72%), and learning (69%).

These findings continue to highlight the benefits and productivity companies observe from in person collaboration.

¹ *UK Investment Transactions Bulletin, UKIT Q4 2024 by Lambert Smith Hampton (LSH), Jan. 2025*

² *Transactional Yield focuses on the yield at the point of purchase, based on the current property income*

³ *ONS, Public opinions and social trends, Great Britain: social mobility, Jan. 2025*

⁴ *The Future of Work, Centre for Cities report (in partnership with Imperial College London), Sep. 2024*

⁵ *Financial Services employee survey, KPMG, Oct. 2024*

⁶ *Flexible Work Models Pulse survey by WillisTowersWatson, Dec. 2024*

Occupational Demand in the UK Regional Office Market

Avison Young announced that the take-up of office space across the nine⁷ regional markets reached 2.2 million square feet (sq.ft.) in Q4 2024, on par with the previous quarter and the highest since Q4 2022, 33.9% above the previous quarter and 18.2% above the five year quarterly average take-up. The annual total was 10% higher than 2023, at 7.9m sq.ft. with positive occupier sentiment, particularly from larger corporates.

The high demand and short supply across the nine regional markets continue to keep rental growth high, with an average of 6.6% prime rental growth. Occupational demand in the regional office markets continued to be driven by the financial and professional services sector, with both accounting for 18.0% share each in Q4 2024. However, the sector with the most growth was Education and training with 39% annual increase.

In terms of the development pipeline, in 2025 it is estimated that approximately 2.0 million sq.ft. of office space is currently under construction in the Big Nine⁸ regional markets, with 36% already pre-let. The estimated pipeline total is the lowest since 2017 and therefore likely to produce supply shortages. 2024 saw refurbishments take a 38% share, up from 24% in 2023 and this trend is expected to continue into 2025. The data supports LSH’s comment (See UK Office Activity) on tighter supply of office space in the forthcoming years.

⁷ Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle

⁸ The Big Nine, Quarterly update of regional office activity, Q4 2024 by Avison Young, Feb. 2025

Rental Growth in the UK Regional Office Market

According to monthly data from MSCI, rental value growth finished the year on a high for 'Rest of UK Office' markets with growth of 2.4%. Conversely, central London offices experienced modest growth of 1.2% over the same period. Avison Young report that seven of the Big Nine's cities saw an increase in their prime rents this quarter; with the top three being an increase of:

- 14.1% to Bristol with £48.50 per square foot (psf)
- 13.7% to Liverpool at £29.00 psf
- 12% to Cardiff at £28.00 psf

This brought the Big Nine's average annual prime rental growth to 6.6% in Q4.

Regional REIT's Office Assets

EPRA occupancy of the Group's regional offices of 76.4% as at 31 December 2024 (2023: 79.2%). A like-for-like comparison of the Group's regional offices' EPRA occupancy, as at 31 December 2024 versus 31 December 2023, shows occupancy of 76.4% (2023: 80.5%). WAULT to first break was 2.7 years (2023: 2.6 years); like-for-like WAULT to first break of 2.7 years (2023: 2.6 years).

Property Portfolio

As at 31 December 2024, the Group's property portfolio was valued at £622.5 million (2023: £700.7 million), with rent roll of £60.7 million (2023: £67.8 million), and an EPRA occupancy of 77.5% (2023: 80.0%). On a like-for-like basis, 31 December 2024 versus 31 December 2023, EPRA occupancy was 77.5% (2023: 81.3%).

There were 126 properties (2023: 144) in the portfolio, with 1,271 units (2023: 1,483) and 780 tenants (2023: 978). If the portfolio was fully occupied at Colliers International Property Consultants view of market rents, the rental income would be £83.2 million per annum as at 31 December 2024 (2023: £87.0 million).

As at 31 December 2024, the net initial yield on the portfolio was 5.9% (2023: 6.2%), the equivalent yield was 10.4% (2023: 9.9%) and the reversionary yield was 11.6% (2023: 10.8%).

Property Portfolio by Sector

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Net Initial Yield (%)	Equivalent yield (%)	Reversionary yield (%)
Office	107	564.7	90.7	5.1	76.4	2.7	54.9	14.97	77.6	110.99	5.8	10.5	11.9
Retail	13	22.6	3.6	0.3	91.7	3.4	2.7	11.14	2.6	85.10	7.2	9.6	10.3
Industrial	4	23.1	3.7	0.4	90.8	4.1	1.9	5.38	2.1	55.02	6.5	7.7	8.0
Other	2	12.2	2.0	0.1	98.5	9.5	1.1	12.48	0.9	128.64	8.5	8.3	7.0
Total	126	622.5	100.0	5.9	77.5	2.9	60.7	13.92	83.2	106.10	5.9	10.4	11.6

Property Portfolio by Region

Region	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Net Initial Yield (%)	Equivalent yield (%)	Reversionary yield (%)
Scotland	28	103.5	16.6	1.1	68.7	4.0	9.7	13.93	16.3	93.64	5.0	11.2	12.6
Southeast	23	109.8	17.6	0.9	78.0	2.6	10.9	16.39	14.6	126.25	6.1	10.3	11.7
Northeast	18	98.2	15.8	0.8	71.0	3.1	8.1	13.40	11.8	117.47	5.4	9.7	10.8
Midlands	22	125.1	20.1	1.3	89.3	3.0	13.9	12.83	16.9	93.89	6.4	10.6	11.9
Northwest	17	87.4	14.0	0.9	69.7	1.8	8.5	13.79	12.2	98.35	5.2	10.4	11.9
Southwest	12	59.3	9.5	0.4	85.0	2.0	5.9	17.59	7.1	148.17	7.6	10.3	11.1
Wales	6	39.3	6.3	0.4	88.8	3.7	3.6	10.2	4.3	90.24	6.9	9.3	9.9
Total	126	622.5	100.0	5.9	77.5	2.9	60.7	13.92	83.2	106.10	5.9	10.4	11.6

Tables may not sum due to rounding

Top 15 Investments (market value) as at 31 December 2024

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	Glasgow Tay House Centre Ltd, University of Glasgow, Fairhurst Group LLP, ESR Europe LSPIM Ltd	17.9	2.9	156,853	82.7	0.8	1.4	2.6
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd	17.5	2.8	84,043	100.0	1.8	3.0	2.7
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Accenture (UK) Ltd	17.3	2.8	118,530	98.9	1.9	3.2	6.1
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, EDF Energy Ltd	15.8	2.5	73,292	100.0	1.5	2.5	1.8
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd	15.2	2.4	132,690	75.8	1.3	2.2	2.7
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd	14.9	2.4	107,760	78.9	1.5	2.4	1.7
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, SMS Product Services Ltd	14.6	2.3	215,330	72.4	1.1	1.7	5.0
1-4 Llansamlet Retail Park, Nantylffin Rd,	Retail	Wren Kitchens Ltd, Dreams Ltd, NCF Furnishings Ltd, ScS Upholstery	13.3	2.1	74,425	100.0	1.2	2.0	3.5
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M.London Fashion Ltd,	12.9	2.1	161,502	80.8	1.1	1.9	1.3

		CVS (Commercial Valuers & Surveyors) Ltd							
Orbis 1, 2 & 3, Pride Park, Derby	Office	Firstsource Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	12.1	1.9	121,883	100.0	1.8	3.0	2.4
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Ashfield Healthcare Ltd, Brush Electrical Machines Ltd	11.6	1.9	87,872	92.8	1.2	2.1	3.3
Lightyear - Glasgow Airport, Paisley	Office	Loganair Ltd, Rolls-Royce Submarines Ltd, Heathrow Airport Ltd	11.5	1.8	73,499	94.4	1.5	2.4	4.3
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Senceive Ltd, Aztech IT Solutions Ltd	11.3	1.8	107,352	78.8	1.2	2.0	2.0
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, BDW Trading Ltd	11.0	1.8	86,758	55.3	0.7	1.2	3.1
The Coach Works, Leeds	Office	St James's Place Wealth Management Group Ltd, Abstract Tech Ltd, Canal & River Trust	10.5	1.7	41,121	68.9	0.7	1.2	1.4
Total			207.0	33.3	1,642,910	86.4	19.6	32.3	3.0

Tables may not sum due to rounding

Top 15 Tenants (share of rental income) as at 31 December 2024

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (sq. ft)	Annualised gross rent (£m)	% of gross rental income
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EDF Energy Ltd	800 Aztec West, Bristol Endeavour House, Sunderland	Electricity, gas, steam and air conditioning supply	4.5	109,114	1.7	2.8
Global Banking School Ltd	Norfolk House, Smallbrook Queensway, Birmingham	Education	7.9	73,628	1.4	2.3
Virgin Media Ltd	Eagle Court, Coventry Road, Birmingham Southgate Park, Peterborough	Information and communication	2.7	75,309	1.3	2.2
The Secretary of State for Housing, Communities and Local Government	1 Burgage Square, Merchant Square, Wakefield Albert Edward House, Preston Bennett House, Stoke-On-Trent Oakland House, Manchester Origin (Office), Bracknell Waterside Business Park, Swansea	Public sector	4.1	116,238	1.2	2.0
First Source Solutions UK Ltd	Orbis 1, 2 & 3, Pride Park, Derby	Administrative and support service activities	2.3	62,433	1.0	1.7
E.ON UK Plc	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	0.3	99,142	0.9	1.6
Shell Energy Retail Ltd	Columbus House, Coventry	Electricity, gas, steam and air conditioning supply	0.0	53,253	0.9	1.5
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.1	41,743	0.9	1.4
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	9.0	58,167	0.8	1.4

Aviva Central Services UK Ltd	Hampshire Corporate Park, Eastleigh	Other service activities	0.9	42,612	0.8	1.3
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	10.8	41,542	0.8	1.2
Care Inspectorate	Compass House, Dundee Quadrant House, Dundee	Public Sector	3.3	51,852	0.7	1.1
Please Hold (UK) Ltd	Oakland House, Manchester	Professional, scientific and technical activities	0.9	60,362	0.6	1.0
SpaMedica Limited	1175 Century Way, Thorpe Park, Leeds, Albert Edward House, Preston Fairfax House, Wolverhampton, Southgate Park, Peterborough, The Foundation Chester Business Park, Chester	Human health and social work activities	3.1	40,529	0.6	1.0
DHU Health Care C.I.C.	Orbis 1, 2 & 3, Pride Park, Derby	Human health and social work activities	1.3	42,301	0.6	0.9
Total			3.7	968,225	14.3	23.5

Tables may not sum due to rounding.

Property Portfolio Sector and Region Splits by Valuation and Income as at 31 December 2024

By Valuation

As at 31 December 2024, 90.7% (2023: 92.1%) of the portfolio by market value was offices and 3.6% (2023: 3.1%) was retail. The balance was made up of industrial, 3.7% (2023: 3.2%) and other, 2.0% (2023: 1.7%). By UK region, as at 31 December 2024, Scotland represented 16.6% (2023: 16.2%) of the portfolio and England 77.1% (2023: 78.4%); the balance of 6.3% (2023: 5.4%) was in Wales. In England, the largest regions were the Midlands, the South-East and the North-East.

By Income

As at 31 December 2024, 90.5% (2023: 91.3%) of the portfolio by income was offices and 4.4% (2023: 4.2%) was retail. The balance was made up of industrial, 3.2% (2023: 2.8%), and other, 1.9% (2023: 1.7%). By UK region, as at 31 December 2024, Scotland represented 16.0% (2023: 15.8%) of the portfolio and England 78.0% (2023: 78.6%); the balance of 6.0% was in Wales (2023: 5.6%). In England, the largest regions were the Midlands, the South-East and the North-West.

Lease Expiry Profile

The WAULT on the portfolio is 4.6 years (2023: 4.7 years); WAULT to first break is 2.9 years (2023: 2.8 years). As at 31 December 2024, 13.8% (2023: 15.9%) of income was from leases, which will expire within one year, 10.5% (2023: 10.7%) between one and two years, 39.7% (2023: 33.3%) between two and five years and 36.1% (2023: 40.1%) after five years.

Tenants by Standard Industrial Classification (SIC)

As at 31 December 2024, 11.8% of income was from tenants in the professional, scientific and technical activities sector (2023: 11.5%), 11.2% from the administrative and support service activities sector (2023: 10.4%), 10.5% from the information and communication activities sector (2023: 12.2%), 8.7% from the wholesale and retail trade sector (2023: 8.0%) and 6.4% from the electricity, gas, steam and air conditioning supply sector (2023: 6.5%). The remaining exposure is broadly spread.

No tenant represents more than 3.0% of the Group's rent roll as at 31 December 2024, the largest being 2.8% (2023: 2.5%).

Financial Review

Net Asset Value

In the year ended 31 December 2024, the EPRA NTA* of the Group increased to £340.7 million (IFRS NAV: £351.6 million) from £290.8 million (IFRS NAV: £306.1 million) as at 31 December 2023, with an EPRA NTA of 210.2pps (IFRS: 216.9pps).

The EPRA NTA increase of £50.0 million since 31 December 2023 was predominately due to the equity capital raise proceeds of £110.5 million, offset by a £54.7 million reduction in the revaluation of the property portfolio held as at 31 December 2024, £2.0 million from lease incentives and £3.2 million realised loss on the disposal of properties.

The investment property portfolio valuation as at 31 December 2024 amounted to £622.5 million (2023: £700.7 million). The property valuation decrease since the December 2023 year end is a reflection of £54.7 million in property revaluation, £28.6 million of net property disposals and loss on the disposals of £3.2 million, offset by subsequent expenditure of £8.2 million.

Overall, on a like-for-like basis, the portfolio value decreased by 8.2% during the year.

The table below sets out the acquisitions, disposals and capital expenditure for the respective periods:

	Year ended 31 December 2024 (£m)	Year ended 31 December 2023 (£m)
Acquisitions		
Net (after costs)	0.0	0.1
Gross (before costs)	0.0	0.0
Disposals		
Net (after costs)	28.6	25.0
Gross (before costs)	30.8	26.1
Capital Expenditure		
Net (after dilapidations)	8.2	10.2
Gross (before dilapidations)	8.5	11.0

**Further details of the new EPRA performance measures are provided in the full Annual Report.*

The EPRA NTA is reconciled in the table below:

	Year ended 31 December 2024 (£m)
Opening EPRA NTA (31 December 2023)	290.8
Net rental and property income	46.0
Administration and other expenses	(9.9)
Gain/(Loss) on the disposal of investment properties	(3.2)
Change in the fair value of investment properties	(56.7)
Change in value of right of use	(0.1)
EPRA NTA after operating profit	266.8
Net finance expense	(13.8)
Realised gain on derivative financial instruments	2.7
Taxation	(0.0)
EPRA NTA before dividends paid	255.7
Dividends declared	(19.4)
EPRA NTA before capital raise	236.3
Capital raise	110.5
Capital raise expenses	(6.0)
Closing EPRA NTA (31 December 2024)	340.7

Table may not sum due to rounding

Income Statement

Operating profit before gains and losses on property assets and other investments for the year ended 31 December 2024 amounted to £36.1 million (2023: £43.1 million). Loss after finance and before taxation of £39.5 million (2023: loss £67.5 million). 2024 included the rent roll for properties held from 31 December 2023, plus the partial rent roll for properties disposed of during the year.

Rental and property income amounted to £65.2 million, excluding recoverable service charge income and other similar items (2023: £70.1 million), the decrease is due to a reduction in the rent roll being held during the year to 31 December 2024.

More than 80% of the rental income was collected within 30 days of the due date and the allowance for doubtful debts in the year amounted to £0.5 million (2023: £0.5 million).

Non-recoverable property costs, excluding recoverable service charge income and other similar costs, amounted to £19.3 million (2023: £16.3 million), and the rent roll amounted to £60.7 million (2023: £67.8 million).

Realised losses on the disposal of investment properties amounted to £3.2 million (2023: loss £0.7 million). The loss on the disposals were from the aggregate disposal of 18 properties and three-part sales in the period, on which individual asset management plans had been completed and/or were of sub-optimal asset size. The change in the fair value of investment properties amounted to a loss of £54.7 million (2023: loss of £73.3 million), and an adjustment of £2.0 million (2023: £13.0 million) from rent smoothing.

Net capital expenditure amounted to £8.2 million (2023: £10.2 million). The change in value of right of use assets amounted to a charge of £0.1 million (2023: charge £0.1 million).

Interest income amounted to £1.4 million (2023: £0.1 million).

Finance expenses amount to £15.2 million (2023: £16.2 million). The decrease is due to the 4.5% £50 million of Retail Bonds being repaid in August 2024 and net borrowings being repaid during the year, amounting to £54.0m in the year.

The EPRA* cost ratio, including direct vacancy costs, was 44.7% (2023: 38.5%). The increase in the cost ratio is ostensibly a reflection of the increase in Other property expenses and irrecoverable costs. The EPRA cost ratio, excluding direct vacancy costs was 17.4% (2023: 16.4%). The ongoing charges for the year ending 31 December 2024 were 9.3% (2023: 7.5%) and 3.5% excluding void costs (2023: 3.2%).

The EPRA Total Return from Listing to 31 December 2024 was 5.6% (2023: 12.7%), with an annualised rate of 0.6% pa (2023: 1.5% pa).

**Further details of the new EPRA performance measures are provided in the full Annual Report.*

Dividend

In relation to the year from 1 January 2024 to 31 December 2024, the Company declared dividends totalling 7.80pps (2023: 5.25pps). Prior to the capital raise and share consolidation, the Company declared a Q1 2024 dividend of 1.2pps. Following the capital raise and subsequent share consolidation, the Company declared a Q2 2024 dividend of 2.2pps on 10 September 2024, a Q3 2024 dividend of 2.2pps on 13 November 2024, and a Q4 2024 dividend of 2.2pps on 20 February 2024. A schedule of dividends can be found in the full Annual Report.

Debt Financing and Gearing

Borrowings comprise of third-party bank debt. The bank debt is secured over properties owned by the Group and repayable over the coming five years. The weighted average maturity of the bank debt 2.9 years (2023: 3.5 years).

The Group's borrowing facilities are with: the Royal Bank of Scotland, Bank of Scotland and Barclays; Scottish Widows Ltd. & Aviva Investors Real Estate Finance; Scottish Widows Ltd. and Santander UK. The total bank borrowing facilities at 31 December 2024 amounted to £316.7 million (2023: £370.8 million) before unamortised debt issuance costs.

At 31 December 2024, the Group's cash and cash equivalent balances amounted to £56.7 million

(2023: £34.5 million), of which £55.9 million (2023: £30.7 million) was unrestricted cash.

The Group's net loan to value ("LTV") ratio stands at 41.8% (2023: 55.1%) before unamortised costs.

Debt Profile and LTV Ratios as at 31 December 2024

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value** %	Annual interest rate %
Royal Bank of Scotland, Bank of Scotland & Barclays	99,789	99,789	Aug-26	51.3	2.40 over 3 months £ SONIA
Scottish Widows Ltd. and Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	51.3	3.28 Fixed
Scottish Widows Ltd.	34,467	34,467	Dec-28	47.5	3.37 Fixed
Santander UK	49,848	49,848	Jun-29	51.0	2.20 over 3 months £ SONIA
	316,734	316,734			

Table may not sum due to rounding.

As at 31 December 2024, the Group had headroom against its borrowing covenants.

The net gearing ratio (net debt to Ordinary Shareholders' equity (diluted)) of the Group was 73.9% as at 31 December 2024 (2023: 126.2%).

Interest cover, excluding amortised costs, stands at 2.7 times (2023: 2.9 times) and including amortised costs, stands at 2.4 times (2023: 2.7 times).

* *Before unamortised debt issue costs*

** *Based on Colliers International Property Consultants Ltd.*

Hedging

The Group applies an interest hedging strategy that is aligned to the property management strategy and aims to mitigate interest rate volatility on at least 90% of the debt exposure.

	31 December 2024 %	31 December 2023 %
Borrowings interest rate hedged	100.0	100.0
Thereof:		
Fixed	52.7	56.7
Swap	30.4	28.6
Cap	16.9	14.7
WACD ¹	3.4	3.5

Table may not sum due to rounding

¹WACD - Weighted Average Effective Interest Rate including the cost of hedging

There is no over-hedged position as at 31 December 2024.

Tax

The Group entered the UK REIT regime on 7 November 2015 and all of the Group's UK property rental operations became exempt from UK corporation tax from that date. The exemption remains subject to the Group's continuing compliance with the UK REIT rules.

On 9 January 2018, the Company registered for VAT purposes in England.

During 2024, the Group recognised a deferred tax charge of £64,590 (2023: £8,431).

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is embedded throughout Regional REIT and underpins the execution of the Company's strategy, the positioning of the business for growth and maintaining the regular income over a long-term sustainable horizon.

Risk Framework and Approach

The Board acknowledges the importance of embedding a framework to identify, actively monitor, managing and mitigating its risks, which include, but are not limited to: strategic, valuation, healthcare, economic and political, funding, tenant, financial and tax charges, operational, regulatory, environmental risks and emerging risks.

The Board has overall responsibility for the Company's system of risk management and internal controls. It is supported by the Audit Committee in the management of risk. The Audit Committee is responsible for determining the principal risks facing the business and reviewing, at least annually, the effectiveness of the Company's financial control, risk management and internal control processes.

Over the long term, the business will face other challenges and emerging threats for which it remains vigilant.

However, the Board also views the risks as opportunities that, when effectively managed, can enhance performance. Thus, having an effective risk management process is key to support the delivery of the Company's strategy.

Approach to Managing Risk - Identification, Evaluation And Mitigation

The risk management process emphasis is upon awareness and is structured to identify, evaluate, manage and mitigate, rather than eliminate, risks faced. The Company maintains a detailed and formal matrix of current principal risks, which uses risk scoring to evaluate risks consistently. This allows the risks to be monitored and mitigated as part of a risk management process with the Audit Committee undertaking, at a minimum on a six-monthly basis or more frequently if required, a robust evaluation of these risks facing the Company.

Risks are identified and assessed according to their potential impact on the Company and to their likelihood occurrence. The Audit Committee utilises the risk matrix to prioritise individual risks, allocating scores to each risk for both the likelihood of its occurrence and the severity its impact. Those with the highest gross rating in terms of impact are highlighted as top risks within the matrix and are defined as principal risks.

Although the Board believes that it has a robust framework of internal controls in place, it recognises it can provide only reasonable, and not absolute, assurance against material financial misstatement

or loss and is designed to manage, not eliminate, risk.

Risk Appetite

Taking risks is an essential and inherent facet of operating any business. As such the risk management approach is not to eliminate all risk but to ensure that appropriate strategies are in place to identify, actively monitor, manage and mitigate the key risks.

The Board is responsible for defining the level of risk that the Company assumes and ensuring that it remains in-line with the Company's strategy. Risk appetite is integral to the Board's approach to risk management, business planning and decision making. The level and type of risk that the Company is willing to bear will vary over time.

The Board, in collaboration with the Asset Manager and Investment Manager, and with the latest information available, regularly reviews the risk appetite of the Company allowing a prompt response to identified emerging risks.

Emerging Risks

The Board is cognisant of emerging risks defined as potential trends, sudden events or changing risks, which are characterised by a high degree of uncertainty in terms of probability of occurrence and possible effects on the Company. Once emerging risks become sufficiently clear, they may be classed as a principal risk and added to the risk matrix.

To help manage emerging risks and discuss other wider matters affecting property, the Board has an annual strategy meeting. The Board considers having a clear strategy is the key to managing and mitigating emerging risk.

The Company's principal risks consist of the ten most significant risks which are composed of eight strategic and two operational risks. The strategic risks relate to investment strategy, valuation, healthcare, economics and political, funding, tenant, financial and tax changes, and environmental and energy efficiency standards; operational risk encompasses business disruption, and accounting, legal and regulatory.

The below list, in no particular order, sets out the current identifiable principal and emerging risks, including their impact and the actions taken by the Company to mitigate them. It does not purport to be an exhaustive list of all the risks faced by the Company.

Principal Risk Summary


Principal Risk	Evolution of the trend during the year
1. Strategic	↔
2. Valuation	↗
3. Healthcare	↔
4. Economic and political	↔
5. Funding	↓
6. Tenant	↔
7. Financial and tax changes	↔
8. Operational	↔
9. Accounting, legal and regulatory	↔
10. Environmental and energy efficiency standards	↔

1. Strategic

Potential Impact	Mitigation	Movement in the period ↔
An inappropriate investment strategy,	<ul style="list-style-type: none">A clearly defined investment strategy, which is reviewed annually.	<ul style="list-style-type: none">The property portfolio remains balanced across a range of

and/or failure to implement the strategy could result in lower income and capital returns to Shareholders.	<ul style="list-style-type: none"> • A defined and rigorous investment appraisal process. • Acquire portfolios, which offer Shareholders diversification of investment risk by investing in a range of geographical areas, number of properties. • Supply and demand market information is reviewed continuously to assist in acquisitions and disposals. • All the above steps are monitored to ensure the strategy is implemented. 	geographical areas and a large number of investment properties.
	<ul style="list-style-type: none"> • Predominately, acquiring office properties in the UK and outside of the M25 motorway. However, the Group may invest in property portfolios in which up to 50% of the properties (by market value) are situated within the M25 motorway. 	<ul style="list-style-type: none"> • The Company continues to purchase properties in the UK outside the M25 motorway.
	<ul style="list-style-type: none"> • No single property, in the ordinary course of business, is expected to exceed 10% of the Company's aggregate Investment Properties valuation. However, the Board may, in exceptional circumstances, consider a property having a value of up to 20% of the Company's investment property value at the time of investment. 	<ul style="list-style-type: none"> • 300 Bath Street (2023: 300 Bath Street) is the highest valued property, which equates to 2.9% (2023: 2.8%) of the Company's investment properties.
	<ul style="list-style-type: none"> • No more than 20% of the Company's investment property value shall be exposed to any single tenant or group undertaking of that tenant. 	<ul style="list-style-type: none"> • The Company's largest single tenant exposure is 2.8% (2023: 2.5%) of gross rental income, being EDF Energy Ltd. (2023: EDF Energy Ltd.).
	<ul style="list-style-type: none"> • Speculative development (i.e., properties under construction, but excluding any refurbishment works, which have not been pre-let) is prohibited. 	<ul style="list-style-type: none"> • No speculative construction was undertaken during the year under review.
	<ul style="list-style-type: none"> • The value of the properties is protected as far as possible by an active asset management programme, which is regularly reviewed against the business plan for each property. 	<ul style="list-style-type: none"> • The Asset Manager continues to actively manage the investment properties in accordance with market conditions and the individual asset programme.

2. Valuation

Potential Impact	Mitigation	Movement in the period 
The valuation of the Company's portfolio affects its profitability and net assets.	<ul style="list-style-type: none"> • The Company's external valuer, Colliers International Property Consultants Ltd, provide independent valuations for all properties on a six-monthly basis in accordance with the RICS Red Book. 	<ul style="list-style-type: none"> • Colliers International Property Consultants Ltd. independently provides the valuation for the entire portfolio, valuing each individual asset.

	<ul style="list-style-type: none"> • The Audit Committee has the opportunity to discuss the basis of the valuations with the external valuer. The Audit Committee membership includes an experienced chartered surveyor. • The Asset Manager's experience and extensive knowledge of the property market. The Asset Manager is able to challenge the external valuers' findings. • The Company's Auditor engages an independent third party to evaluate the Colliers International Property Consultants Ltd valuations. 	
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3. Healthcare

Potential Impact	Mitigation	Movement in the period ⇄
The economic disruption resulting from social health issues could impact rental income; the ability of Valuers to discern valuations; the ability to access funding at competitive rates, adherence to banking covenants, maintain a progressive dividend policy, and adhere to the HMRC REIT regime requirements.	<ul style="list-style-type: none"> • The Asset Manager continues to adapt and, as required, to support tenants. • The property portfolio has been deliberately constituted to ensure a diverse range of tenants by standard industrial classification; which ensured the many tenants, being designated as essential services, continued to operate throughout the recent pandemic. • Close relationships with lenders ensuring continued dialogue around covenants and ability to access funding as required at competitive rates. • Initial vetting of all third-party providers with annual due diligence reviews, including the review of business continuity capabilities to minimise when remote working has been necessitated. 	<ul style="list-style-type: none"> • The Company has continued to scrutinise all current risk mitigation approaches employed and to work closely with all parties.

4. Economic and Political

Potential Impact	Mitigation	Movement in the period ⇄
Significant political events could impact the health of the UK economy, resulting in borrowing constraints, changes in demand by tenants for suitable properties, the quality of the tenants, and ultimately the property portfolio value.	<ul style="list-style-type: none"> • The Company operates with a sole focus on the UK regions, with no foreign currency exchange exposure. It remains well positioned with a deliberately diverse standard industry classification of tenants generating 780 (2023: 978) income streams which are located in areas of expected economic growth. • The Board receives advice on macro-economic risks from the Asset and Investment Manager and other advisers and acts accordingly. 	<ul style="list-style-type: none"> • There remains a risk that property valuations and the occupancy market may be impacted by change in the political landscape.

5. Funding

Potential Impact	Mitigation	Movement in the period ↓
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The Company may not be able to secure further debt or on acceptable terms, which may impinge upon investment opportunities, the ability to grow the Company and distribute an attractive dividend.	<ul style="list-style-type: none"> • The Asset Manager has a Corporate Finance team dedicated to optimising the Company's funding requirements. • Funding options are constantly reviewed with an emphasis on reducing the weighted average cost of capital and lengthening the weighted average debt to maturity. • Borrowings are currently provided by a range of institutions with targeted staggered maturities. • Strong relationships with key long-term lenders. • Continual monitoring of LTV. 	<ul style="list-style-type: none"> • LTV decreased to 41.8% (2023: 55.1%) • Weighted average debt term decreased to 2.9 years (2023: 3.5 years). • Weighted average cost of capital, including hedging costs was 3.4% (2023: 3.5%).
Bank reference interest rates may be set to become more volatile, accompanying volatile inflation	<ul style="list-style-type: none"> • Policy of hedging at least 90% of variable interest rate borrowings. Fixed, swapped and capped borrowing amounted to 100.0% (31 December 2023: 100.0%) • Borrowings are currently provided by a range of institutions with targeted staggered maturities. 	<ul style="list-style-type: none"> • Continued adherence to the hedging policy.
Breach of covenants within the Company's funding structure could lead to a cancellation of debt funding if the Company is unable to service the debt.	<ul style="list-style-type: none"> • The Asset Manager's corporate finance team reviews the applicable covenants on a regular basis and these are considered in future operational decisions. • Compliance certificates and requested reports are prepared as scheduled. 	<ul style="list-style-type: none"> • The Company continues to have headroom against the applicable borrowing covenants.

6. Tenant

Potential Impact	Mitigation	Movement in the period ⇄
Type of tenant and concentration of tenant could result in lower income from reduced lettings or defaults.	<ul style="list-style-type: none"> • An active asset management programme with a focus on the Asset Manager working with individual tenants to assess any occupational issues and to manage any potential bad debts. • Diversified portfolio of properties let, where possible, to a large number of low-risk tenants across a wide range of standard industrial classifications throughout the UK. • Potential acquisitions are reviewed for tenant overlap and potential disposals are similarly reviewed for tenant standard industrial classification concentration. 	<ul style="list-style-type: none"> • This risk remains stable in view of the increasing diversification of properties, tenants and geographies in the portfolio. • The tenant mix and their underlying activity has continued to increasingly diversify, with the number of tenants amounting to 780 at the year-end (2023:978).
A high concentration of lease term maturity and/or break options could result in a more	<ul style="list-style-type: none"> • The portfolio lease and maturity concentrations are monitored by the experienced Asset Manager to minimise concentration. 	<ul style="list-style-type: none"> • The WAULT to first break as at 31 December 2024 was 2.9 years (2023: 2.8 years)

volatile contracted rent roll.	<ul style="list-style-type: none"> • There is a focus on securing early renewals and increased lease periods. • The requirement for suitable tenants and the quality of the tenant is managed by the experienced Asset Manager who maintains close relationships with current tenants and with letting agents. 	<ul style="list-style-type: none"> • The largest tenant is 2.8% (2023: 2.5%) of the gross rental income, being EDF Energy Limited. • The Asset Management team remains vigilant to the financial well-being of our current tenants and continues to liaise with tenants and agents.
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7. Financial and Tax Changes

Potential Impact	Mitigation	Movement in the period ⇄
Changes to the UK REIT and non-REIT regimes tax and financial legislation.	<ul style="list-style-type: none"> • The Board receives advice on these changes where appropriate and will act accordingly. 	<ul style="list-style-type: none"> • Advice is received from several corporate advisers, including tax adviser KPMG LLP and the Company adapts to changes as required.

8. Operational

Potential Impact	Mitigation	Movement in the period ⇄
Business disruption could impinge on the normal operations of the Company.	<ul style="list-style-type: none"> • The Asset Manager and Investment Adviser each have contingency plans in place to ensure there are no disruptions to the core infrastructure which would impinge on the normal operations of the Company. 	<ul style="list-style-type: none"> • Both the Asset Manager and Investment Adviser annually review their Disaster and Business Continuity Plans.
	<ul style="list-style-type: none"> • An annual due diligence exercise is carried out on all principal third-party service providers. 	<ul style="list-style-type: none"> • The annual due diligence visits were undertaken with the Company's principal third-party service providers. No concerns were identified from the visits.
	<ul style="list-style-type: none"> • As an externally managed investment company, there is a continued reliance on the Asset Manager and Investment Adviser and other third-party service providers. 	<ul style="list-style-type: none"> • Both the Asset and Investment Adviser are viable going concerns.
	<ul style="list-style-type: none"> • All acquisitions undergo a rigorous due diligence process and all multi-let properties undergo an annual comprehensive fire risk. 	<ul style="list-style-type: none"> • The Asset Manager continues to monitor changes in Health and Safety regulations.
	<ul style="list-style-type: none"> • The impact of physical damage and destruction to investment properties is mitigated by ensuring all are covered by a comprehensive building, loss of rent and service charge plus terrorism insurance with the exception of a small number of "self-insure" arrangements covered under leases. 	<ul style="list-style-type: none"> • The Asset Manager reviews the adequacy of insurance cover on an ongoing basis.
Information security and cyber threat resulting in data loss,	<ul style="list-style-type: none"> • The Asset Manager and Investment Adviser each has a dedicated Information Technology team which monitors 	<ul style="list-style-type: none"> • The Managers review the respective Information Technology policies and the

or negative regulatory, reputational, operational (including GDPR), or financial impact.	<p>information security, privacy risk and cyber threats ensuring their respective operations are not interrupted.</p> <ul style="list-style-type: none"> As required the building management systems are reviewed for cyber security risk. 	material third-party service suppliers as required to ensure they reflect current and possible future threats.
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9. Accounting, Legal, and Regulatory

Potential Impact	Mitigation	Movement in the period ⇄
Changes to accounting, legal and/or regulatory legislation, including sanctions could result in changes to current operating processes.	<ul style="list-style-type: none"> Robust processes are in place to ensure adherence to accounting, legal and regulatory requirements, including sanctions and Listing Rules. All contracts are reviewed by the Company's legal advisors. The Administrator, Sub-Administrator and the Company Secretary attend relevant Board meetings in order to be aware of all announcements that need to be made. All compliance issues are raised with the Company's Financial Adviser. 	<ul style="list-style-type: none"> The Company continues to receive advice from its corporate advisers and has incorporated changes where required. The Administrator and Company Secretary continue to attend all Board meetings and advise on Listing Rule requirements in conjunction with the Corporate Broker and Financial Adviser.
Loss of REIT status	<ul style="list-style-type: none"> The HMRC REIT regime requirements are monitored by the Asset and Investment Manager, and external advisors including the Company's tax adviser KPMG LLP and its Sub-Administrator Waystone Administration Solutions (UK) Limited. 	<ul style="list-style-type: none"> The Company continues to receive advice from external advisers on any anticipated future changes to the REIT regime.

10. Environmental and Energy Efficiency Standards

Potential Impact	Mitigation	Movement in the period ⇄
The Company's cost base could be impacted, and management time diverted, due to climate changes and associated legislation.	<ul style="list-style-type: none"> The Board receives regular updates on environmental, social, governance and potential legislation changes from its advisers. The Company has engaged an environmental consultancy, CBRE, to assist with improving the Global Real Industry Sustainability Benchmark (GRESB). 	<ul style="list-style-type: none"> Additional attention continues to be devoted to this area to ensure the appropriate approach is applied and embedded in Company activities.
Changes to the environment could impact upon the operations of the Company.	<ul style="list-style-type: none"> Property acquisitions undergo a rigorous due diligence process, including an environmental assessment. The Asset Manager monitors the portfolio for any detrimental environmental impact, by way of frequent inspections of the properties, and the annual insurance review process. 	<ul style="list-style-type: none"> The rigour of the environmental assessments process continues to be reviewed with the aim of enhancing it.
An Energy Performance Rating of E and below may impact the	<ul style="list-style-type: none"> The Company continues to review each property to ensure adherence with Energy Performance Rating requirements. 	<ul style="list-style-type: none"> The Asset Manager is continually reviewing the feasibility of enhancing Energy

Company's ability to sell or lease an asset.	<ul style="list-style-type: none"> The energy efficiency of investment acquisitions is fully considered as part of the due diligence process for the acquisition of a property. 	Performance Ratings to exceed the minimum requirement.
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Changes to the Principal Risks and Uncertainties

The Board, via the Audit Committee, has reviewed and agreed the movement during the year to each of the identified principal risks and uncertainties following review of these risks, having considered the characteristics of these and the broader economic and geopolitical factors influencing them.

A potential emerging risk is the adoption of artificial intelligence in office-based roles, which could pose both a risk and opportunity for the demand of office space. The Board, alongside the Asset and Investment Manager, continues to monitor developments in this area.

The potential impact of these risks on the Company's long-term strategy is considered evaluated to ensure informed decision-making and proactive management.

SUSTAINABILITY REPORT

The Sustainability Report is provided in the full Annual Report.

EXTRACT FROM THE DIRECTORS' REPORT

The full Directors' Report, which includes the Corporate Governance Statement, is provided in the full Annual Report.

Share Capital

As at 31 December 2024, the Company's total issued share capital was 162,088,483* Ordinary Shares (2023: 515,736,583).

On 18 July 2024, shareholders approved a Capital Raising and Share Consolidation and the Company raised approximately £110.5 million of gross proceeds, in aggregate, by way of a fully underwritten Placing, Overseas Placing and Open Offer of 1,105,149,821 New Ordinary Shares. Following completion of the Capital Raising, the Ordinary Shares were consolidated at the Consolidation Ratio of one Consolidated Share for every 10 Ordinary Shares.

All of the Company's Ordinary Shares are listed on the Main Market segment of the London Stock Exchange and each Ordinary Share carries one vote.

There is only one class of Ordinary Shares in issue for the Company, in adherence to the REIT requirements. The only other shares the Company may issue are particular types of non-voting restricted preference shares, of which none (2023: none) are currently in issue.

At the AGM held on 5 August 2024, the Directors were granted authority to allot Ordinary Shares on a non- pre-emptive basis for cash up to a maximum number of 16,208,864 Shares (being 10% of the issued share capital on 19 July 2024). The Directors were also granted the authority to disapply pre-emption rights in respect of the allotment of Ordinary Shares up to a maximum number of 16,208,864 Shares (being 10% of the issued share capital on 19 July 2024) where the allotment of such Shares is for the sole purpose of financing an acquisition or other capital investment as defined by the Pre-Emption Group's Statement of Principles.

No shares were issued under these authorities during the year under review, and the authorities will expire at the Company's 2025 AGM where resolutions for their renewal will be sought, or, if sooner, on 5 November 2025.

At the AGM held on 5 August 2024, the Company was authorised to purchase up to a maximum of 16,208,864 of its own Ordinary Shares (being 10% of the Company's issued share capital on 19 July 2024).

No shares have been purchased under this authority during the year under review, which will expire at the Company's 2025 AGM where a resolution for its renewal will be sought, or, if sooner, on 5 November 2025.

* During the year the Company offered 15 new ordinary shares for every 7 existing shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 split with the resulting Ordinary shares in issue being 162,088,483.

Restrictions on the Transfer of Shares

Subject to the Articles, as well as applicable foreign securities laws, a shareholder may transfer all or any of their Ordinary Shares in any manner which is permitted by Guernsey law or in any other manner which is from time to time approved by the Board.

If any Ordinary Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a "Non-Qualified Holder" (see below), the Board may give notice to such person requiring them either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder, or (ii) to sell or transfer their Ordinary Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Ordinary Shares.

Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, (i) the person will be deemed, upon the expiration of such 30 days, to have forfeited their Ordinary Shares or (ii) if the Board in its absolute discretion so determines, the Company may dispose of the Ordinary Shares at the best price reasonably obtainable and pay the net proceeds of such a disposal to the former holder.

A Non-Qualifying Holder is defined as any person whose ownership of Ordinary Shares, or the transfer of Ordinary Shares to such person, may:

- cause the Company's assets to be deemed "plan assets" for the purposes of the US Internal Revenue Code of 1986 (as amended), or US Employee Retirement Income Security Act of 1974 (as amended);
- cause the Company to be required to register as an "investment company" under the US Investment Company Act 1940;
- cause the Company or any of its securities to be required under the US Exchange Act, the US Securities Act or any similar legislation;
- cause the Company not being considered a "Foreign Private Issuer", as such term is defined in rule 3b-4(c) under the US Exchange Act;
- cause the Investment Adviser to be required to register as a municipal Adviser under the US Exchange Act;
- result in the Company being disqualified from issuing securities pursuant to Rule 506 of Regulation D under the US Securities Act;
- cause a loss of partnership status for US federal income tax purposes or a termination of the US partnership under US Internal Revenue Code of 1986 (as amended), Section 708;
- result in a person holding Ordinary Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time; or
- cause the Company to be a "controlled foreign corporation" for the purposes of Section 957 of the

US Internal Revenue Code of 1986, (as amended), or may cause the Company to suffer any pecuniary or tax disadvantage or any person who is deemed to be a Non-Qualified Holder by virtue of their refusal to provide the Company with information that it requires in order to comply with its obligations under exchange of information agreements.

Restrictions on Voting Rights

Other than those discussed above, the Company does not have any restrictions on shareholder voting rights.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group Financial Statements in accordance with applicable laws and regulations.

Guernsey company law requires the Directors to prepare financial statements for each financial year. The Directors are required under the UK Listing Rules of the Financial Conduct Authority to prepare the group financial statements in accordance with UK-adopted International Accounting Standards.

The financial statements of the Group are required by law to give a true and fair view of the state of the Group's affairs at the end of the financial period and of the profit or loss of the Group for that period and are required by UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group.

In preparing each of the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present a true and fair view of the financial position, financial performance and cash flows of the Company;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions; disclose with reasonable accuracy at any time the financial position of the Group; enable them to ensure that the financial statements comply with the requirements of The Companies (Guernsey) Law 2008 and, as regards the Group financial statements, the UK-adopted International Accounting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on Regional REIT's website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE CONSOLIDATED ANNUAL REPORT

Each of the Directors, whose names and functions are found within the full Annual Report, confirms that to the best of each person's knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole;
- the Strategic Report, including the Asset and Investment Managers' Report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and financial statements for the year ended 31 December 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and signed on its behalf by:

David Hunter

Chairman

24 March 2025

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2024

		Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
	Notes		
Continuing Operations			
Revenue			
Rental and property income	5	90,981	91,880
Property costs	6	(45,021)	(38,161)
Net rental and property income		45,960	53,719
Administrative and other expenses	7	(9,851)	(10,626)
Operating profit before gains and losses on property assets and other investments		36,109	43,093
Loss on disposal of investment properties	14	(3,180)	(726)
Change in fair value of investment properties	14	(56,732)	(86,350)
Change in fair value of right of use assets	26	(138)	(139)
Operating loss		(23,941)	(44,122)
Finance income	9	1,394	79
Finance expenses	10	(15,224)	(16,210)
Net movement in fair value of derivative financial instruments	25	(1,703)	(7,194)
Loss before tax		(39,474)	(67,447)
Taxation	11	(65)	(9)
Total comprehensive losses for the year (attributable to owners of the parent company)		(39,539)	(67,456)
Loss per Share - basic and diluted (2023 restated)	12	(33.5)p	(82.9)p

The notes below are an integral part of these consolidated financial statements.

Total comprehensive losses all arise from continuing operations.

Consolidated Statement of Financial Position as at 31 December 2024

		31 December 2024 £'000	31 December 2023 £'000
	Notes		
Assets			
Non-current assets			
Investment properties	14	607,458	687,695
Right of use assets	26	10,849	10,987
Investments in associates	16	276	-
Non-current receivables on tenant loan	17	144	385
Derivative financial instruments	25	11,608	16,009
		630,335	715,076
Current assets			
Trade and other receivables	18	35,079	32,837
Cash and cash equivalents	19	56,719	34,505
		91,798	67,342
Total assets		722,133	782,418
Liabilities			
Current liabilities			

Trade and other payables	20	(31,647)	(33,039)
Deferred income	21	(14,364)	(15,597)
Retail eligible bonds	24	-	(49,907)
Deferred tax liabilities	22	(741)	(708)
		(46,752)	(99,251)
Non-current liabilities			
Bank and loan borrowings	23	(312,323)	(365,603)
Lease liabilities	26	(11,444)	(11,475)
		(323,767)	(377,078)
Total liabilities		(370,519)	(476,329)
Net assets		351,614	306,089
Equity			
Stated capital	27	618,266	513,762
Accumulated losses		(266,652)	(207,673)
Total equity attributable to owners of the parent company		351,614	306,089
Net asset value per Share - basic and diluted (2023 restated)	28	216.9p	376.2p

The notes below are an integral part of these consolidated financial statements.

These consolidated group financial statements were approved by the Board of Directors and authorised for issue on 24 March 2025 and signed on its behalf by:

David Hunter
Chairman
24 March 2025

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

		Attributable to owners of the parent company		
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2024		513,762	(207,673)	306,089
Total comprehensive losses		-	(39,539)	(39,539)
Dividends paid	13	-	(19,440)	(19,440)
Shares issued	27	110,515	-	110,515
Cost of shares issued	27	(6,011)	-	(6,011)
Balance at 31 December 2024		618,266	(266,652)	351,614

For the year ended 31 December 2023

		Attributable to owners of the parent company		
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2023		513,762	(110,820)	402,942
Total comprehensive losses		-	(67,456)	(67,456)
Dividends paid	13	-	(29,397)	(29,397)
Balance at 31 December 2023		513,762	(207,673)	306,089

The notes below are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Cash flows from operating activities		
Loss for the year before taxation	(39,474)	(67,447)
- Change in fair value of investment properties	56,732	86,350
- Change in fair value of financial derivative instruments	1,703	7,194
- Loss on disposal of investment properties	3,180	726
- Change in fair value of right of use assets	138	139
Finance income	(1,394)	(79)
Finance expense	15,224	16,210
Increase in trade and other receivables	(2,027)	(2,380)
Increase/ (decrease) in trade and other payables	295	(3,611)
Decrease in deferred income	(1,233)	(1,064)
Cash generated from operations	33,144	36,038
Interest paid	(13,229)	(14,775)
Taxation paid	(4)	-
Net cash flow generated from operating activities	19,911	21,263
Investing activities		
Investments in associates	(276)	-
Investment property acquisitions and subsequent expenditure	(8,249)	(10,260)
Sale of investment properties	28,574	24,969
Interest received	1,391	89
Net cash flow generated from investing activities	21,440	14,798
Financing activities		
Proceeds received on derivative financial instruments	2,698	1,246
Dividends paid	(22,301)	(31,978)
Proceeds from share issue	110,515	-
Share issue costs	(4,837)	-
Bank borrowings advanced	-	3,729
Bank borrowings repaid	(54,016)	(23,771)
Bank borrowing costs paid	(761)	(495)
Repayment of retail eligible bonds	(50,000)	-
Lease repayments	(435)	(435)
Net cash flow used in financing activities	(19,137)	(51,704)
Net increase/(decrease) in cash & cash equivalents	22,214	(15,643)
Cash and cash equivalents at the start of the year	34,505	50,148
Cash and cash equivalents at the end of the year	56,719	34,505

The notes below are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

1. Corporate information

The Group's consolidated financial statements for the year ended 31 December 2024 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 24 March 2025.

The Company is a company limited by Shares incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended (the “Law”). The Company’s Ordinary Shares are admitted to the Official List of the Financial Conduct Authority (“FCA”) and traded on the London Stock Exchange (“LSE”).

The Company was incorporated on 22 June 2015 and is registered with the Guernsey Financial Services Commission as a Registered Closed-Ended Collective Investment Scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Registered Collective Investment Scheme Rules & Guidance 2021.

The Company did not begin trading until 6 November 2015 when the Shares were admitted to trading on the LSE.

The nature of the Group’s operations and its principal activities are set out in the Strategic Report.

The address of the registered office is Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey GY2 4LH.

2. Basis of preparation

In accordance with Section 244 of The Companies (Guernsey) Law 2008, the Group confirms that the financial information for the year ended 31 December 2024 are derived from the Group's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with UK-adopted International Accounting Standards.

The statutory accounts for the year ended 31 December 2024 have been audited and approved, but have not yet been filed.

The Group's audited financial statements for the year ended 31 December 2024 received an unqualified audit opinion and the auditor's report contained no statement under section 263(2) or 263(3) of The Companies (Guernsey) Law 2008.

The financial information contained within this preliminary statement was approved and authorised for issue by the Board on 24 March 2025.

2.1 Functional and presentation currency

The financial information is presented in Pounds Sterling, which is also the functional currency of all Group companies, and all values are rounded to the nearest thousand (£'000) pounds, except where otherwise indicated.

2.2 Going concern

The Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue as a going concern. This expectation is underpinned by having made an assessment of the Group’s ability to continue in operational existence, giving due consideration to the Group’s cashflow forecast, which encompasses cash resources, rental income, acquisition and disposals of investment properties, elective and committed capital expenditure, dividend distributions and the borrowing facilities and the respective maturities.

Following the successful completion of the £110.5 million equity capital raise in July 2024, the Group ended the year under review with £56.7 million of cash and cash equivalents, of which £55.9 million was unrestricted cash. The borrowing facilities remained compliant with all loan covenants, with a net LTV of c. 41.8%, based upon the value of the Group’s investment properties as at 31 December 2024. Rental income collections remained robust with 98.6% of rent invoiced in the year collected as at 14 March 2025.

Given the substantial amount of unrestricted cash currently held by the Group and, with the next borrowing due to mature being the Royal Bank of Scotland, Bank of Scotland and Barclays £99.8 million facility in August 2026, the Directors are satisfied that the Group and Company have adequate resources to continue in operational existence for a period of at least 12 months from the date that these Financial Statements were approved. Based on the above, together with available market information, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors consider that it is appropriate to continue to prepare the Financial Statements on a going concern basis.

2.3 Business combinations

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. For an acquisition of a business where an integrated set of activities are acquired in addition to the property, the Group accounts for the acquisition as a business combination under IFRS 3 Business Combinations ("IFRS 3").

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

2.4 New standards, amendments and interpretations

New standards, amendments to standards and interpretations which came into effect for accounting periods starting on or after 1 January 2024 are as follows:

Amendments to IAS 1 'Presentation of Financial Statements' (effective for periods beginning on or after 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of or actual events after the reporting date. The amendments also give clarification to the definition of settlement of a liability.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for periods beginning on or after 1 January 2024) give clarification with respect to covenants when assessing whether liabilities are classified as either current or non-current.

Amendments to IFRS 16 'Leases' (effective for periods beginning on or after 1 January 2024) include requirements to explain how an entity accounts for a sale and leaseback after the date of transaction.

Amendments to IAS 7 'Cash Flow Statements' and IFRS 7 'Financial Instruments: Disclosure' (effective for periods beginning on or after 1 January 2024) require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

During the year ended 31 December 2024, none of the above had a material impact on the financial statements.

2.5 New standards, amendments and interpretations effective for future accounting periods

A number of new standards, amendments to standards and interpretations are effective for periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. These are:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (effective for periods beginning on or after 1 January 2024 but not yet endorsed for use in the UK).

IFRS S2 Climate-related Disclosures (effective for periods beginning on or after 1 January 2024 but not yet endorsed for use in the UK).

Amendments to IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’ (effective for periods beginning on or after 1 January 2025) provides clarification upon treatment for transactions in a foreign currency that is not exchangeable into another currency at the measurement date.

IFRS 18 ‘Presentation and Disclosure in Financial Statements’ (effective for periods beginning on or after 1 January 2027 but not yet endorsed for use in the UK) replaces IAS 1 ‘Presentation of Financial Statements’.

IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’ (effective for periods beginning on or after 1 January 2027 but not yet endorsed for use in the UK)) specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The Directors are assessing the impact these new amendments and standards will have on the preparation of the financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1. Critical accounting estimates and assumptions

The principal estimates that may be material to the carrying amount of assets and liabilities are as follows:

3.1.1 Valuation of investment property

The value of investment property, is determined by independent property valuation experts to be the estimated amount for which a property should exchange on the date of the valuation in an arm’s length transaction less the value of assets arising from rent smoothing. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques applying the principles of both IAS 40 and IFRS 13.

The value of the properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed the fair value as referred to in VPS4 item 7 of the RICS Red Book. Under these provisions, the term “Fair Value” means the definition adopted by the International Accounting Standards Board (“IASB”) in IFRS 13, namely “The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in note 14.

The fair value of investment property is equal to the independent property valuer’s valuation of £622.5m (2023: £700.7m) less the prepayment for rent smoothing of £15.0m (2023: £13.0m).

3.2. Critical judgements in applying the Group’s accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.2.1 Operating lease contracts - the Group as lessor

The Group has acquired investment properties that are subject to commercial property leases with tenants. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all of the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

3.2.2 Consolidation of entities in which the Group holds less than 50% but has power to control

Management considered that up until 9 November 2018, the Group had de facto control of View Castle Limited and its 27 subsidiaries (the "View Castle Sub Group") by virtue of the amended and restated Call Option Agreement dated 3 November 2015. Following a restructure of the View Castle Sub Group, the majority of properties held within the View Castle Sub Group now reside in a new special purpose vehicle ("SPV"). A new call option was entered into dated 9 November 2018 with View Castle Limited and five of its subsidiaries (the "View Castle Group"). As per the previous amended and restated Call Option Agreement, under this new option the Group may acquire any of the properties held by the View Castle Group for a fixed nominal consideration. Despite having no equity holding, the Group is deemed to have control over the View Castle Group as the Option Agreement means that the Group is exposed to, and has rights to, variable returns from its involvement with the View Castle Group, through its power to control.

3.2.3 Recognition of income

Service charges and other similar receipts are included in net rental and property income gross of the related costs as the Directors consider the Group acts as principal in this respect.

4. Summary of significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the financial statements for the year ended 31 December 2023 and have been consistently applied for the year ended 31 December 2024. A new asset class has arisen in the year addressed in the accounting policy 4.3.

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the date of the Statement of Financial Position.

4.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets and liabilities acquired, and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The excess of the consideration transferred, and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recognised as goodwill.

4.2.1 Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.3 Associates

Associates are entities over which the investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. and holds 20% or more of the voting power.

The Group adopts the equity method of accounting on such assets. On initial recognition, the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the associate after the date of acquisition less distributions received.

The Group's share of the Associates' profit or loss is recorded in the Consolidated Income Statement.

4.4 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Directors.

After a review of the information provided for management purposes, it was determined that the Group has one operating segment and therefore segmental information is not disclosed in these consolidated financial statements. No single customer comprises in excess of 10% of the Group's revenue in either 2024 or 2023.

4.5 Investment property

Investment property comprises freehold or leasehold properties that are held to earn rentals or for capital appreciation, or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is recognised, usually, on legal completion, when the risks and rewards of ownership have been transferred, and is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of being utilised in the manner intended. Subsequent to initial recognition, investment property is stated at fair value. The Group now recognise the fair value of investment property to be the value calculated by the independent property valuer less the value of assets arising from rent smoothing. Gains or losses arising from changes in the fair value are included in the Group's Consolidated Statement of Comprehensive Income in the period in which they arise under IAS 40, 'Investment Property'.

Additions to investment property include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits, which are expected to accrue to the Group. All other property expenditure is charged in the Group's Consolidated Statement of Comprehensive Income as incurred.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset (being the fair value at the start of the financial year) would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the Group's Consolidated Statement of Comprehensive Income in the period of retirement or disposal.

4.6 Derivative financial instruments

Derivative financial instruments, comprising interest rate caps and swaps for hedging purposes, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to sell or transfer the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the lender and its counterparties. The gain or loss at each fair value remeasurement date is recognised in the Group's Consolidated Statement of Comprehensive Income.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

4.7 Financial assets

The Group classifies its financial assets as at fair value through profit or loss or at amortised cost, depending on the purpose for which the asset was acquired. Currently the only assets classified at fair value through profit or loss are derivative financial instruments.

Assets held at amortised cost arise principally from the provision of goods and services (e.g. trade and other receivables), but also incorporate other financial assets where the objective is to hold these assets in order to collect contractual cash flows which comprise the payment of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less provision for impairment.

The Group's financial assets comprise, equity investments, 'trade and other receivables', 'tenant loan' and 'cash and cash equivalents'.

The tenant loan relates to a loan made to a tenant which is subject to interest. The amount receivable has been recognised at amortised cost using the effective interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9.

4.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently carried at amortised cost less provision for impairment. Where the time value of money is material, receivables are carried at amortised cost using the effective interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9.

The Group recognises a loss allowance for expected credit losses on trade receivables. The loss allowance is based on lifetime expected credit losses. Trade receivables are grouped based on shared credit risk characteristics and the days past due. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Impaired balances are reported net, however, impairment provisions are recorded within a separate provision account with the loss being recognised within administration costs within the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Lease premiums and other lease incentives provided to tenants are recognised as an asset and amortised over the period from date of lease commencement to termination date.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at banks with original maturities of three months or less. Cash also includes amounts held in restricted accounts that are unavailable for everyday use.

4.10 Trade and other payables

Trade and other payables are initially recognised at their fair value being at their invoiced value inclusive of any VAT that may be applicable. Payables are subsequently measured at amortised cost using the effective interest method.

4.11 Bank and other borrowings

All bank and other borrowings (comprising bank loans and retail eligible bonds) are initially recognised at cost net of attributable transaction costs. Any attributable transaction costs relating to the issue of the bank borrowings are amortised through the Group's Statement of Comprehensive Income over the life of the debt instrument on a straight-line basis. After initial recognition, all bank and other borrowings are measured at amortised cost, using the effective interest method.

Bank and other borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in Group's Consolidated Statement of Comprehensive Income.

4.12 Dividends payable to Shareholders

Equity dividends are recognised and accrued from the date declared and when they are no longer at the discretion of the Company.

4.13 Rental and property income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in gross rental and property income in the Group's Consolidated Statement of Comprehensive Income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and are recognised as an expense over the lease term on the same basis as the lease income.

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Surrender premiums received from tenants to terminate leases or surrender premises are recognised in the Group's Statement of Comprehensive Income when the right to receive them arises.

Dilapidation income is recognised in the Group's Statement of Comprehensive Income when the right to receive it arises.

When the Group is acting as an agent, the commission, rather than gross income, is recorded as revenue.

Income arising from expenses recharged to tenants is recognised in the year in which the compensation becomes receivable. Service charges and other similar receipts are included in net rental and property income gross of the related costs as the Directors consider the Group acts as principal in this respect.

4.14 Property costs

Non-recoverable property costs contain service and management charges related to empty properties.

Service and management charges are recognised in the accounting period in which the services are rendered.

Recoverable property costs contain service charges and other similar costs which are recognised in the accounting period in which the services are rendered.

4.15 Interest income

Interest income is recognised as interest accrued on cash balances held by the Group. Interest charged to a tenant on any overdue rental income is also recognised within interest income.

4.16 Finance costs

Interest costs are expensed in the period in which they occur. Arrangement fees that a Group entity incurs in connection with bank and other borrowings are amortised over the term of the loan.

4.17 Taxation

As the Company is managed and controlled in the UK, it is considered to be tax resident in the UK.

The tax currently payable is based on the taxable profit/(loss) for the period. Taxable profit/(loss) differs from net profit/(loss) as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current and deferred tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

The Group elected to be treated as a UK REIT with effect from 7 November 2015. The UK REIT rules exempt the profits of the Group's UK property rental business from UK Corporation Tax. Gains on UK properties are also exempt from tax, provided that they are not held for trading or sold in the three

years after completion of development. The Group is otherwise subject to UK Corporation Tax.

There are a small number of entities within the Group which fall outside the REIT rules and are subject to UK taxes on profits and property gains.

4.18 Deferred tax

Deferred tax is provided in full using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit/(loss). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates (and tax laws) enacted or substantively enacted at the date of the Statement of Financial Position. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available for offset.

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming that the property will be recovered entirely through sale.

Deferred tax has been recognised on the unrealised property valuation gains/(losses) of properties owned by Group entities which fall outside of the REIT tax rules.

The current rate of UK Corporation Tax is 25%.

4.19 Stated capital

Stated capital represents the consideration received by the Company for the issue of Ordinary Shares. Ordinary Shares are classed as equity.

4.20 Share-based payments

The Group has entered into performance fee arrangements with the Asset Manager and Investment Adviser which depend on the growth in the net asset value of the Group exceeding a hurdle rate of return over a performance period. The fee will be partly settled in cash and partly in equity and the equity portion is therefore a Share-based payment arrangement. The fair value of the obligation is measured at each reporting period, and the cost recognised as an expense. The part of the obligation to be settled in Shares is credited to equity reserves. If circumstances change and the fee is no longer settled by the issue of Shares, then the amounts previously credited to equity reserves are reversed. In the current and prior year, no cash or equity rewards have been made.

4.21 Leased assets

The Group has a number of leases concerning the long-term lease of land associated with its long leasehold investment properties. These leased assets are capitalised as “right of use assets” by recognising the present value of the lease payments as an asset and a financial liability representing the obligation to make future lease payments.

Right of use assets are valued at fair value and the change in fair value is recognised in the Consolidated Statement of Comprehensive Income.

The associated financial liability is valued at the present value of future lease payments using an applicable incremental borrowing rate. The value of the financial liability is revalued at each reporting date. Lease payments reduce the financial liability and interest on the financial liability is recognised in finance costs.

5. Rental and property income

	Year ended 31 December	Year ended 31 December
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	2024	2023
	£'000	£'000
Rental income - freehold property	53,406	57,845
Rental income - long leasehold property	11,833	12,210
Recoverable service charge income and other similar items	25,742	21,825
Total	90,981	91,880

6. Property costs

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Other property expenses and irrecoverable costs	19,279	16,336
Recoverable service charge expenditure and other similar costs	25,742	21,825
Total	45,021	38,161

7. Administrative and other expenses

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Investment management fees	1,362	1,944
Property management fees	2,541	2,677
Asset management fees	1,360	1,944
Directors' remuneration (see note 8)	265	293
Administration fees	679	727
Legal and professional fees	2,509	2,203
Marketing and promotion	71	87
Other administrative costs	186	194
Allowance/(credit) for doubtful debts	454	542
Abortive refinancing costs	412	-
Bank charges	12	15
Total	9,851	10,626

Services provided by the Company's Auditor and its associates

The Group has obtained the following services from the Company's Auditor and its associates:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	110	105
Fees payable to the Group's Auditor and its associates for the audit of the Company's subsidiaries	147	134
Total fees payable for audit services	257	239
Fees payable to the Group's Auditor and its associates for other services:		
Audit-related services	33	31
Corporate finance work for the share issue	150	-
Total fees payable to the Group's Auditor and its associates	440	270

8. Directors' remuneration

Key management comprises the Directors of the Company. A summary of the Directors' emoluments is set out in the Directors' Remuneration Report in the full Annual Report.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Directors' fees	243	267
Employer's National Insurance contributions	22	26
Total	265	293

9. Finance income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Interest income	1,394	79
Total	1,394	79

10. Finance expense

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Interest payable on bank borrowings	11,881	12,517
Amortisation of loan arrangement fees	1,497	875
Bond interest	1,344	2,250
Bond issue costs amortised	93	155
Bond expenses	5	8
Lease interest	404	405
Total	15,224	16,210

11. Taxation

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Corporation tax charge	32	-
Increase in deferred tax liability	33	9
Total	65	9

The current tax charge is reduced by the UK REIT tax exemptions. The tax charge for the year can be reconciled to the loss in the Consolidated Statement of Comprehensive Income as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Loss before taxation	(39,474)	(67,447)
UK Corporation Tax rate	25.00%	23.52%
Theoretical tax at UK Corporation Tax rate	(9,868)	(15,864)
Effects of:		
Revaluation of investment property	14,183	20,310
Permanent differences	(169)	(387)

Profits from the tax-exempt business	(4,114)	(4,059)
Deferred tax movement	33	9
Total	65	9

Permanent differences are the differences between an entity's taxable profits and its results as stated in the financial statements. These arise because certain types of income and expenditure are non-taxable or disallowable, or because certain tax charges or allowances have no corresponding amounts in the financial statements.

The Group elected to be treated as a UK REIT with effect from 7 November 2015. The UK REIT rules exempt the profits of the Group's UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading purposes or sold in the three years after completion of development. The Group is otherwise subject to UK corporation tax.

As a REIT, Regional REIT Ltd is required to pay PID's equal to at least 90% of the Group's exempted net income. To retain UK REIT status, there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

UK Corporation Tax arises on entities which form part of the Group consolidated accounts but do not form part of the REIT group.

Due to the Group's REIT status and its intention to continue meeting the conditions required to maintain this status for the foreseeable future, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments held by entities within the REIT group.

No deferred tax asset has been recognised in respect of losses carried forward.

12. Earnings per Share

Earnings per Share amounts are calculated by dividing (losses)/profits for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

The calculation of basic and diluted earnings per Share is based on the following:

In accordance with IAS 33 "Earnings per Share", the weighted average number of shares have been recalculated as though the bonus issue and share consolidation were in place from 1 January 2024. Consequently, the EPS calculations for the year ended 31 December 2024 have been restated.

The weighted average number of Ordinary shares in issue for the year ended December 2023 was previously stated at 515,736,583. This figure has been multiplied by a bonus factor of 1.5777 representing the bonus issue and 0.1 representing the share consolidation.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Calculation of earnings per Share		
Net loss attributable to Ordinary Shareholders	(39,539)	(67,456)
Adjustments to remove:		
Changes in value of investment properties	56,732	86,350
Changes in value of right of use assets	138	139
Loss on disposal of investment properties	3,180	726

Changes in fair value of interest rate derivatives and financial assets	1,703	7,194
Abortive costs	412	-
Deferred tax charge	33	9
EPRA net profit attributable to Ordinary Shareholders	22,659	26,962
Weighted average number of Ordinary Shares (2023 restated)	118,199,045	81,367,206
Loss per Share - basic and diluted (2023 Restated)	(33.5)p	(82.9)p
EPRA earnings per Share - basic and diluted (2023 Restated)	19.2p	33.1p

13. Dividends

All dividend rates stated in this note represent the dividend rates announced to the London Stock Exchange. Following a share issue and 1 for 10 share consolidation on 29 July 2024, the number of Ordinary Shares in issue decreased from 515,736,583 Ordinary Shares to 162,088,483 Ordinary Shares.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 October - 31 December	6,188	8,509
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 January - 31 March	6,189	8,510
Dividend of 2.20 (2023: 1.20) pence per Ordinary Share for the period 1 April - 30 June	3,566	6,189
Dividend of 2.20 (2023: 1.20) pence per Ordinary Share for the period 1 July - 30 September	3,567	6,189
Unpaid dividends held by the Registrar	(70)	-
Total	19,440	29,397

On 22 February 2024, the Company announced a dividend of 1.20 pence per Share in respect of the period 1 October 2023 to 31 December 2023. The dividend payment was made on 5 April 2024 to Shareholders on the register as at 1 March 2024.

On 22 May 2024, the Company announced a dividend of 1.20 pence per Share in respect of the period 1 January 2024 to 31 March 2024. The dividend payment was made on 2 July 2024 to Shareholders on the register as at 31 May 2024.

On 10 September 2024, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 April 2024 to 30 June 2024. The dividend payment was made on 18 October 2024 to Shareholders on the register as at 20 September 2024.

On 13 November 2024, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 July 2024 to 30 September 2024. The dividend payment was made on 10 January 2025 to Shareholders on the register as at 22 November 2024.

On 20 February 2025, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 October 2024 to 31 December 2024. The dividend will be paid on 4 April 2025 to Shareholders on the register as at 28 February 2025. The financial statements do not reflect this dividend.

The Board intends to pursue a dividend policy with quarterly dividend distributions. The level of future payment of dividends will be determined by the Board having regard to, amongst other things, the financial position and performance of the Group at the relevant time, UK REIT requirements, and the interest of Shareholders.

14. Investment properties

In accordance with International Accounting Standard, IAS 40, 'Investment Property', investment property has been independently valued at fair value by Colliers International Property Consultants Limited, an accredited independent valuer with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued.

The valuations have been prepared in accordance with the RICS Red Book and incorporate the recommendations of the International Valuation Standards Committee which are consistent with the principles set out in IFRS 13.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Group Movement in investment properties for the year ended 31 December 2024			
Valuation at 1 January 2024	562,395	138,325	700,720
Property additions - acquisitions	-	-	-
Property additions - subsequent expenditure	7,286	963	8,249
Property disposals	(28,574)	-	(28,574)
Loss on the disposal of investment properties	(3,180)	-	(3,180)
Change in valuation during the period	(45,031)	(9,704)	(54,735)
Valuation at 31 December 2024	492,896	129,584	622,480
Value advised by the property valuers	492,896	129,584	622,480
Less adjustments for rent smoothing assets (note 18)	(13,371)	(1,651)	(15,022)
Fair Value at 31 December 2024	479,525	127,933	607,458
Group Movement in investment properties for the year ended 31 December 2023			
Valuation at 1 January 2023	643,630	145,850	789,480
Property additions - acquisitions	5	85	90
Property additions - subsequent expenditure	7,921	2,249	10,170
Property disposals	(25,004)	35	(24,969)
Loss on disposal of investment properties	(691)	(35)	(726)
Change in fair value during the year	(63,466)	(9,859)	(73,325)
Valuation at 31 December 2023	562,395	138,325	700,720
Value advised by the property valuers	562,395	138,325	700,720
Less adjustment for rent smoothing assets (note 18)	(9,532)	(3,493)	(13,025)
Fair Value at 31 December 2023	552,863	134,832	687,695

The net book value of properties disposed of during the year amounted to £31,754,000 (2023: £25,695,000). The historic cost of the properties is £850,152,000 (2023:£899,236,000).

Bank borrowings are secured by charges over investment properties held by certain asset-holding subsidiaries.

The banks also hold charges over the shares of certain subsidiaries and any intermediary holding companies of those subsidiaries. The independent valuer's assessment of the value of investment properties secured at 31 December 2024 was £622,480,000 (2023: £700,720,000).

The table below shows the total change in fair value during the year.

	31 December 2024 £'000	31 December 2023 £'000
Change in valuation during the period	(54,735)	(73,325)
Change in rent smoothing assets adjustment	(1,997)	(13,025)
Total	(56,732)	(86,350)

The following table provides the fair value measurement hierarchy for investment property:

Date of valuation:	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
31 December 2024	607,458	-	-	607,458
31 December 2023	687,695	-	-	687,695

The hierarchy levels are defined in note 30.

It has been determined that the entire investment properties portfolio should be classified under the level 3 category. The table below shows the movement in the year on the level 3 category:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Balance at the start of the year	687,695	789,480
Additions	8,249	10,260
Disposals	(28,574)	(24,969)
Loss on the disposal of investment properties	(3,180)	(726)
Change in fair value during the year	(56,732)	(86,350)
Balance at the end of the year	607,458	687,695

The determination of the fair value of the investment properties held by each consolidated subsidiary requires the use of estimates such as future cash flows from investment properties, which take into consideration lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property, and discount rates applicable to those assets. Future revenue streams comprise contracted rent (passing rent) and Estimated Rental Value (ERV) after the contract period. In calculating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local

market conditions existing at the reporting date.

As at 31 December 2024, the estimated fair value of each property has been primarily derived using comparable recent market transactions on arm's length terms and assessed in accordance with the relevant parts of the RICS Red Book.

The impact of climate change on the portfolio and the principal risk around environmental and energy efficiency standards are disclosed in the Strategic Report.

Techniques used for valuing investment properties

The following descriptions and definitions relate to valuation techniques and key significant inputs made in determining the fair values:

- **Valuation technique: market comparable method**

Under the market comparable method (or market approach), a property's fair value is estimated based on comparable transactions in the market.

- **Significant input: market rental**

The rent at which space could be let in the market conditions prevailing at the date of valuation range: £14,200 - £3,715,000 per annum (2023: £16,200 - £3,237,000 per annum)

- **Significant input: rental growth**

The decrease in rent is based on contractual agreements: 8.64 % (2023: decrease 6.49%). There is a gross contracted rent reduction, as per normal operations it is a combination of property disposals, space under refurbishments and lease expiries.

- **Significant input: equivalent yield**

The time-weighted average return that a property will produce including purchase costs. The equivalent yield generally sits between the net initial yield and reversionary yield. See below table.

- **Unobservable inputs:**

The significant unobservable inputs (level 3) are sensitive to changes in the estimated future cash flows from investment properties such as increases and decreases in contracted rents, operating expenses and capital expenses, plus transactional activity in the real estate market.

Geographical and sector specific market evidence reviewed in the course of preparing the December 2024 valuation had an initial yield range of 6.00% to 25.19% (2023: 5.78% to 15.0%).

As set out within the significant accounting estimates and judgements, the Group's property portfolio valuation is open to judgement and is inherently subjective by nature, and actual values can only be determined in a sales transaction.

Equivalent yield range by sector:

Sector	Fair Value	ERV Range	Significant Unobservable Inputs
	£'000	(per sq ft per annum)	Equivalent Yield Range
Industrial	£23,075.00	£3.50 - £9.49	6.51% - 24.94%
Retail	£22,570.00	£4.50 - £45.02	6.00% - 30.97%
Alternative	£12,150.00	£5.00 - £13.50	4.75% - 9.68%
Office by Region			
Office South East	£106,100.00	£5.00 - £29.01	8.27% - 13.28%

Office South West	£59,275.00	£12.28 - £22.90	9.33%- 13.45%
Office Midlands	£116,650.00	£3.01 - £35.04	9.05% - 12.13%
Office North West	£86,625.00	£6.61 - £29.59	8.57% - 13.14%
Office North East	£92,265.00	£5.63 - £30.05	8.18% - 12.90%
Office Wales	£18,350.00	£10.00 - £13.50	8.89% - 10.85%
Office Scotland	£85,420.00	£4.50 - £24.02	9.09% - 52.34%
Total	£622,480.00		

The impact of changes to the significant unobservable inputs:

	2024	2024	2023	2023
	Impact on	Impact on	Impact on	Impact on
	statement of	statement of	statement of	statement of
	comprehensive	financial	comprehensive	financial
	income	position	income	position
	£'000	£'000	£'000	£'000
Improvement in ERV by 5%	27,490	27,490	31,464	31,464
Worsening in ERV by 5%	(27,009)	(27,009)	(30,966)	(30,966)
Improvement in yield by 0.125%	9,064	9,064	10,361	10,361
Worsening in yield by 0.125%	(8,792)	(8,792)	(10,101)	(10,101)

15. Investment in subsidiaries

List of subsidiaries which are 100% owned and controlled by the Group:

	Country of incorporation	Ownership %
Beaufort Office Park Management Company Limited	United Kingdom	100%
Glasgow Airport Business Park Management Company Limited	United Kingdom	100%
Origin Apartments Management Company Limited	United Kingdom	100%
Regional Commercial MIDCO Ltd	Jersey	100%
RR Aspect Court Ltd	Jersey	100%
RR Bennett House Ltd	Jersey	100%
RR Bishopgate Street Ltd	Jersey	100%
RR Brand Street Ltd	Jersey	100%
RR Bristol Ltd	Jersey	100%
RR Chancellor Court Ltd	Jersey	100%
RR Crompton Way Ltd	Jersey	100%
RR Falcon Ltd	Jersey	100%
RR Glasgow Ltd	Jersey	100%
RR Glasgow II Ltd	United Kingdom	100%
RR Harvest Ltd	Jersey	100%
RR Hounds Gate Ltd	Jersey	100%
RR Milburn House Ltd	Jersey	100%
RR Minton Place Ltd	Jersey	100%
RR Newstead Court Ltd	Jersey	100%
RR Portland Street Ltd	Jersey	100%
RR Rainbow (Aylesbury) Ltd	Jersey	100%
RR Rainbow (North) Ltd	Jersey	100%
RR Rainbow (South) Ltd	Jersey	100%
RR Range Ltd	Jersey	100%
RR Sea Dundee Ltd	United Kingdom	100%

RR Sea Hanover Street Ltd	United Kingdom	100%
RR Sea Lamont I Ltd	Jersey	100%
RR Sea Lamont II Ltd	Jersey	100%
RR Sea Lamont III Ltd	Jersey	100%
RR Sea St. Helens Ltd	United Kingdom	100%
RR Sea Stafford Ltd	United Kingdom	100%
RR Sea Strand Ltd	United Kingdom	100%
RR Sea TAPP Ltd	Guernsey	100%
RR Sea TOPP Bletchley Ltd	Guernsey	100%
RR Sea TOPP I Ltd	Guernsey	100%
RR Sheldon Court Ltd	Jersey	100%
RR Star Ltd	Jersey	100%
RR St Georges House Ltd	Jersey	100%
RR St James Court Ltd	Jersey	100%
RR Strathclyde BP Ltd	Jersey	100%
RR UK (Central) Ltd	Jersey	100%
RR UK (Cheshunt) Ltd	Jersey	100%
RR UK (Port Solent) Ltd	Jersey	100%
RR UK (South) Ltd	Jersey	100%
RR Wallington Ltd	Jersey	100%
RR Westminster House Ltd	Jersey	100%
RR Wing Portfolio Ltd	Jersey	100%
Tay Properties Ltd	Jersey	100%
TCP Arbos Ltd	Jersey	100%
TCP Channel Ltd	Jersey	100%

All of the above entities have been included in the Group's consolidated financial statements.

By virtue of an Amended and Restated Call Option Agreement dated 3 November 2018, the Directors consider that the Group has control of View Castle Limited and its subsidiaries (the "View Castle Group").

Under this option, the Group has the ability to acquire any of the properties held by the View Castle Group by issuing an option notice for a nominal consideration of £1. The recipient of the option notice will be obliged to convey its title within one month after receipt of the option notice.

Despite having no equity holding, the Group controls the View Castle Group as the option agreement has the effect that the Group is exposed to, and has rights to, variable returns from its involvement with the View Castle Group through its power to control.

The companies which make up the View Castle Group are as follows:

List of subsidiaries that are controlled by the Group:	Country of incorporation	Control %
Credential (Wardpark North) Ltd	United Kingdom	100%
Credential Estates Ltd	United Kingdom	100%
Rocket Unit Trust	Jersey	100%
Squeeze Newco 2 Ltd	United Kingdom	100%
View Castle Ltd	United Kingdom	100%
View Castle (Milton Keynes) Ltd	United Kingdom	100%
View Castle (Properties) Ltd	United Kingdom	100%

All of the above entities have been included in the Group's consolidated financial statements up to

31 December 2024.

16. Investment in associates

During the year, the Company invested £276,000 in a new joint venture, Sugarbird Solar (UK) Limited ("SolarCo"), which represents 40% of the issued share capital. Sunbird Solar International (Cyprus) Limited contributed £408,000 (60% of the share capital).

The investment represents a minority interest with significant influence but not control over SolarCo. SolarCo is operated and managed by Sunbird Solar International (Cyprus) Limited.

In addition, the Company has holdings in two property management companies acquired for nil value.

The table below shows the movement in the investment during the year:

	31 December 2024 £'000	31 December 2023 £'000
At start of year	-	-
Amounts paid for investment	276	-
Share of profits	-	-
At end of year	276	-

List of companies not wholly owned by the Group:	Country of incorporation	Holding %
HCP (Estate Management) Limited	United Kingdom	49%
BHSE Chilterns Stokenchurch Management Company Limited	United Kingdom	38%
Sugarbird Solarco (UK) Limited	United Kingdom	40%

17. Non-current receivables on tenant loans

	31 December 2024 £'000	31 December 2023 £'000
At start of year	578	770
Amounts repaid in the year	(241)	(192)
At end of year	337	578
Asset due within 1 year (note 18)	193	193
Asset due after 1 year	144	385
	337	578

During 2016, the Group entered into a loan agreement with a tenant for £1,926,000. The loan is subject to interest of 4% above the base rate of the Bank of Scotland on late payments and is repayable in instalments over ten years. No impairment has been recognised against the non current receivable as at 31 December 2024 or 31 December 2023.

18. Trade and other receivables

	31 December 2024 £'000	31 December 2023 £'000
Gross amount receivable from tenants	9,696	8,704

Less provision for impairment	(1,451)	(915)
Net amount receivable from tenants	8,245	7,789
Current receivables - tenant loans (note 16)	193	193
Income tax	24	52
Other receivables	1,495	760
Prepayment for rent smoothing (note 14)	15,022	13,025
Prepayments	10,100	11,018
	35,079	32,837

The maximum exposure to credit risk is £10,077,000 as disclosed in the financial instruments table in note 30.1. The Group does not hold any collateral as security.

The aged analysis of trade receivables that are past due but not impaired was as follows:

	31 December 2024 £'000	31 December 2023 £'000
< 30 days	3,928	3,604
30-60 days	722	650
> 60 days	5,046	4,450
Net amount receivable from tenants	9,696	8,704
Less provision for impairment	(1,451)	(915)
Net Amount receivable from tenants	8,245	7,789

The Directors consider the fair value of receivables equals their carrying amount.

The table above shows the aged analysis of trade receivables included in the table which are past due but not impaired. These relate to tenants for whom there is no recent history of default.

Provision for impairment of trade receivables movement as follows:

	31 December 2024 £'000	31 December 2023 £'000
At start of year	915	902
Provision for impairment in the year	1,739	903
Receivables written off as uncollectable	(195)	(670)
Unused provision reversed	(1,008)	(220)
At end of year	1,451	915

Other categories within trade and other receivables do not include impaired assets. Receivables are written off as uncollectable where there is no reasonable expectation of recovery.

19. Cash and cash equivalents

	31 December 2024 £'000	31 December 2023 £'000
Group		
Cash held at bank	55,869	30,679
Restricted cash held at bank	850	3,826
At end of year	56,719	34,035

Comparatives have been re-analysed between restricted and non-restricted balances.

Restricted cash balances of the Group comprise:

- £850,000 (2023: £3,826,000) of funds held in blocked bank accounts which are controlled by the Group's lenders and are released once certain loan conditions are met. The restricted funds arose on net proceeds from investment property disposals.

The following amounts are not analysed as restricted balances:

- £9,847,000 (2023: £7,863,000) of cash funds represent service charge income received from tenants for settlement of future service charge expenditure.
- £2,698,000 (2023: £2,846,000) of cash funds represent tenants' rental deposits.

The restricted cash balances are all accessible within 90 days so meet the definition of cash and cash equivalents.

20. Trade and other payables

	31 December 2024 £'000	31 December 2023 £'000
Withholding tax due on dividends paid	429	668
Dividends announced but not paid	3,567	6,189
Trade payables	2,377	2,862
Other payables	19,182	15,350
Value added tax	1,974	1,387
Accruals	4,118	6,583
At end of year	31,647	33,039

Other payables principally include rent deposits held and service charge costs.

The Directors consider the fair value of trade and other payables to equal their carrying amounts.

21. Deferred income

Deferred rental income of £14,364,000 (31 December 2023: £15,597,000) represents rent received in advance from tenants.

22. Deferred tax liabilities

	31 December 2024 £'000	31 December 2023 £'000
Deferred tax	741	708
At end of year	741	708
The movement on deferred tax liability is shown below:		
At start of year	708	699
Deferred tax on the valuation of investment properties	33	9
At end of year	741	708

The deferred tax liability relates to the potential tax liability that may crystallise when investment properties are sold. It is calculated on the revaluation gains of investment properties held by the Group which fall outside of the REIT regime.

23. Bank and loan borrowings

Bank borrowings are secured by charges over investment properties held by certain asset-holding subsidiaries. The banks also hold charges over the Shares of certain subsidiaries and any intermediary holding companies of those subsidiaries. Any associated fees in arranging the bank

borrowings unamortised as at the year-end are offset against amounts drawn on the facilities as shown in the table below:

	31 December 2024 £'000	31 December 2023 £'000
Bank borrowings drawn at start of year	370,750	390,792
Bank borrowings drawn	-	3,729
Bank borrowings repaid	(54,016)	(23,771)
Bank borrowings drawn at end of year	316,734	370,750
Less: unamortised costs at start of year	(5,147)	(5,527)
Less: loan issue costs incurred in the year	(761)	(495)
Add: loan issue costs amortised in the year	1,497	875
At end of year	312,323	365,603
Maturity of bank borrowings		
Repayable within 1 year	-	-
Repayable between 1 to 2 years	99,789	-
Repayable between 2 to 5 years	216,945	310,721
Repayable after more than 5 years	-	60,029
Unamortised loan issue costs	(4,411)	(5,147)
	312,323	365,603

As detailed in note 24, the Group has no (31 December 2023: £50,000,000) retail eligible bonds in issue.

The table below lists the Group's borrowings.

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value**	Annual interest rate	Amortisation
Royal Bank of Scotland, Bank of Scotland and Barclays	99,789	99,789	Aug-26	51.3%	2.40% over 3 months £ SONIA	Mandatory prepayment
Scottish Widows Ltd & Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	51.3%	3.28% Fixed	None
Scottish Widows Ltd	34,467	34,467	Dec-28	47.5%	3.37% Fixed	None
Santander UK	49,848	49,848	Jun-29	51.0%	2.20% over 3 months £ SONIA	Mandatory prepayment
Total bank borrowings	316,734	316,734				

SONIA = Sterling Over Night Indexed Average

* Before unamortised debt issue costs

** Based upon Colliers International Property Consultants limited property valuations

The percentage of borrowings at variable rates of interest was 47.2% (2023: 43.3%).

The weighted average term to maturity of the Group's debt at the year-end was 2.9 years (2023: 3.5 years).

The weighted average interest rate payable by the Group on its total bank borrowings, excluding hedging costs, as at the year-end was 5.2% (2023: 5.4%).

The Group weighted average interest rate, including and hedging activity at the year end, amounted to 3.4% per annum (2023: 3.5% per annum).

The Group has been in compliance with all of the financial covenants relating to the above facilities as applicable throughout the year covered by these consolidated financial statements. Each facility has distinct covenants which generally include: historic interest cover, projected interest cover, LTV cover and debt service cover. A breach of agreed covenant levels would typically result in an event of default of the respective facility, giving the lender the right, but not the obligation, to declare the loan immediately due and payable. Where a loan is repaid in these circumstances, early repayment fees will apply, which are generally based on a percentage of the loan repaid or calculated with reference to the interest income foregone by the lenders as a result of the repayment.

As shown in note 25, the Group uses a combination of interest rate swaps and fixed rate bearing loans to hedge against cash flow interest rate risks. The Group's exposure to interest rate volatility is minimal.

24. Retail Eligible Bonds

The table below shows the movement on the Company's £50,000,000 4.5% Retail Eligible Bonds that matured on 6 August 2024. These unsecured bonds were listed on the London Stock Exchange ORB platform until their maturity in the year.

	31 December 2024 £'000	31 December 2023 £'000
Bond principal at start of year	50,000	50,000
Unamortised issue costs at start of year	(93)	(248)
Amortisation of issue costs	93	155
Maturity	(50,000)	-
At end of year	-	49,907

25. Derivative financial instruments

Interest rate caps and swaps are in place to mitigate the interest rate risk that arises as a result of entering into variable rate borrowings.

	31 December 2024 £'000	31 December 2023 £'000
Fair value at start of period	16,009	24,449
Proceeds received from a reduction in notional amounts	(2,698)	(1,246)
Revaluation in period	(1,703)	(7,194)
Fair Value at end of year	11,608	16,009

The calculation of fair value of interest rate caps and swaps is based on the following calculation: the notional amount multiplied by the difference between the swap rate and the current market rate and then multiplied by the number of years remaining on the contract and discounted. Further details can be found in note 30.1.

During the year the notional amount on derivative instruments was reduced with a cash amount realised of £2,698,000 (2023: £1,246,000).

The table below lists the hedging and swap notional amounts and rates against the details of the Group's loan facilities.

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Annual interest rate	Notional amount £'000	Swap/ cap rate
Royal Bank of Scotland, Bank of Scotland and Barclays	99,789	99,789	Aug-26	2.40% over 3 mth £ SONIA	54,827 44,961	0.97% 0.97%
Scottish Widows Ltd & Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	3.28% Fixed	n/a	n/a
Scottish Widows Ltd	34,467	34,467	Dec-28	3.37% Fixed	n/a	n/a
Santander UK	49,848	49,848	Jun-29	2.20% over 3 mth £ SONIA	41,319 8,529	1.39% 1.39%
Total bank borrowings	316,734	316,734				

*Before unamortised debt issue costs

SONIA = Sterling Over Night Indexed Average

As at 31 December 2024, the swap notional arrangements were £96.1 million (2023: £120.4 million) and the cap notional arrangements amounted to £53.5 million (2023: £61.8 million).

The Group weighted average effective interest rate was 3.4% (2023: 3.5%) inclusive of hedging costs and the Retail Eligible Bond.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative liabilities.

It is the Group's target to hedge at least 90% of the total debt portfolio using interest rate derivatives and fixed-rate facilities. As at the year end, the total proportion of hedged debt equated to 100.0% (2023: 100.0%), as shown below.

	31 December 2024 £'000	31 December 2023 £'000
Total bank borrowings	316,734	370,750
Notional value of interest rate caps and swaps	149,637	182,250
Fixed rate borrowings	167,097	188,500
	316,734	370,750
Proportion of hedged debt	100.0%	100.0%

Table may not sum due to rounding

26. Leases

	31 December 2024 £'000	31 December 2023 £'000
Right of use asset		
At start of year	10,987	11,126
Fair value movement	(138)	(139)

At end of year	10,849	10,987
	31 December	31 December
	2024	2023
	£'000	£'000
Lease liability		
At start of year	11,475	11,505
Lease payments	(435)	(435)
Interest charges	404	405
At end of year	11,444	11,475

The Group's lease commitments which are now represented by the right of use asset and lease liability are spread across 10 separate leases with the two largest leases at Northern Cross Basingstoke and Quantum Court Edinburgh making up 48% of the balance. Total commitments on leases in respect of land and buildings are as follows:

	31 December	31 December
	2024	2023
	£'000	£'000
Group		
Payable within 1 year	435	435
Payable between 1 and 2 years	435	435
Payable between 2 and 5 years	1,305	1,305
Payable after 5 years	33,563	33,999
At end of year	35,738	36,174

27. Stated capital

Stated capital represents the consideration received by the Company for the issue of Ordinary Shares.

During the year the Company offered 15 new ordinary shares for every 7 existing shares. This resulted in an increase of 1,105,157,821 Ordinary Shares being issued. Subsequently, there was a 10 for 1 split with the resulting Ordinary shares in issue being 162,088,483.

	31 December	31 December
	2024	2023
	£'000	£'000
Group		
Issued and fully paid Shares of no par value		
At start of the year	513,762	513,762
Shares issued in year	110,515	-
Share issue costs	(6,011)	-
At end of the year	618,266	513,762
Number of Shares in issue		
At start of the year	515,736,583	515,736,583
Shares issued in year	1,105,149,821	-
Reduction in shares (see note above)	(1,458,797,921)	-
At end of the year	162,088,483	515,736,583

28. Net asset value (NAV) per Share

Basic NAV per Share is calculated by dividing the net assets in the Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the year. See Note 27 for further explanation.

Further detail of the EPRA performance measures can be found in the full Annual Report.

The number of shares have been recalculated as though the bonus issue and share consolidation were in place at 31 December 2023.

The number of Ordinary shares in issue at 31 December 2023 was previously stated at 515,736,583. This figure has been multiplied by a bonus factor of 1.5777 representing the bonus issue and 0.1 representing the share consolidation.

Prior to this restatement the NAV and EPRA NTA were previously stated at 59.3p and 56.4p respectively.

	31 December 2024 £'000	31 December 2023 £'000
Group		
Net asset value per Consolidated Statement of Financial Position	351,614	306,089
Adjustment for calculating EPRA net tangible assets:		
Derivative financial instruments	(11,608)	(16,009)
Deferred tax liability	741	708
EPRA Net Tangible Assets	340,747	290,788
Number of Ordinary Shares in issue (2023 restated)	162,088,483	81,367,206
Net asset value per Share - basic and diluted (2023 restated)	216.9p	376.2p
EPRA Net Tangible Assets per Share - basic and diluted (2023 restated)	210.2p	357.4p

29. Notes to the Statement of Cash Flows

29.1 Reconciliation of changes in liabilities to cash flows arising from financing activities

	Bank loans and borrowings £'000	Retail Eligible Bonds £'000	Lease liabilities £'000	Total £'000
Balance at 1 January 2024	365,603	49,907	11,475	426,985
Changes from financing cash flows:				
Bank borrowings repaid	(54,016)	-	-	(54,016)
Bank and bond borrowing costs paid	(761)	-	-	(761)
Repayment of bond	-	(50,000)	-	(50,000)
Lease payments	-	-	(435)	(435)
Total changes from financing cash flows	(54,777)	(50,000)	(435)	(105,212)
Amortisation of issue costs	1,497	93	-	1,590
Unwinding of discount	-	-	404	404
Total other changes	1,497	93	404	1,994
Balance at 31 December 2024	312,323	-	11,444	323,767

	Bank loans and borrowings £'000	Retail Eligible Bonds £'000	Lease liabilities £'000	Total £'000
Balance at 1 January 2023	385,265	49,752	11,505	446,522
Changes from financing cash flows:				

Bank and bond borrowings advanced	3,729	-	-	3,729
Bank borrowings repaid	(23,771)	-	-	(23,771)
Bank and bond borrowing costs paid	(495)	-	-	(495)
Lease payments	-	-	(435)	(435)
Total changes from financing cash flows	(20,537)	-	(435)	(20,972)
Amortisation of issue costs	875	155	-	1,030
Unwinding of discount	-	-	405	405
Total other changes	875	155	405	1,435
Balance at 1 January 2023	365,603	49,907	11,475	426,985

30. Financial risk management

30.1 Financial instruments

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group's other principal financial assets and liabilities are bank and other loan borrowings, amounts due to interest rate derivatives and lease liabilities, the main purpose of which is to finance the acquisition and development of the Group's investment property portfolio.

Set out below is a comparison by class of the carrying amounts of the Group's financial instruments that are carried in the financial statements and their fair value:

Group	31 December 2024		31 December 2023	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets - measured at amortised cost				
Trade and other receivables	10,077	10,077	9,127	9,127
Cash and short-term deposits	56,719	56,719	34,505	34,505
Financial assets - measured at fair value through profit or loss				
Interest rate derivatives	11,608	11,608	16,009	16,009
Financial liabilities - measured at amortised cost				
Trade and other payables	(29,244)	(29,244)	(30,984)	(30,984)
Bank and loan borrowings	(312,323)	(312,323)	(365,603)	(354,124)
Retail eligible bonds	-	-	(49,907)	(46,700)
Lease liability	(11,444)	(11,444)	(11,475)	(11,475)

The following financial assets and liabilities are recorded in the Consolidated Statement of Financial Position at amortised cost but their fair value is different as disclosed above. Their fair values are determined as follows:

- The fair value of bank and loan borrowings is determined by reference to mark-to-market valuations provided by the lenders.
- The fair value of Retail Eligible Bonds is determined by their published market value.
- The fair value of the lease liability has been determined as the present value of future cash flows discounted using the Group's incremental borrowing rate.

The following financial assets and liabilities are recorded in the Consolidated Statement of Financial Position at fair value which is determined as follows:

- The fair value of interest rate derivatives is recorded in the Consolidated Statement of

Financial Position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

Fair value hierarchy

The following table provides the fair value measurement hierarchy for financial assets and liabilities measured at fair value through profit or loss.

	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Balance at 31 December 2024				
Interest rate derivatives	11,608	-	11,608	-
31 December 2023				
Interest rate derivatives	16,009	-	16,009	-

The different levels are defined as follows.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

There have been no transfers between levels during the year.

30.2 Risk management

The Group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below.

30.3 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the Group's bank balances along with a number of interest rate swaps entered into to mitigate interest rate risk.

The Group's interest rate risk arises from long-term borrowings issued at variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to fair value interest rate risk. The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps, interest rate caps and interest rate swaps. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Interest rate caps limit the exposure to a known level.

30.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or

customer contract, leading to a financial loss. The Group is exposed to credit risk from both its leasing activities and financing activities, including deposits with banks and financial institutions. Credit risk is mitigated by tenants being required to pay rentals in advance under their lease obligations. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

Outstanding trade receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

30.5 Credit risk related to trade receivables

Trade receivables, primarily tenant rentals, are presented in the Group's Statement of Financial Position net of provisions for impairment. Credit risk is primarily managed by requiring tenants to pay rentals in advance and performing tests around strength of covenant prior to acquisition.

30.6 Credit risk related to financial instruments and cash deposits

One of the principal credit risks of the Group arises with the banks and financial institutions. The Board of Directors believes that the credit risk on short-term deposits and current account cash balances is limited because the counterparties are banks, who are committed lenders to the Group, with high credit ratings assigned by international credit-rating agencies.

The list of bankers for the Group, with their latest Fitch credit ratings, was as follows:

Bankers	Fitch Ratings
Barclays Bank Plc	A Stable
Royal Bank of Scotland	A+ Positive
Bank of Scotland plc	AA-Stable
Santander UK	A+ Stable
Aviva	A+ Stable
Scottish Widows Limited	A+ Stable

30.7 Liquidity risk

Liquidity risk arises from the Group's management of working capital and, going forward, the finance charges and principal repayments on its borrowings. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Group's assets are investment properties and are therefore not readily realisable. The Group's objective is to ensure that it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

While the bank borrowings aged liability interest rate derivative aged liability within the below table are presented separately, the payment obligation of the bank borrowings is the net of the two balances.

Group at 31 December 2024	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	After 5 years £'000	Total £'000
Trade and other payables	(29,244)	-	-	-	(29,244)
Bank borrowings	(16,875)	(114,129)	(233,016)	-	(364,020)
Interest rate derivatives	6,554	5,025	4,919	-	16,498
Retail eligible bonds	-	-	-	-	-

The number of years remaining on these operating leases varies between 1 and 997 years. The

amounts disclosed above represent total rental income receivable up to the next lease break point on each lease. If a tenant wishes to end a lease prior to the break point, a surrender premium will be charged to cover the shortfall in rental income received.

33. Segmental information

After a review of the information provided for management purposes, it was determined that the Group has one operating segment and therefore segmental information is not disclosed in these consolidated financial statements.

34. Transactions with related parties

Transactions with the Directors

The following persons and entities are related parties because they have significant influence over the reporting entity or are key management personnel or the reporting entity.

Directors' remuneration is disclosed within the Remuneration Report in the full Annual Report and note 8 to the financial statements. Directors' beneficial interests in the Ordinary Shares of the Company are disclosed within the Directors' Report.

The Asset Manager and Investment Adviser do not meet the definition of a related party transaction. Full details of the management arrangements are in the full Annual Report.

35. Subsequent Events

On 20 February 2025, the Company declared the Q4 2024 dividend of 2.20pps, which will be paid to shareholders on 4 April 2025.

COMPANY INFORMATION

Directors

David Hunter (Chairman and Independent Non-Executive Director)

Massy Larizadeh (Senior Independent Non-Executive Director, Chair of the Nomination Committee and Management Engagement and Remuneration Committee)

Nicole Burstow (Non-Executive Director)

Frances Daley (Independent Non-Executive Director, Chair of the Audit Committee)

Stephen Inglis (Non-Executive Director)

Registered office

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Regional REIT Limited

ISIN: GG00BSY2LD72

SEDOL: BSY2LD72

Legal Entity Identifier: 549300D8G4NKLRIKBX73

Company website

www.regionalreit.com

FURTHER INFORMATION

The Company's annual report and accounts for the year ended 31 December 2024 will be available shortly on www.regionalreit.com.

It will also be submitted shortly in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at data.fca.org.uk/#/nsm/nationalstoragemechanism in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.