



Annual Report & Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025



Regional REIT is a leading UK Real Estate investment trust specialising in high-quality commercial property space across the regional markets outside London.

The REIT has a commitment to delivering flexible, affordable, and vibrant modern workspaces.

Through active tenant engagement and expert asset management, Regional REIT consistently achieves both robust rental income and collections, providing our shareholders with a dependable source of attractive, stable dividends and long-term value creation, driven by a geographically diversified and resilient property portfolio.

What is a REIT?

A real estate investment trust ("REIT") is a specialist tax-efficient investment vehicle built around real property assets, specifically property rental/letting activities. REITs are quoted companies, or groups of companies, that own and manage property with the aim of generating a rental income and possible capital growth over the long term. The rental income, after costs, is paid to shareholders as a dividend distribution so that, over time, dividends will represent a significant proportion of the shareholders' total return. REITs are a well-established and globally recognised holding structure for property assets.

United Kingdom ("UK") REITs are exempt from UK corporation tax on profits and gains of their qualifying property rental business. However, in consequence, UK REITs are required to distribute a minimum of 90% of their qualifying profits to shareholders as dividends (known as property income distributions or "PIDs").

As shareholders receive higher pay-outs than they would if the REIT were subject to UK corporation tax on its property profits and gains, shareholders are thus required to pay tax on the PIDs. The effect, in general terms, is that taxation is moved from the REIT to the investor and the investor is then liable for taxation as if they owned the property directly.

Regional REIT and its subsidiaries are a UK REIT group under UK tax legislation, having elected to enter the REIT regime with effect from 7 November 2015. Remaining in the regime is subject to meeting various conditions imposed by legislation.

ISA, SSAS and SIPP Status

The Company's Shares should be eligible to be held in an Individual Savings Account ("ISA").

Subject to the rules of the Trustees of the relevant scheme, the Ordinary Shares should generally be eligible for inclusion in a small self-administered scheme ("SSAS") or self-invested personal pension ("SIPP") provided: (a) no member of the SSAS or SIPP (or person connected with such a member) occupies or uses any residential property held by the Group; and (b) the SSAS or SIPP, alone or together with one or more associated persons, does not directly or indirectly hold 10% or more of any of the Ordinary Shares, voting rights in the Company, rights to income of the Company, rights to amounts on a distribution of the Company or rights to assets on a winding up of the Company.

Key Financials

Year Ended 31 December 2025

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

Portfolio Valuation

£555.2m

(31 December 2024: £622.5m)

IFRS NAV per Share

197.0p

(31 December 2024: 216.9p)

EPRA** NTA per Share

194.4p

(31 December 2024: 210.2p)

Net Loan to Value Ratio***

40.4%

(31 December 2024: 41.8%)

Weighted Average Cost of Debt***

3.3%

(31 December 2024: 3.4%)

Weighted Average Debt Duration***

2.6 yrs

(31 December 2024: 2.9 yrs)

Dividend per Share

10.0p

(31 December 2024: 7.8p)*

* During 2024 the Company offered 15 new Ordinary Shares for every 7 existing Ordinary Shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 consolidation with the resulting Ordinary Shares in issue being 162,088,483.

** 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 on pages 212 to 215.

*** Alternative Performance Measures. Details are provided in the Glossary of Terms from page 218 and the EPRA Performance Measures on pages 212 to 215.

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Overview

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About us

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

Regional REIT's commercial property portfolio is comprised wholly of UK assets, located in regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 112 properties, 1,146 units and 659 tenants as at 31 December 2025, with a valuation of £555.2 million.

Regional REIT Limited ("Regional REIT" or the "Company") and its subsidiaries¹ (the "Group") is a United Kingdom ("UK") based London Stock Exchange listed real estate investment trust that launched in November 2015. It is managed by ESR Europe LSPIM Limited ("ESR LSPIM"), the Investment Adviser, and ESR Europe Investment Management Limited ("EIML").

For more information, visit the Group's website:
www.regionalreit.com

UK specialist REIT, offering exposure to the regional commercial property market, actively managed by an experienced asset manager.

¹ Regional REIT Limited is the parent company of a number of subsidiaries which together comprise a group within the definition of The Companies (Guernsey) Law 2008, as amended (the "Law") and the International Financial Reporting Standard ("IFRS") 10, 'Consolidated Financial Statements', as issued by the International Accounting Standards Board ("IASB") and as adopted by the UK. Unless otherwise stated, the text of this Annual Report does not distinguish between the activities of the Company and those of its subsidiaries.



Our Purpose

Regional REIT is committed to delivering sustainable, long-term shareholder returns through responsible ownership and active asset management of regional commercial property across the UK, outside the M25. We invest where we see durable occupier demand and opportunities to enhance our properties through targeted leasing, refurbishment and repositioning.

We seek to be the preferred regional commercial property provider for businesses that value vibrant spaces, accessibility, amenity and affordability. By fostering close relationships with our tenants and service partners, we aim to improve occupancy, extend lease terms and enhance customer satisfaction. Environmental stewardship and safety are embedded in how we plan and operate our assets, improving energy efficiency, future-proofing buildings and supporting communities, helping protect income and asset values over time.



Our Values and Culture

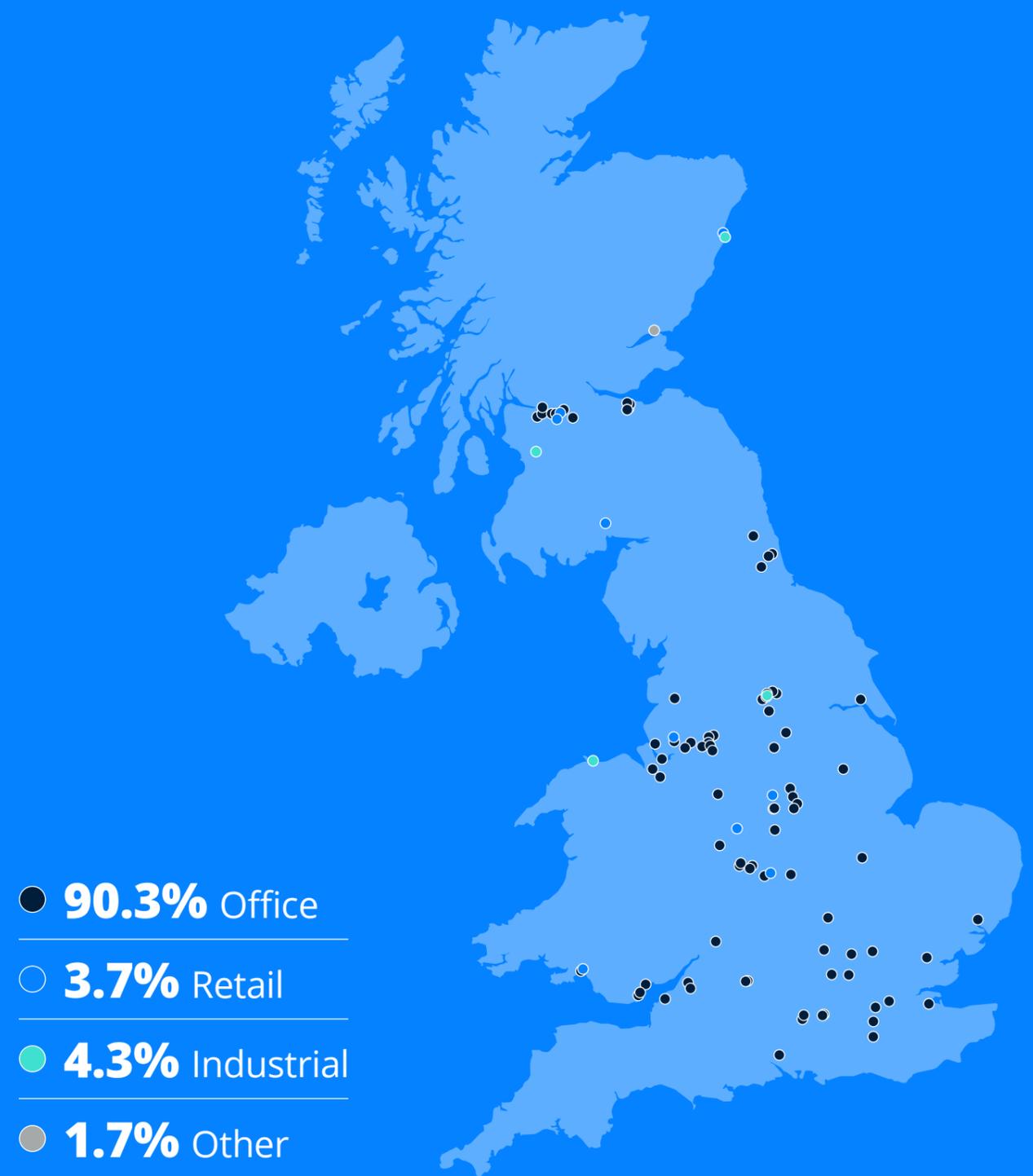
The Board is committed to ensuring the alignment of the Company's purpose, values and strategy with the culture of openness, debate and integrity through ongoing dialogue and engagement with its Investment Adviser and the Company's other service providers.

The Board oversees the Company's proactive asset management approach, which is carried out by its highly experienced Investment Adviser, ensuring that all decisions and actions are guided by a strong commitment to its shareholders and other stakeholders, coupled with its strong environmental, social, and governance (ESG) principles.

The culture within an externally managed investment trust reflects the values, diversity, and conduct of both the Board and the Investment Adviser, as well as their interactions with each other and with stakeholders. At Regional REIT, the behaviours and processes that support its culture are evaluated through the annual assessment of the Investment Adviser and other important suppliers, strategic planning initiatives, the annual review of Board effectiveness, and reporting to stakeholders. This approach ensures that the interests of stakeholders are considered, reinforces a long-term perspective, and upholds the Company's values of fairness, robust governance, transparent corporate reporting, and business ethics throughout its operations.

Property Locations

Year ended 31 December 2025



Operational Key Points

Year Ended 31 December 2025

112 Properties (2024: 126)

1,146 Units (2024: 1,271)

659 Tenants (2024:780)

£50.4m Rent Roll (2024: £60.7m)

75.9% EPRA Occupancy by ERV* (2024: 77.5%)

£48.4m Property disposal proceeds (net of costs) - 14 assets and 4 part sales (2024: £28.6m)

4.5 yrs WAULT to expiry (2024: 4.6 yrs)

2.7 yrs WAULT to first break by ERV* (2024: 2.9yrs)

83.4% England & Wales - Portfolio by region (by value) (2024: 83.4%)

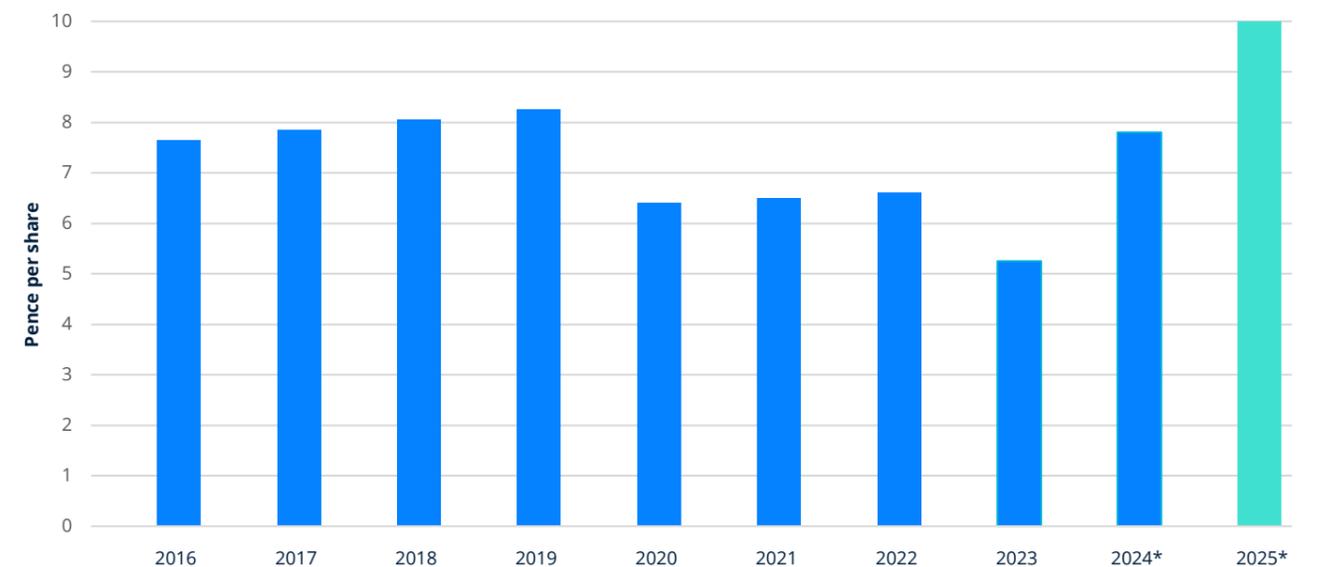
90.3% Office - Portfolio by sector (by value) (2024: 90.7%)

* Alternative Performance Measures. Details are provided in the Glossary of Terms from page 218 and the EPRA Performance Measures on pages 212 to 215.

Performance Key Points

Year Ended 31 December 2025

Dividends declared per share



* During 2024 the Company offered 15 new Ordinary Shares for every 7 existing Ordinary Shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued with effect from 19 July 2024. Subsequently, there was a 10 for 1 consolidation which took effect on the 29 July 2024, with the resulting Ordinary Shares in issue being 162,088,483.

Member of FTSE All-Share Index since March 2016.
Member of FTSE EPRA NAREIT UK Index since June 2016.

At a Glance

Year Ended 31 December 2025

Net LTV*
(%)

40.4% (3%)

2025	40.4
2024	41.8
2023	55.1

WAULT to first break
(years)

2.7yrs (7%)

2025	2.7
2024	2.9
2023	2.8

Weighted Average Cost of
Debt (WACD)*
(%)

3.3% (3%)

2025	3.3
2024	3.4
2023	3.5

Rent Roll
(£m)

£50.4m (17%)

2025	50.4
2024	60.7
2023	67.8

Weighted Average Debt
Duration (WADD)*

2.6yrs (10%)

2025	2.6
2024	2.9
2023	3.5

Average rent* (per sq ft)
(£)

£14.20 +2%

2025	14.20
2024	13.92
2023	13.82

Investment Properties Value
(£m)

£555.2m (11%)

2025	555.2
2024	622.5
2023	700.7

EPRA Occupancy
(%)

75.9% (2%)

2025	75.9
2024	77.5
2023	80.0

Net Rental & Property Income
(£m)

£40.3m (12%)

2025	40.3
2024	46.0
2023	53.7

Average Property Value
(£m)

£5.0m +2%

2025	5.0
2024	4.9
2023	4.9

Dividend per Share**
(pence)

10.0p +28%

2025	10.0
2024	7.80
2023	5.25

Reversionary Yield*
(%)

12% +3%

2025	12.0
2024	11.6
2023	10.8

Charts may not sum due to rounding

Number of Properties

112 (11%)

2025	112
2024	126
2023	144

Tenants

659 (16%)

2025	659
2024	780
2023	978

Units

1,146 (10%)

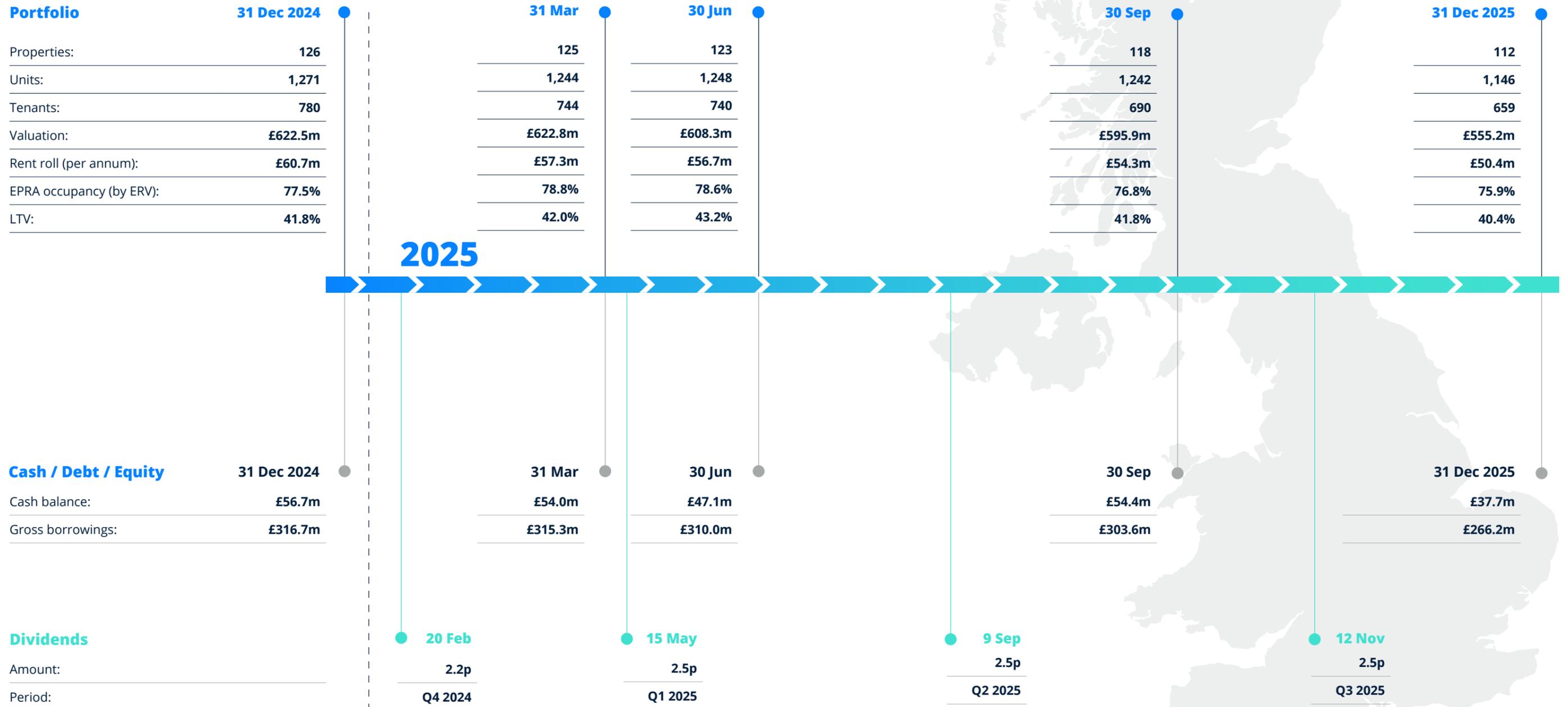
2025	1,146
2024	1,271
2023	1,483

* Alternative Performance Measures. Details and terms are provided in the Glossary of Terms from page 218 and the EPRA Performance Measures on pages 212 to 215.

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A Year in Review



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David Hunter

Chairman

23 March 2026



Chairman's Statement

In my first year as Chairman of Regional REIT the Company has made meaningful progress against its strategy. Key achievements include delivering significant disposals to reduce debt, securing refinancing on attractive terms, further aligning the Investment Adviser's remuneration with shareholder returns, and continuing to improve the portfolio's EPC ratings. However, market conditions have delayed a recovery in values and in leasing, suppressing earnings, and we have also had to contend with several significant tenant lease breaks, which have created income shortfalls and unwelcome void costs. It was, however, encouraging to see yields stabilise during the year.

Overview

2025 marked a year of meaningful strategic delivery for the Company, albeit there remains much work to do. We completed £51.6m (before costs) of disposals, ahead of target, which supported a reduction in LTV to 40.4% by year end. The year also saw the early refinancing of a £72.4m debt facility previously due to mature in August 2026, and the restructuring of the management contract. The latter takes effect from 1 January 2026 and when in full force will generate c.£0.9m of annual fee savings and strengthen shareholder alignment. Alongside this, the continued focus on improving the sustainability profile of the portfolio resulted in 84.5% of assets achieving EPC C or better, with 60.0% now rated EPC B or above.

The repositioning of the portfolio across the four segments - Core, Capex to Core, Value Add, and Sales - progressed well during the year. While the leasing market remained subdued and void costs weighed on income, there was sustained focus on accelerating the ongoing sales programme. Enquiry levels for our high quality, energy efficient space demonstrated the continued appeal of well located regional offices. Disciplined capital expenditure continued to underpin improved letting prospects and supported the long term performance of Core assets, while disposals continued to streamline the portfolio.

The focus for 2026 is to continue to invest capital to improve the quality and letting prospects of key properties, reducing void costs and at the same time to continue to sell under performing and non-core assets. However, we naturally watch with concern the war in the Middle East and its impact on interest rates, inflation and growth, all of which inevitably affect real estate markets.



Key achievements include delivering significant disposals to reduce debt, securing refinancing on attractive terms, further aligning the Investment Adviser's remuneration with shareholder returns, and continuing to improve the portfolio's EPC ratings."

10.0pps

2025 Dividend (2024: 7.8pps*)

£267.6 million

of dividends have been declared since inception

£555.2 million

Portfolio Valuation

* During 2024 the Company offered 15 new Ordinary Shares for every 7 existing Ordinary Shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 consolidation with the resulting Ordinary Shares in issue being 162,088,483.

Financial Resources

The Company's EPRA NTA decreased to £315.2m (IFRS NAV: £319.3m) as at 31 December 2025, representing a decrease of £25.6m from £340.8m (IFRS NAV: £351.6m) as at 31 December 2024. This decrease was largely a reflection of previous changes in income following tenant breaks. A strong cash balance of £37.7m was retained as of 31 December 2025 (2024: £56.7m), of which £37.7m was unrestricted (2024: £55.9m).

The Company's debt position, which is comprised entirely of fixed and hedged interest rate debt, helped the Company mitigate rate volatility. Though the weighted average cost of debt reduced to 3.3% at the end of 2025 (2024: 3.4%), the refinancing announced on the 24 December will increase it. The Net Loan-to-Value (LTV) decreased to 40.4% as of 31 December 2025 (2024: 41.8%).

The Company continues to execute its controlled disposal programme, which during the period consisted of 14 assets and 4-part sales of assets, amounting to £51.6m, before costs. The Company will be targeting at least the same quantum of disposals in 2026.

Sustainability

I am again pleased to report the significant progress achieved by the ESG Working Party in 2025, with the Company's Global Real Estate Sustainability Benchmark (GRESB) improving to 76 from 73, with a two Green Star status. Additionally, we continued to achieve advancements in our EPC ratings and EPRA sustainability accreditation.

84.5% of our portfolio has now attained EPC ratings C plus or better (compared with 82.7% on 31 December 2024), while EPC B plus and exempt continued to rise to 60.0% (compared with 57.7% on 31 December 2024). 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 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.

¹ Lambert Smith Hampton (January 2026) UK Investment Transactions: Q4 2025

² ONS: Opinions and Lifestyle Survey from the Office for National Statistics, 2025

³ Lambert Smith Hampton (January 2026) UK Investment Transactions: Q4 2025

⁴ RICS (March 2025) RICS survey calls the bottom of the UK commercial real estate market as yields harden across all sectors, Royal Institution of Chartered Surveyors.

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** The dividend target stated in this announcement is a target only and not a profit forecast. There can be no assurance that this target will be met, or that the Company will make any distributions at all and it should not be taken as an indication of the Company's expected future results.

Market Environment

In 2025, although the UK regional office market began to stabilise after three years of decline, with total investment rising 1.2% year-on-year to £3.1 billion, according to Lambert Smith Hampton (LSH)¹, the year was marked by a slow start. The first three quarters were below the five-year quarterly average, but ended strongly in Q4 when investment surged to £1.5 billion—nearly three times Q3 levels and 65% higher than Q4 2024. Growth was driven primarily by non-London South East offices, which jumped from £0.1 billion in Q3 to £1.2 billion in Q4, while the rest of the UK contributed steadily at £0.3 billion. Smaller office parks also showed a moderate rebound in the mid-year quarters. Although total investment remains below the five-year average, these trends indicate growing investor confidence in the long-term prospects of regional offices.

Cautious optimism is supported by strong demand for modern, flexible office space, limited prime stock in key regional cities, and supportive local economic conditions. Workforce trends continue to influence demand, with 44% of UK employees commuting exclusively to work, 28% working on a hybrid basis, 13% working fully from home, and the remaining 15% operating with no fixed place of work or other arrangements in 2025². Regional office values are adjusting, with genuine yield compression expected, particularly for prime assets completing through 2026. Secondary yields appear to have bottomed at around 13%, reflecting opportunities at cyclical lows amid constrained supply³. Transaction volumes are projected to continue to recover in 2026, driven by quality and sustainability-focused deals, while the Royal Institution of Chartered Surveyors suggests the market may be at its cyclical low or entering the early stages of a recovery⁴.

Dividends

The dividend remains a significant component of total shareholder returns. During the period under review, the Company declared total dividends of 10.0pps (2024: 7.80pps*). In line with our policy, the Company has paid a fully covered dividend for 2025, having also paid a covered dividend for 2024. Since inception, the Company has declared dividends amounting to 75.35pps and has distributed approximately £267.6m in dividends to shareholders.

Going forward, the Company will distribute a minimum 90% of the profit from the property rental business, which is in accordance with regulatory requirements, targeting** a fully covered 8 pence per share dividend for 2026 but will retain earnings where possible to support the Company's accretive and essential capital expenditure programme. The Board believes this approach is firmly in shareholders' long-term interests of improving the quality of the portfolio to benefit from rental and capital uplift and remains confident in the Company's strategy and medium-term outlook.



Tailored spaces your way

300 Bath Street, Glasgow

Performance

The Company's total shareholder return for 2025 was +1.1%, versus the return of +11.1% for the FTSE EPRA NAREIT UK Total return Index over the same period. The annualised EPRA Total Return was +0.4% p.a. (2024: +0.6% p.a.).

Board Changes

As noted in last year's annual report, I was appointed to the Board with effect from 2 January 2025, replacing Kevin McGrath as the chairman in March 2025 after the completion of a handover period.

As announced on 21 July 2025, Sarah Whitney was appointed as an Independent Non-Executive Director to the Board on 4 August 2025, and has subsequently been appointed to the Audit, Nomination and Management Engagement and Remuneration Committees. Sarah brings a breadth of relevant experience as a Chartered Accountant following over 35 years advising companies on strategy, corporate finance, real estate and economic development matters.

Annual General Meeting

The notice for the 2026 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 and Sarah Whitney will stand for election at the AGM. 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

The satisfaction of tenants is fundamental to our ongoing success. We are committed to providing high-quality workspaces that accommodate diverse business needs, from small, flexible offices to expansive corporate headquarters. Proactive engagement with tenants forms an integral component of our asset management approach, enabling us to better understand their requirements, address challenges, and enhance their working environments, particularly in an era where hybrid working has created a need for more generous working spaces with ancillary facilities.

We are also committed to open and transparent communication with Shareholders to ensure that the Company's strategy is understood. The Company also supports shareholder participation; additional information can be accessed at www.regionalreit.com and within this Annual Report.

Outlook

The supply and demand dynamics for well located, high quality office space continue to support rental performance, enabling reversionary income capture through targeted investment. Although office conditions remain challenging, adjusted pricing and selective disposals demonstrate our ability to crystallise value, alongside initiatives to raise occupancy and reduce vacancy related costs. With occupiers prioritising efficient, sustainable and engaging workplaces, the Company is positioned to benefit from stabilising market conditions using prudent leverage as confidence strengthens across the commercial property sector.

We hope for a swift end to hostilities in the Middle East and a normalisation of oil prices, allowing interest rates to resume their downward trend and economic confidence to resume.

⋮ **David Hunter**
⋮ Chairman
⋮ 23 March 2026



Realising opportunities

Trueman House, Leeds

Investment Strategy and Business Model



 <p>Geographically diversified income focused portfolio</p>	 <p>Opportunistic approach to property investment</p>
 <p>Investing in income producing assets</p>	 <p>Highly experienced asset manager</p>
 <p>Active management of the properties</p>	 <p>Regions primed for growth</p>



Investment Policy

The Group will invest in properties that are situated in the UK and outside of the M25 motorway.

The Group may also invest in property portfolios in which up to 50% of the properties (by market value) are situated inside the M25 motorway.

In the ordinary course of business, no single property will exceed 10% of the Group's Gross Investment Properties Value at the time of the investment; exceptionally, the Board may consider taking this up to 20%.

The normal minimum value for a single property investment is £5 million, except where an asset is within a portfolio of properties for which there shall be no such minimum.

No more than 20% of the Gross Investment Properties Value shall be exposed to any one tenant or group undertaking of that tenant.

Speculative development (properties under construction, but excluding refurbishment, which have not been pre-let) is prohibited. Any other development is restricted to an aggregate maximum of 15% of Gross Investment Properties Value at investment or commencement.



Investment Strategy

The Group will invest in, and actively manage properties or debt portfolios secured on such properties located predominately in the regional centres of the UK outside of the M25 motorway.

The Group aims to build a portfolio of interests that, together, offer shareholders a diversification of investment risk by investing in a range of geographical areas and across a number of high-quality assets and tenants, and through letting properties, where possible, to low-risk tenants.

The Group will use gearing, borrowings and other sources of leverage to implement its investment strategy and enhance equity returns.



Investment Objective

The investment objective of the Company is to deliver an attractive total return to shareholders, with a strong focus on income from investing in UK commercial property, predominately in the office sector in major regional centres and urban areas outside of the M25 motorway.



Borrowings

The Group targets a ratio of net borrowings to Gross Investment Properties Value of 40% over the longer term, with a targeted maximum limit of 50%.

Principal Risks and Uncertainties:

Read more about the Principal Risks and Uncertainties facing the Company on pages 58 to 70, which are linked to the Company's strategy as set out below.



Market



Major market disruption



Funding



Tenants



Financial and tax changes



Operational



Cyber security



Accounting, legal and regulatory



Environmental and energy efficiency standards



GEOGRAPHICALLY DIVERSIFIED INCOME FOCUSED PORTFOLIO

OUR APPROACH

- A distinctive, large and diverse commercial property portfolio and tenant roster.
- An approach that diversifies the investment risk of the portfolio and enables better management of the timing of lease re-gears, new lettings, geography and sector.

HOW WE ADD VALUE

- The property portfolio is geographically well spread across the regions of the UK outside of London and the M25 motorway and with a broad range of tenants.

PROGRESS DURING THE YEAR

- 112 properties (2024: 126), 1,146 units (2024: 1,271) and 659 tenants (2024: 780) as at 31 December 2025.
- The largest single property is 3.4% of the Gross Investment Properties value (2024: 2.9%) and the largest tenant 2.8% of Gross Rental Income (2024: 2.8%).
- England & Wales represent 83.4% of the Gross Investment Properties value (2024: 83.4%); office 90.3% and industrial sites are 4.3% (2024: office 90.7%; industrial 3.7%).

PRINCIPAL RISKS



INVESTING IN INCOME PRODUCING ASSETS

OUR APPROACH

- The Group has a strict set of investment criteria to invest, predominately, in income producing assets capable of delivering an attractive total return to our shareholders.

HOW WE ADD VALUE

- Investment decisions are based on identifying strong underlying fundamentals, including inter alia: prospects for future income growth; sector and geographic prospects, lease length, initial and equivalent yields, and the potential for active asset management.

PROGRESS DURING THE YEAR

- Rent roll of £50.4 million as at end 2025 (2024: £60.7m).
- Average rents have increased to £14.20 per sq. ft. (2024: £13.92 per sq. ft.).
- Declared dividends of 10.0pps* for 2025 (2024: 7.80pps*).

PRINCIPAL RISKS



* On 19 July 2024 the Ordinary Shares in issue increased by 1,105,149,821 Shares to 1,620,886,404. On 29 July 2024 the Ordinary Shares were consolidated on a 1 for 10 Shares basis.



ACTIVE MANAGEMENT OF THE PROPERTIES

OUR APPROACH

- The Group prides itself on maintaining a close relationship with its tenants and, in the intensive granular management of its properties, a very hands-on approach.
- Our aim is to provide a consistent approach to improving returns, thereby enhancing the quality of the underlying portfolio.

HOW WE ADD VALUE

- The Investment Adviser undertakes all of the principal property management activities in-house and remains close to its tenants, ensuring an immediate understanding of their requirements and enabling better decision-making capability.
- The Investment Adviser utilises a range of approaches to each asset to maximise shareholder value. Following the successful equity capital raise in July 2024 the Company is able to focus upon accretive alternative uses across the portfolio.

PROGRESS DURING THE YEAR

- Net capital expenditure of £11.8 million in 2025 (2024: £8.2m); capital expenditure is recovered through dilapidations, service charges and/or improved property rental income.
- Active and intense asset management maintained EPRA occupancy of 75.9% (2024: 77.5%).

PRINCIPAL RISKS



OPPORTUNISTIC APPROACH TO PROPERTY INVESTMENT

OUR APPROACH

- A focus on exploiting pricing inefficiencies and mismatches between regional Core and Core Plus and primary property yields.
- During 2025 the Company has undertaken accretive value add projects.
- From such opportunities, the Group will acquire, hold and sell commercial real estate that it believes to be mispriced.
- Utilising leverage to build the acquisitions capability of the business.

HOW WE ADD VALUE

- An opportunistic approach to UK commercial property with recycling of capital from the portfolio refreshment programme and aiming to acquire properties where the Group can add value through the expertise of the Investment Adviser.
- Seeking to build the income growth and capital values of properties, by taking under managed and under invested properties and turning them into attractive investments to be retained for yield or for disposal.
- An established borrower with long-term relationships across a number of UK banks. The Group will exploit opportunities to improve total returns utilising leverage.
- With debt maturing and opportunities to renegotiate existing facilities, the Group aims to reduce its funding costs.

PROGRESS DURING THE YEAR

- The Company completed disposals (net of costs) of £48.4 million, respectively reflecting an average net initial yield of 8.2% (8.4% excluding vacant properties); 1.3% above pre-sale valuation.
- During 2025, borrowing repayments totalled £50.5 million, new borrowings were £nil, resulting in total borrowings of £266.2 million. The average funding cost (including hedging) was 3.3% (2024: 3.4%).

PRINCIPAL RISKS



HIGHLY EXPERIENCED INVESTMENT ADVISER

OUR APPROACH

- The Investment Adviser has the heritage of a long-established property investment management team.
- ESR Europe LSPIM is head quartered in Glasgow and has a number of offices around the UK, with 81 employees, as at 31 December 2025, working on Regional REIT.

HOW WE ADD VALUE

- The capabilities and track record of the management team, including knowledge, expertise and established relationships, provide an important competitive advantage for operating in the fragmented UK regional property market. The senior management team of the Investment Adviser collectively have over 180 years of property experience, with a proven record of creating value.

PROGRESS DURING THE YEAR

- Completed 64 new market lettings in 2025, 3.9% above 2024 ERV, which after the expiry of rent incentives will provide a gross rental income of £3.2 million.

PRINCIPAL RISKS



REGIONS PRIMED FOR GROWTH

OUR APPROACH

- The regions are expected to benefit from future capital inflows, a strong rebound of the UK economy and governmental resource allocation, which should conflate to ensure occupier demand for offices grows.
- According to monthly data from MSCI, income return held up well for the Rest of UK office markets in the 12 months ended December 2025 at 6.9%.

HOW WE ADD VALUE

- The investment policy focuses on a portfolio of offices located outside of the M25 motorway, broadly based on the region's economic worth and population mix.
- The Group seeks to enhance income growth and capital values through the proactive approach of the Investment Adviser.
- The Investment Adviser operates through a number of regional offices, implementing a targeted investment policy and individual property asset management plans.

PRINCIPAL RISKS



Stephen Inglis

Head of ESR Europe LSPIM Ltd.
Investment Adviser



Investment Adviser's Report

Overview

The UK commercial property market remained challenging through 2025, particularly across regional office markets, where subdued leasing activity and broader economic uncertainty continued to influence sentiment. Nevertheless, stabilising yields, a tightening supply of high-quality regional workspace and increased occupier focus on efficient, sustainable buildings provided early signs of improving fundamentals. In this environment, Regional REIT's portfolio valuation concluded the year at £555.2m, representing a like-for-like decline of 5.0%, primarily reflecting income changes from a small number of tenant lease breaks. Encouragingly, yields remained stable throughout the second half of the year.

A disciplined and proactive disposals programme underpinned much of the strategic progress delivered during 2025. Total disposals reached £51.6m (before costs), ahead of the targeted disposal amount of £50.0m for 2025. These sales contributed directly to strengthening the balance sheet, reducing loan-to-value to 40.4% by year-end. In December, the Company also completed the refinancing of £72.4m of debt originally due to mature in August 2026, thereby mitigating near-term refinancing risk and improving funding clarity.

Operational performance remained resilient despite market headwinds. During the year, the business completed 64 new market lettings totalling £3.2m of rent at 3.9% above 2024 ERV, demonstrating continued demand for well-presented and well-located space. Rent collection remained extremely strong at 99.3%, supporting income stability. EPRA occupancy stood at 75.9%, a modest year-on-year reduction in line with expectations following lease breaks and disposal activity. Capital expenditure increased to £11.8m, reinforcing the Company's commitment to improving sustainability, energy performance and overall tenant appeal. This programme contributed to further improvement in EPC ratings across the portfolio.

As the business looks ahead to 2026, the priority will be disciplined capital allocation and continued portfolio repositioning to enhance letting prospects and reduce void costs. Retaining earnings where appropriate will allow the Company to fund essential investment in the assets most capable of delivering long-term value. This approach reflects the impact of previous lease breaks, the subdued leasing environment and the need to maintain financial flexibility in the face of evolving debt costs. Supported by a strengthened balance sheet, stabilising market conditions and a clear strategic focus, Regional REIT enters the new year with determination and confidence in its ability to deliver sustained operational progress and long-term value creation for shareholders.



Stabilising yields and improving market fundamentals signal a firmer underpinning for core asset values."

99.3%

Rent collection

12.0%

Reversionary yield

£50.4 million

Rent roll

Key Points from 2025

High Level of Rent Collection

Achieved a high level of rent collection. As at 13 March 2026, rent collection remains robust, with FY 2025 collections at 99.3%, adjusting for monthly rent and agreed collections plans, which is similar to the equivalent date in 2025 when 98.6% had been collected.

Increase in Average Rent

Average rent by let sq. ft. increased by 2.0% from £13.92 per sq. ft. in December 2024 to £14.20 per sq. ft. in December 2025.

New Lettings - Greater Than ERV

During 2025, 64 new market lettings were completed totalling £3.2m rent roll, with these lettings being 3.9% above 2024 ERV.

Increase in GRESB Score

The Company submitted its Fourth Global Real Estate Sustainability Benchmark ("GRESB") assessment resulting in an increased score of 76 from 73.

Disposals Programme

Disposals at £51.6m (before costs), (2024: £30.8m).

Debt Refinance and Cost Savings

Early refinancing of a £72.4m debt facility previously due to mature in August 2026, and the restructuring of the management contract. The latter takes effect from 1 January 2026 and when in full force will generate c.£0.9m of annual fee savings and strengthen shareholder alignment.

Investment Activity in the UK Commercial Property Market

In 2025, the UK economy exhibited modest growth but the macro economic backdrop was mixed. Real GDP expanded by around 1.3% over the year, up from 1.1% in 2024. Inflation remained above the Bank of England's 2.0% target, averaging around 3.4%, driven in part by rising energy and core services prices. Labour market conditions softened, with unemployment rising to 5.2%, while job vacancies remained subdued, indicating increased slack. Overall, 2025 was characterised by subdued GDP expansion, persistent inflation above target, and a softening labour market, creating a difficult backdrop for policymakers and markets.

In 2025, the UK regional office market showed signs of stabilisation with data from Lambert Smith Hampton (LSH) indicating that total investment edged up 1.2% year-on-year to £3.1 billion, ending a three-year period of decline. Investment volumes highlight an improving year-end performance, with Q4 driving a strong and positive finish reaching £1.5 billion, nearly three times the Q3 2025 level and 65.1% higher than the same quarter in 2024. The rest of South East Offices led this increase, rising sharply from £0.5 billion in Q3 to £1.2 billion in the final quarter of the year. Investment volumes in the rest of the UK were more modest, at £0.5 billion in Q4 2025, but remained consistent with previous quarters, providing a stable contribution to the total performance. Office parks, while smaller in scale, contributed steadily throughout the year and showed a moderate rebound in the middle quarters, adding positively to Q4 2025 results. The first three quarters of 2025 remained below the five-year quarterly average, reflecting a slow start. Overall, 2025 reflects a slow start followed by a strong, yet concentrated, year-end finish¹. Although investment remains below the five-year average, recent trends suggest growing confidence among investors in the long-term prospects of regional offices.

There are several reasons for cautious optimism: strong demand for modern, flexible office space, limited prime stock in key regional cities, and supportive local economic drivers. While macroeconomic risks persist, these factors indicate the market may be positioned for a gradual upturn. The broader UK office market is evolving, and although each subsector faces its own headwinds, businesses continue to require quality office space. Furthermore, the Office for National Statistics ("ONS") data² shows that in 2025, 44% 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 28% of the UK workforce were hybrid working in 2025. A recent survey by Savills highlights that more than 90% of HR professionals believe that real estate is an important driver in attracting and retaining talent³.

Regional office values are adjusting, and genuine yield compression is expected, particularly for prime transactions completing through 2026. Following significant price corrections, investors can now access opportunities at cyclical lows amid constrained supply. Transaction volumes are projected to recover through 2026, driven by deals that prioritise quality and sustainability. Meanwhile, after a sustained period of outward yield shift, notional secondary regional yields appear to have bottomed out in Q4 at around 13%, according to Lambert Smith Hampton⁴.

Quarterly Investment Volumes (£bn)

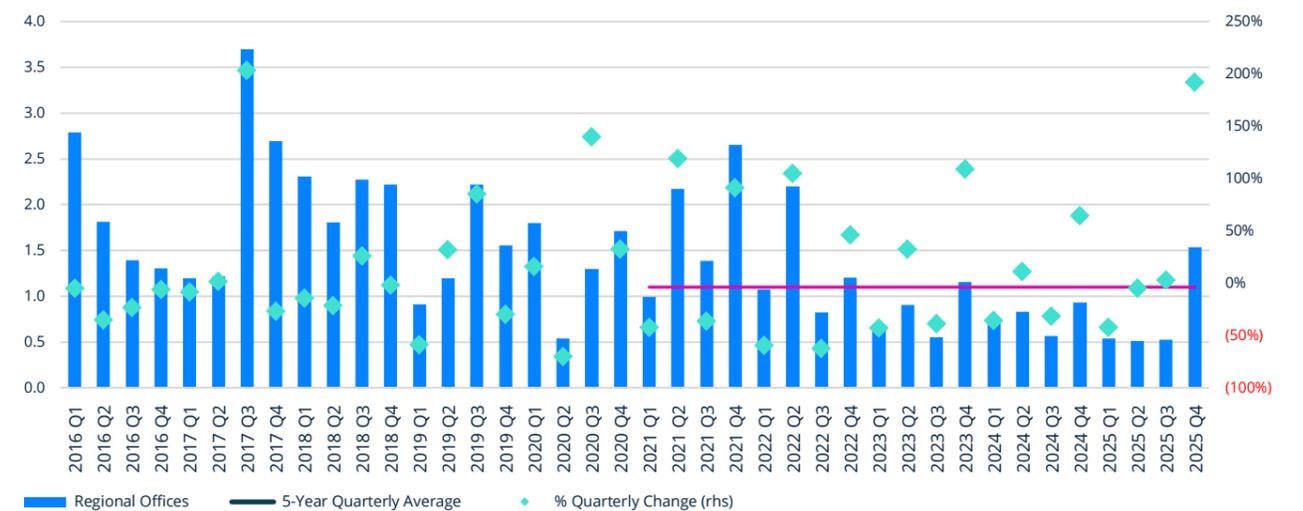


Figure 1: Lambert Smith Hampton Research (January 2025)

1 JLL (December 2025): The shifting landscape of UK offices
 2 ONS: Opinions and Lifestyle Survey from the Office for National Statistics, 2025

3 Savills & Personnel Today, 2025
 4 Lambert Smith Hampton (January 2026) UK Investment Transactions: Q4 2025

Investment Adviser's Report continued

Occupational Demand in the UK Regional Office Market

Avison Young estimates that take-up of office space across nine regional office markets⁵ totalled 7.6 million sq. ft. in 2025, 7.2% below the level of take-up recorded in 2024 and 3.6% lower than the 5-year average. The annual fall in take-up can be attributed to decreased demand for city centre offices with take-up 13.8% lower in 2025. Conversely, out-of-town take-up increased by 3.8% year-on-year from 2.8 million sq. ft. to 2.9 million sq. ft., helping to sustain overall activity. Looking at quarterly performance, 2025 began strongly at 2.1 million sq. ft. let during Q1, up 11.7% on the same quarter in 2024, with both city centre and out-of-town offices outperforming. However, demand was subdued in Q2 and Q3 2025 relative to 2024 figures. Encouragingly, momentum strengthened again in Q4 2025, with take-up reaching 2.1 million sq. ft., broadly in line with the 2.2 million sq. ft. recorded in Q4 2024.

Occupational demand was driven by the professional sector, which accounted for the highest proportion of take-up at 25.6% in 2025. Following the professional sector, the media & telecoms sector and the public services, education & health sector and technology accounted for the second and third largest proportion of take-up in the regional cities, accounting for 15.8% and 14.3% respectively. Research from Savills shows that the professional sector and the media & telecoms sector were also the most active sectors over the last five years⁶.

According to data from CoStar⁷, there was an increase in availability for all regional office stock with total supply rising by 1.5% in 2025 to 82.2 million sq. ft. However, research from the British Property Federation shows that 81% of commercial buildings in major English cities are rated below EPC B, meaning a large share of the stock is at risk of obsolescence.

While commercial building owners are making gradual year-on-year improvements, ongoing policy uncertainty means that around 2.0 billion sq. ft. of commercial real estate in major cities remains below EPC B⁸. This raises questions over how much of the reported availability is genuinely lettable, with substantial sections of regional markets constrained by ageing, non-compliant buildings and limited options for occupiers. Supply constraints are becoming increasingly pronounced at the prime end of the market. Although overall Grade A availability remains elevated in historic terms, a clear distinction has emerged between 'conventional' Grade A space and a much more limited pool of new-generation prime buildings. Demand, driven by occupiers' flight to quality and stricter energy performance requirements, is increasingly concentrated on this segment.

As a result, prime space remains relatively scarce, accounting for just 5% of total availability, down from 9% two years ago, highlighting its limited presence in the market, according to research from LSH⁹.

The research from CoStar indicates that 2025 recorded the lowest level of construction starts in more than 15 years, totalling just 4.9 million sq. ft. across ten regional markets⁹. In terms of future development, it is estimated that approximately 2.5 million sq. ft. of office space is currently under construction in the Big Nine regional markets. Avison Young expects refurbishment activity to continue to play a key role in offsetting the shortfall caused by subdued new-build starts. This is reflected in the delivery pipeline, where refurbishments account for 53% of schemes scheduled for completion in 2026, up from 41% in 2025 and 33% in 2024.

Regional Demand: Quarterly Take-Up

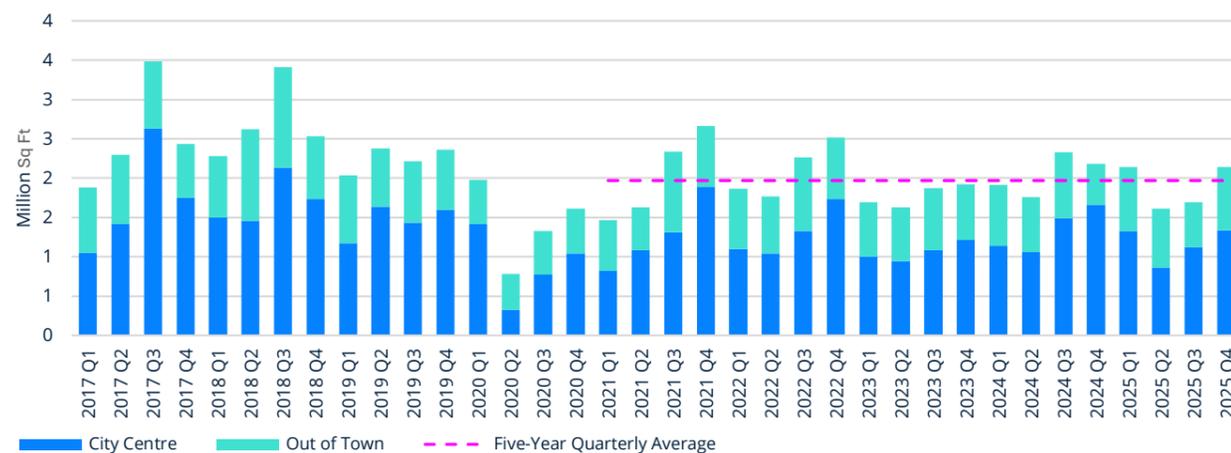


Figure 2: Avison Young (Q4 2025)

5 Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester & Newcastle
6 Savills: The Regional Office Market Overview, Q4 2025

7 CoStar, Regional Office Outlook, Q1 2026. 10 regional cities include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham
8 British Property Federation, February 2026
9 LSH, Regional office report, Q3 2025

Occupational Demand in the UK Regional Office Market

According to monthly data from MSCI, rental value growth held up well for the rest of UK office markets in the 12 months ended December 2025 with growth of 3.2%¹⁰. Conversely, central London offices experienced slightly more modest growth of 2.9% over the same period. Avison Young expects rental growth to continue across most markets during 2026¹¹. Demand for quality office space has put an upward pressure on rents, with growth of 4.8% recorded across the Big Nine regional markets in 2025. According to research from Avison Young, average headline rents are now approximately £40.72 per sq. ft.

The Investment Adviser views current supply-demand dynamics as creating a strong opportunity for repositioning secondary offices. The limited availability of prime space, combined with a persistent shortfall in speculative development, creates scope to upgrade fundamentally sound, modern office buildings to prime specification and capture stronger rental performance.

Moreover, occupier demand for secondary regional offices may strengthen as businesses face intensifying cost pressures, particularly in the wake of the UK Government's latest Business Rates revaluation, effective from April 2026. The revaluation, undertaken by the Valuation Office Agency, reassesses rateable values based on more recent rental evidence, and in many prime city-centre markets this is expected to translate into higher business rates liabilities. With standard multipliers applying to office properties, and no targeted relief comparable to that available to parts of the retail and hospitality sectors, occupiers of prime space are likely to face a marked increase in overall occupational costs, compounding existing rental and operating expenses. As a result, cost-sensitive businesses may be compelled to re-evaluate their space requirements and increasingly consider more affordable secondary regional locations, where lower rents and comparatively modest rateable values offer better value and greater flexibility within constrained operating budgets.

Regional Supply: Development Pipeline (Million Sq. Ft.)

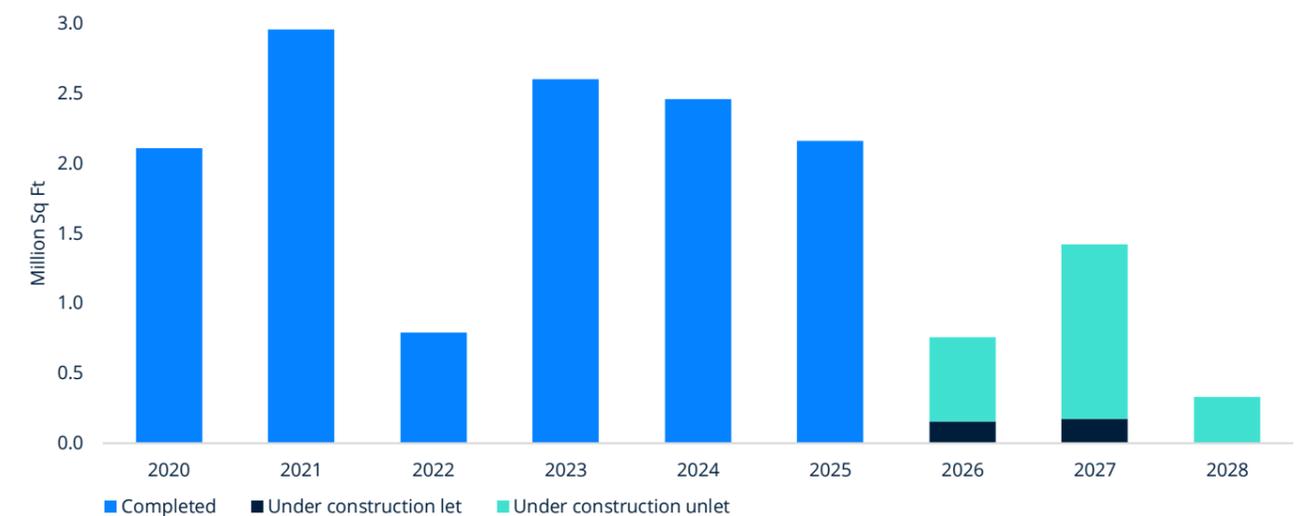


Figure 3: Avison Young (Q4 2025)

10 MSCI (February 2025), MSCI Portfolio Analysis Service
11 Avison Young, Big Nine Q4 2023, February 2024

Investment Adviser's Report continued

Regional REIT's Office Assets

EPRA occupancy of the Group's regional offices of 74.2% as at 31 December 2025 (2024: 76.4%). A like-for-like comparison of the Group's regional offices' EPRA occupancy, as at 31 December 2025 versus 31 December 2024, shows occupancy of 74.4% (2024: 76.1%). WAULT to first break was 2.6 years (2024: 2.7 years); like-for-like WAULT to first break of 2.6 years (2024: 2.6 years).

Rental Value Growth (vs previous 12 months)

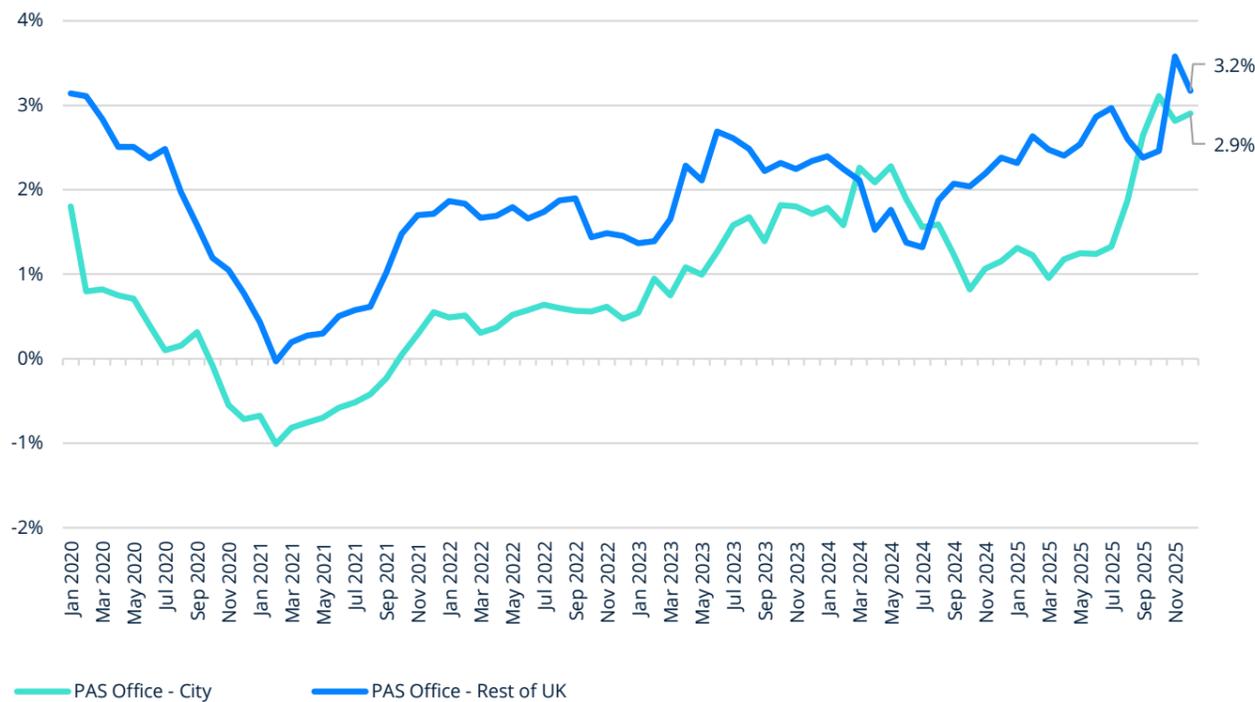


Figure 4: MSCI (December 2025)

Property Portfolio

As at 31 December 2025, the Group's property portfolio was valued at £555.2 million (2024: £622.5 million), with rent roll of £50.4 million (2024: £60.7 million), and an EPRA occupancy of 75.9% (2024: 77.5%).

On a like-for-like basis, 31 December 2025 versus 31 December 2024, EPRA occupancy was 76.0% (2024: 77.3%).

There were 112 properties (2024: 126) in the portfolio, with 1,146 units (2024: 1,271) and 659 tenants (2024: 780). If the portfolio was fully occupied at Cushman & Wakefield's view of market rents, the rental income would be £77.0 million per annum as at 31 December 2025 (2024: £83.2 million).

As at 31 December 2025, the net initial yield on the portfolio was 5.3% (2024: 5.9%), the equivalent yield was 10.5% (2024: 10.4%) and the reversionary yield was 12.0% (2024: 11.6%).

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	98	501.6	90.3	4.6	74.2	2.6	45.5	15.60	72.0	108.58	5.1	10.7	12.3
Retail	9	20.3	3.7	0.2	95.5	3.5	1.9	10.16	2.1	97.69	7.2	8.8	9.2
Industrial	4	23.8	4.3	0.4	97.1	2.8	1.9	5.45	2.1	56.81	6.3	7.8	8.2
Other	1	9.6	1.7	0.1	100.0	10.1	1.0	11.97	0.8	113.99	10.6	9.6	7.6
Total	112	555.2	100.0	5.3	75.9	2.7	50.4	14.20	77.0	104.17	5.3	10.5	12.0

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	24	92.2	16.6	1.0	79.8	3.5	8.9	13.82	15.1	90.29	4.1	11.1	12.8
South East	18	88.1	15.9	0.7	71.2	2.1	7.9	17.68	11.8	125.44	6.5	10.5	12.0
North East	17	95.9	17.3	0.8	76.3	3.2	7.5	14.44	11.9	117.58	5.0	10.0	11.0
Midlands	21	121.2	21.8	1.3	78.8	3.3	11.7	13.31	16.9	93.14	5.4	10.8	12.3
North West	14	63.7	11.5	0.7	61.7	1.6	5.9	14.93	9.7	97.17	4.5	10.6	12.3
South West	12	54.0	9.7	0.4	79.4	1.6	4.8	15.79	7.3	134.86	5.5	10.9	12.5
Wales	6	40.3	7.2	0.4	91.1	2.9	3.6	10.16	4.3	92.54	7.1	9.1	9.7
Total	112	555.2	100.0	5.3	75.9	2.7	50.4	14.20	77.0	104.17	5.3	10.5	12.0

Tables may not sum due to rounding

Top 15 Investments (market value) as at 31 December 2025

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, Securigroup Ltd	19.0	3.4	152,478	86.0	1.3	2.5	2.8
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Lakbhir Dhillon and Balbier Dhillon, HP Asia Ltd	17.3	3.1	118,530	81.9	1.6	3.2	6.3
Hampshire Corporate Park, Eastleigh	Office	Lloyd's Register EMEA, Complete Fertility Ltd, Silverstream Technologies (UK) Ltd, National Westminster Bank Plc	16.2	2.9	84,043	53.2	1.0	2.1	3.1
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, GTT-EMEA Ltd	15.6	2.8	215,336	82.7	1.2	2.4	4.1
1-4 Llansamlet Retail Park, Nantyllyn Rd, Swansea	Retail	Wren Kitchens Ltd, Dreams Ltd, NCF Furnishings Ltd	14.5	2.6	74,425	100.0	1.2	2.4	3.7
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd	13.8	2.5	132,690	100.0	1.2	2.5	1.9
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd	13.0	2.3	107,760	82.6	1.5	3.1	1.3
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Senceive Ltd, Autotech Recruit Ltd	12.2	2.2	107,414	67.9	1.2	2.4	2.4
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, Harron Homes Ltd, BDW Trading Ltd	11.8	2.1	86,758	100.0	1.1	2.1	2.7
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Ashfield Healthcare Ltd, Brush Electrical Machines Ltd	11.5	2.1	87,874	92.7	1.2	2.5	2.3
Orbis 1, 2 & 3, Pride Park, Derby	Office	Firstsource Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	11.4	2.1	121,884	100.0	1.8	3.6	3.8
Lightyear - Glasgow Airport, Paisley	Office	Rolls-Royce Submarines Ltd, Heathrow Airport Ltd, Loganair Ltd	11.2	2.0	73,499	71.1	1.3	2.6	3.8
The Coach Works, Leeds	Office	Abstract Tech Ltd, Canal & River Trust, Virtual College Ltd	10.0	1.8	41,122	50.9	0.5	1.0	1.7
Origin 1 & 2, Crawley	Office	DMH Stallard LLP, Menzies LLP, Spirent Communications Plc	9.8	1.8	45,856	68.3	0.8	1.6	2.8
Buildings 2, Bear Brook Office Park, Aylesbury	Office	Utmost Life and Pensions Ltd, Musarubra UK Subsidiary 3 Ltd, Agria Pet Insurance Ltd	9.7	1.7	61,643	100.0	1.1	2.1	1.6
Total			196.8	35.4	1,511,312	81.4	18.2	36.1	3.1

Tables may not sum due to rounding

Top 15 Tenants (share of rental income) as at 31 December 2025

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq. Ft.)	Annualised gross rent (£m)	% of gross rental income
Global Banking School Limited	Norfolk House, Birmingham	Education	6.9	73,628	1.4	2.8
Virgin Media Limited	Eagle Court, Coventry Road, Birmingham Southgate Park, Peterborough	Information and communication	3.0	75,309	1.4	2.7
EDF Energy Limited	800 Aztec West, Bristol Endeavour House, Sunderland	Electricity, gas, steam and air conditioning supply	4.8	118,850	1.0	2.0
Firstsource Solutions UK Limited	Orbis 1, 2 & 3, Pride Park, Derby	Administrative and support service activities	2.8	62,433	1.0	2.0
The Secretary of State for Housing, Communities and Local Government	1 Burgage Square, Wakefield Bennett House, Stoke On Trent Waterside Business Park, Swansea	Public sector	3.5	96,654	1.0	1.9
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	9.8	41,542	0.8	1.5
True Potential LLP	Newburn & Gateway House, Newcastle	Not specified	4.5	54,584	0.6	1.3
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	2.1	40,529	0.6	1.2
DHU Health Care C.I.C.	Orbis 1, 2 & 3, Pride Park, Derby	Human health and social work activities	5.3	42,301	0.6	1.1
Lloyds Bank Plc	Victory House Meeting House Lane, Medway	Financial and insurance activities	0.4	48,372	0.5	1.1
NewFlex Ltd	The Genesis Centre, Warrington	Real estate activities	1.0	19,087	0.5	1.1
Lloyd's Register EMEA	Hampshire House, Hampshire Corporate Park, Eastleigh	Registered Society	1.4	21,695	0.5	1.0
Hermes Parcelnet Limited t/a Evri	Capitol Park, Leeds	Transportation and storage	3.0	25,790	0.5	1.0
Pearson Education Ltd	The Lighthouse, Salford Quays, Manchester	Education	1.4	24,804	0.5	1.0
Homeserve Membership Limited	1175 Century Way, Thorpe Park, Leeds Aspect House, Bennerley Road, Nottingham	Construction	1.4	29,468	0.5	0.9
Total			3.8	775,046	11.4	22.7

Tables may not sum due to rounding

Investment Adviser's Report continued

Property Portfolio Sector and Region Splits by Valuation and Income as at 31 December 2025

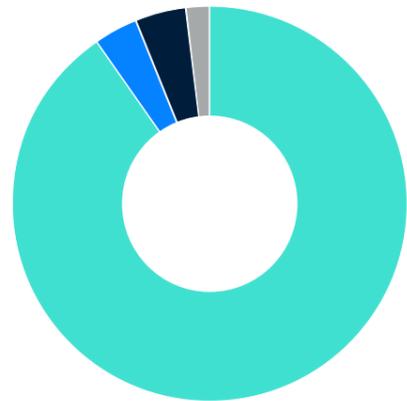
By Valuation

As at 31 December 2025, 90.3% (2024: 90.7%) of the portfolio by market value was offices and 3.7% (2024: 3.6%) was retail. The balance was made up of industrial, 4.3% (2024: 3.7%) and other, 1.7% (2024: 1.7%). By UK region, as at 31 December 2025, Scotland represented 16.6% (2024: 16.6%) of the portfolio and England 76.1% (2024: 77.1%); the balance of 7.2% (2024: 6.3%) was in Wales. In England, the largest regions were the Midlands, the North East and the South East.

By Income

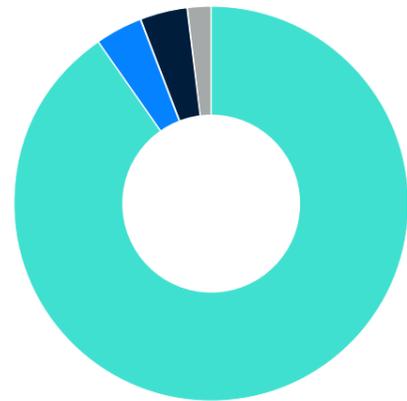
As at 31 December 2025, 90.4% (2024: 90.5%) of the portfolio by income was offices and 3.8% (2024: 4.4%) was retail. The balance was made up of industrial, 3.9% (2024: 3.2%), and other, 1.9% (2024: 1.9%). By UK region, as at 31 December 2025, Scotland represented 15.7% (2024: 16.0%) of the portfolio and England 77.1% (2024: 78.0%); the balance of 7.1% was in Wales (2024: 6.0%). In England, the largest regions were the Midlands, the South East and the North East.

Sector Split by Valuation



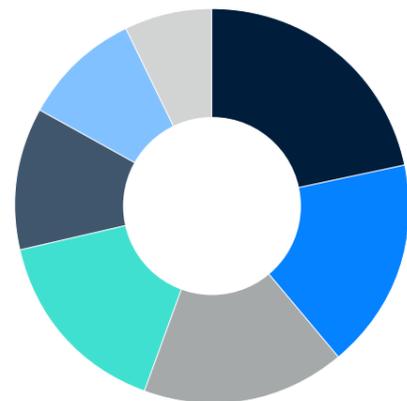
■ Office (90.3%) ■ Retail (3.7%) ■ Industrial (4.3%) ■ Other (1.7%)

Sector Split by Income



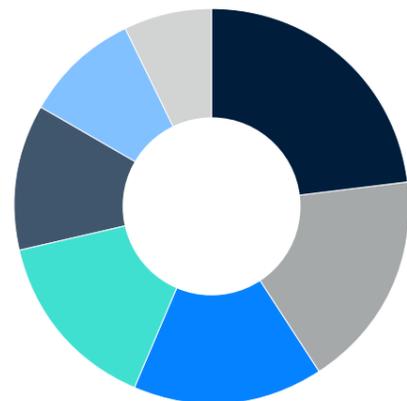
■ Office (90.4%) ■ Retail (3.8%) ■ Industrial (3.9%) ■ Other (1.9%)

Regional Split by Valuation



■ Midlands (21.8%) ■ South East (17.3%) ■ Scotland (16.6%)
 ■ North East (15.9%) ■ North West (11.5%) ■ South West (9.7%)
 ■ Wales (7.2%)

Regional Split by Income



■ Midlands (23.2%) ■ South East (17.7%) ■ Scotland (15.7%)
 ■ North East (14.9%) ■ North West (11.8%) ■ South West (9.5%)
 ■ Wales (7.1%)

Lease Expiry Profile

The WAULT on the portfolio is 4.5 years (2024: 4.6 years); WAULT to first break is 2.7 years (2024: 2.9 years). As at 31 December 2025, 12.8% (2024: 13.8%) of income was from leases which will expire within one year, 12.1% (2024: 10.5%) between one and two years, 37.5% (2024: 39.7%) between two and five years and 37.7% (2024: 36.1%) after five years.

Lease Expiry Income Profile

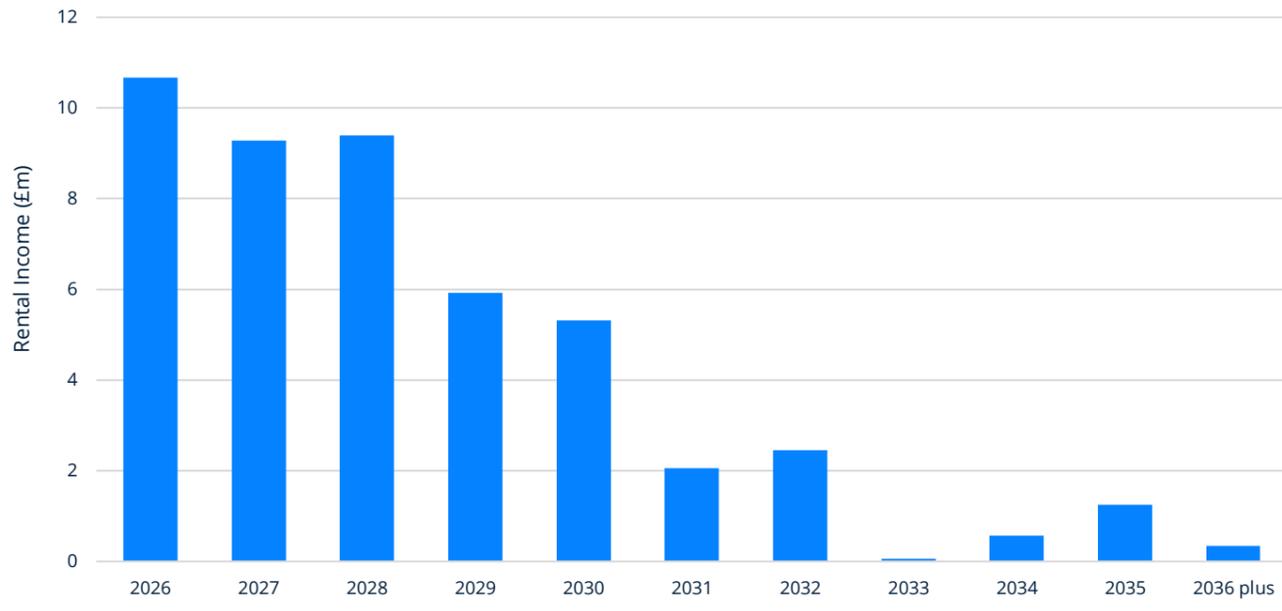


■ 0-1 years (12.8%) ■ 1-2 years (12.1%)
 ■ 2-5 years (37.5%) ■ 5+ years (37.7%)

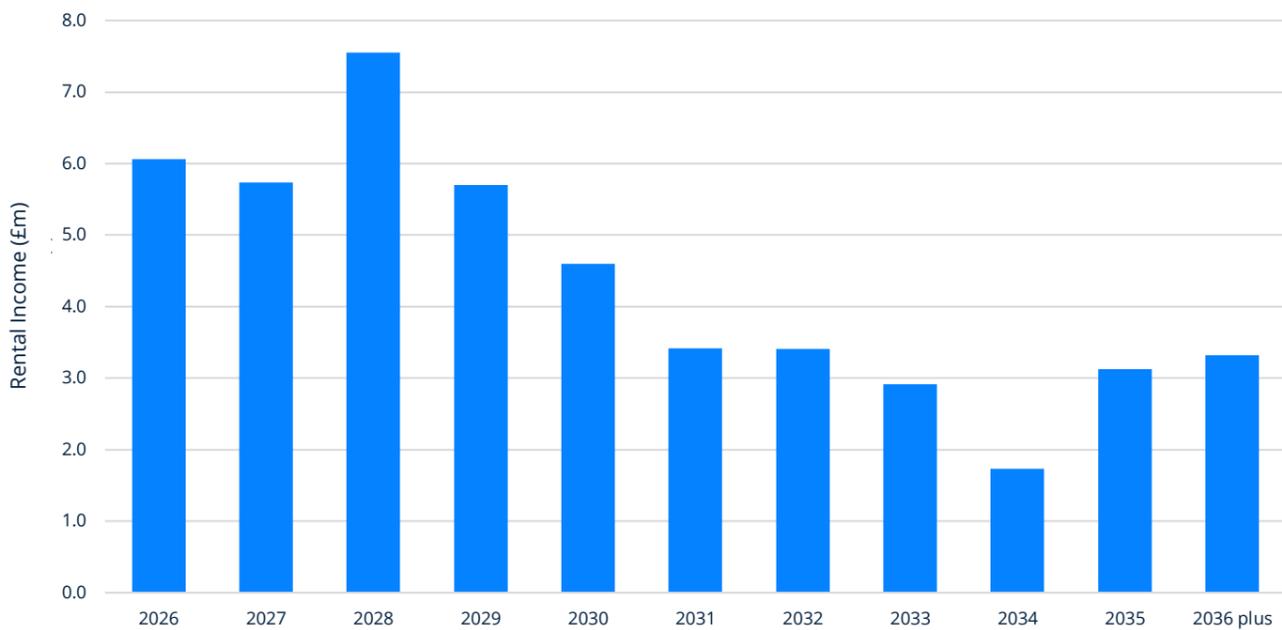


Source: ESR Europe LSPIM Ltd. Charts may not sum due to rounding.

Lease expiry to first break income profile by year



Lease expiry income profile by year



Source: ESR Europe LSPIM Ltd.
Charts may not sum due to rounding.

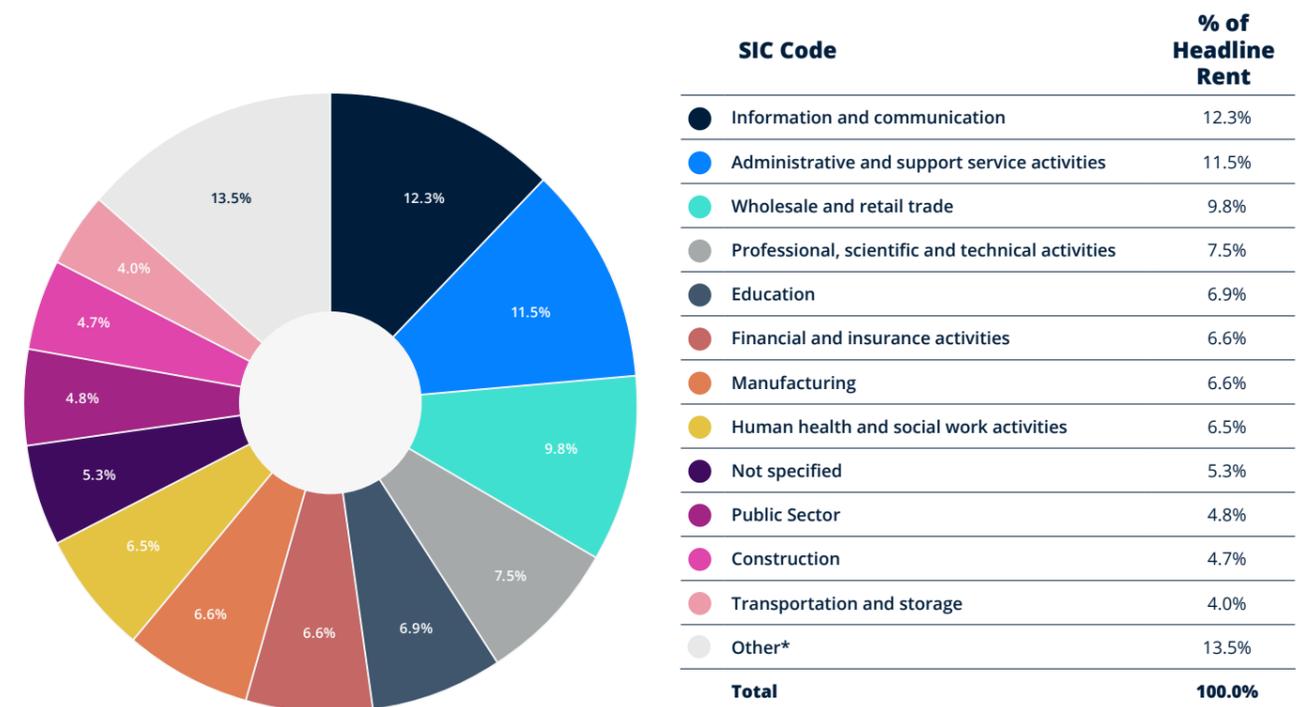
Investment Adviser's Report continued

Tenants by Standard Industrial Classification as at 31 December 2025

As at 31 December 2025, 12.3% of income was from tenants in the information and communication activities sector (2024: 10.5%), 11.5% from the administrative and support service activities sector (2024: 11.2%), 9.8% from the wholesale and retail trade sector (2024: 8.7%), 7.5% from the professional, scientific and technical activities sector (2024: 11.8%) and 6.9% from the education sector (2024: 5.9%). The remaining exposure is broadly spread.

No tenant represents more than 3.0% of the Group's rent roll as at 31 December 2025, the largest being 2.8% (2024: 2.8%).

Tenants by SIC Codes (% of gross rent)



Source: ESR Europe LSPIM Ltd.
Charts may not sum due to rounding.

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

Property Portfolio

Top 15 Properties

01



300 Bath Street, Glasgow

Market value (£million)	19.0
Sector	Office
Annualised gross rent (£million)	1.3
Lettable area (Sq. Ft.)	152,478
Anchor tenants	Glasgow Tay House Centre Ltd, University of Glasgow, Securigroup Ltd
EPRA Occupancy (%)	86.0
WAULT (years) (to first break)	2.8

02



Norfolk House, Smallbrook Queensway, Birmingham

Market value (£million)	17.3
Sector	Office
Annualised gross rent (£million)	1.6
Lettable area (Sq. Ft.)	118,530
Anchor tenants	Global Banking School Ltd, Lakbhir Dhillon and Balbier Dhillon, HP Asia Ltd
EPRA Occupancy (%)	81.9
WAULT (years) (to first break)	6.3

03



Hampshire Corporate Park, Eastleigh

Market value (£million)	16.2
Sector	Office
Annualised gross rent (£million)	1.0
Lettable area (Sq. Ft.)	84,043
Anchor tenants	Lloyd's Register EMEA, Complete Fertility Ltd, Silverstream Technologies (UK) Ltd, National Westminster Bank Plc
EPRA Occupancy (%)	53.2
WAULT (years) (to first break)	3.1

04



Beeston Business Park, Nottingham

Market value (£million)	15.6
Sector	Office/ Industrial
Annualised gross rent (£million)	1.2
Lettable area (Sq. Ft.)	215,336
Anchor tenants	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, GTT-EMEA Ltd
EPRA Occupancy (%)	82.7
WAULT (years) (to first break)	4.1

05



1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea

Market value (£million)	14.5
Sector	Retail
Annualised gross rent (£million)	1.2
Lettable area (Sq. Ft.)	74,425
Anchor tenants	Wren Kitchens Ltd, Dreams Ltd, NCF Furnishings Ltd
EPRA Occupancy (%)	100.0
WAULT (years) (to first break)	3.7

06



Eagle Court, Coventry Road, Birmingham

Market value (£million)	13.8
Sector	Office
Annualised gross rent (£million)	1.2
Lettable area (Sq. Ft.)	132,690
Anchor tenants	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd
EPRA Occupancy (%)	100.0
WAULT (years) (to first break)	1.9

07



Manchester Green, Manchester

Market value (£million)	13.0
Sector	Office
Annualised gross rent (£million)	1.5
Lettable area (Sq. Ft.)	107,760
Anchor tenants	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd
EPRA Occupancy (%)	82.6
WAULT (years) (to first break)	1.3

08



Linford Wood Business Park, Milton Keynes

Market value (£million)	12.2
Sector	Office
Annualised gross rent (£million)	1.2
Lettable area (Sq. Ft.)	107,414
Anchor tenants	IMServ Europe Ltd, Senceive Ltd, Autotech Recruit Ltd
EPRA Occupancy (%)	67.9
WAULT (years) (to first break)	2.4

09



Capitol Park, Leeds

Market value (£million)	11.8
Sector	Office
Annualised gross rent (£million)	1.1
Lettable area (Sq. Ft.)	86,758
Anchor tenants	Hermes Parcelnet Ltd, Harron Homes Ltd, BDW Trading Ltd
EPRA Occupancy (%)	100.0
WAULT (years) (to first break)	2.7

10



Ashby Park, Ashby De La Zouch

Market value (£million)	11.5
Sector	Office
Annualised gross rent (£million)	1.2
Lettable area (Sq. Ft.)	87,874
Anchor tenants	Ceva Logistics Ltd, Ashfield Healthcare Ltd, Brush Electrical Machines Ltd
EPRA Occupancy (%)	92.7
WAULT (years) (to first break)	2.3

11



Orbis 1, 2 & 3, Pride Park, Derby

Market value (£million)	11.4
Sector	Office
Annualised gross rent (£million)	1.8
Lettable area (Sq. Ft.)	121,884
Anchor tenants	Firstsource Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd
EPRA Occupancy (%)	100.0
WAULT (years) (to first break)	3.8

12



Lightyear - Glasgow Airport, Glasgow

Market value (£million)	11.2
Sector	Office
Annualised gross rent (£million)	1.3
Lettable area (Sq. Ft.)	73,499
Anchor tenants	Rolls-Royce Submarines Ltd, Heathrow Airport Ltd, Loganair Ltd
EPRA Occupancy (%)	71.1
WAULT (years) (to first break)	3.8

14



Origin 1 & 2, Crawley

Market value (£million)	9.8
Sector	Office
Annualised gross rent (£million)	0.8
Lettable area (Sq. Ft.)	45,856
Anchor tenants	DMH Stallard LLP, Menzies LLP, Spirent Communications Plc
EPRA Occupancy (%)	68.3
WAULT (years) (to first break)	2.8

13



The Coach Works, Leeds

Market value (£million)	10.0
Sector	Office
Annualised gross rent (£million)	0.5
Lettable area (Sq. Ft.)	41,122
Anchor tenants	Abstract Tech Ltd, Canal & River Trust, Virtual College Ltd
EPRA Occupancy (%)	50.9
WAULT (years) (to first break)	1.7

15



Buildings 2, Bear Brook Office Park, Aylesbury

Market value (£million)	9.7
Sector	Office
Annualised gross rent (£million)	1.1
Lettable area (Sq. Ft.)	61,643
Anchor tenants	Utmost Life and Pensions Ltd, Musarubra UK Subsidiary 3 Ltd, Agria Pet Insurance Ltd
EPRA Occupancy (%)	100.0
WAULT (years) (to first break)	1.6

Financial Review

Net Asset Value

Between 1 January 2025 and 31 December 2025, the EPRA NTA* of the Group decreased to £315.2m (IFRS NAV: £319.3m) from £340.8m (IFRS NAV: £351.6m) as at 31 December 2024, equating to a decrease in the diluted EPRA NTA of 15.8pps to 194.4pps (IFRS: 197.0pps). This is after the dividends declared in the period amounting to 9.7pps. (See Note 13).

The investment property portfolio was valued at £555.2m (2024: £622.5m). The decrease of £67.3m since the December 2024 year-end is a reflection of revaluation movement loss of £28.6m, £48.4m of net property disposals and £3.2m loss on the disposal of investment properties, offset by subsequent expenditure of £11.8m and acquisitions of £1.1m. Overall, on a like-for-like basis, the portfolio value decreased by 5.0% during the period, after adjusting for capital expenditure, acquisitions and disposals during the period.

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

	Year ended 31 December 2025 (£m)	Year ended 31 December 2024 (£m)
Acquisitions		
Net (after costs)	1.2	0.0
Gross (before costs)	1.1	0.0
Disposals		
Net (after costs)	48.4	28.6
Gross (before costs)	51.6	30.8
Capital Expenditure		
Net (after dilapidations)	11.8	8.2
Gross (before dilapidations)	11.8	8.5

* The Group has determined that EPRA net tangible assets (NTA) is the most relevant measure. Further detail on the EPRA performance measures can be found on pages 212 to 215.

Financial Review continued

EPRA Net Tangible Asset - Bridge (£million) 31 December 2025

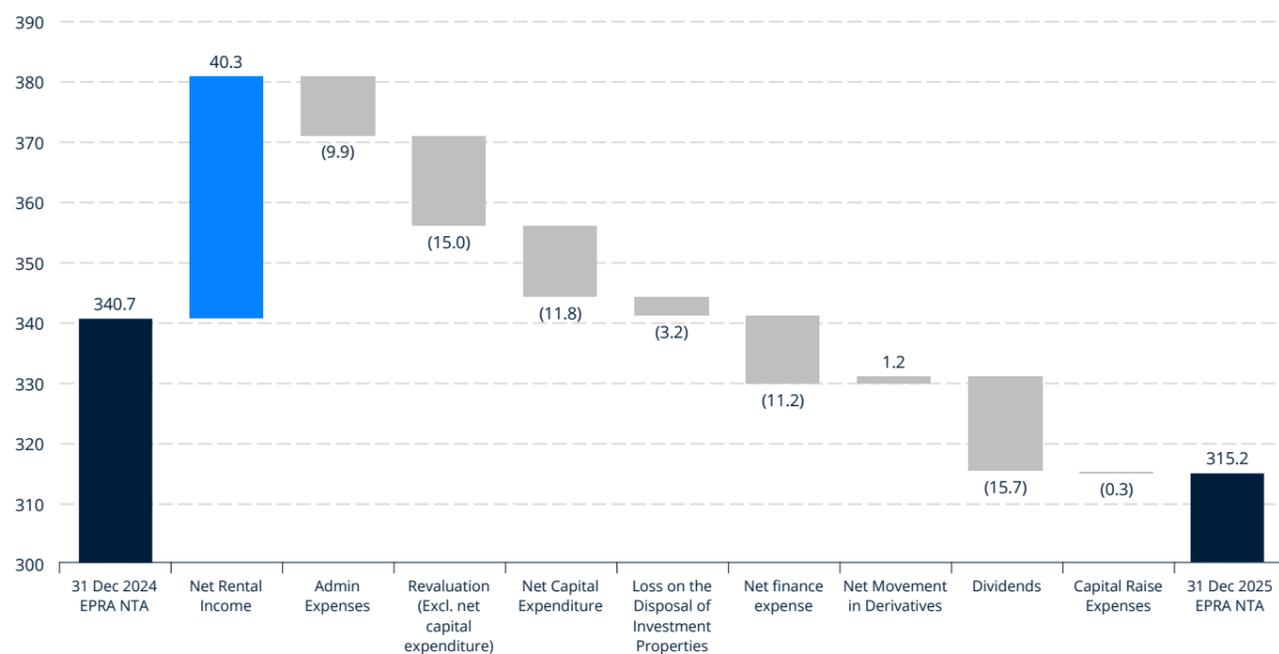


Table may not sum due to rounding

The diluted EPRA NTA per Share decreased to 194.4pps (2024: 210.2pps). The EPRA NTA is reconciled in the table below:

	£m	Pence per Share
Opening EPRA NTA (31 December 2024)	340.7	210.2
Net rental and property income	40.3	24.8
Administration and other expenses	(9.9)	(6.1)
Loss on the disposal of investment properties	(3.2)	(2.0)
Change in the fair value of investment properties	(26.6)	(16.4)
Change in value of right of use assets	(0.1)	(0.1)
EPRA NTA after operating profit	341.1	210.4
Net finance expense	(11.2)	(6.9)
Share of loss of associate company	0.0	(0.0)
Realised gain on derivative financial instruments	1.2	0.8
EPRA NTA before dividends paid	331.1	204.3
Dividends paid*	(15.7)	(9.7)
EPRA NTA before capital raise costs	315.4	194.6
Capital raise expenses	(0.3)	(0.2)
Closing EPRA NTA (31 December 2025)	315.2	194.4

Table may not sum due to rounding

* As at 31 December 2025, there were 162,088,483 Ordinary Shares in issue.

Income Statement

Operating profit before gains and losses on property assets and other investments for the year ended 31 December 2025 amounted to £30.3m (2024: £36.1m). Loss after finance and before taxation was £16.4m (2024: £39.5m). 2025 included a full rent roll for the portfolio of properties held as at 31 December 2024, plus the partial rent roll for properties disposed of during the period.

Rental and property income amounted to £60.4m, excluding recoverable service charge income and other similar items (2024: £65.2m). The decrease was primarily the result of the decrease in the rent roll being held during the year to 31 December 2025.

More than 80% of the rental income is collected within 30 days of the due date and the allowance for doubtful debts in the period amounted to £0.3m (2024: £0.5m).

Non-recoverable property costs, excluding recoverable service charge income and other similar costs, amounted to £20.2m (2024: £19.3m), and the rent roll decreased to £50.4m (2024: £60.7m).

Realised losses on the disposal of 14 of the investment properties and 4-part sales in the period amounted to £3.2m (2024: 3.2m). The change in the fair value of investment properties amounted to a loss of £28.6m (2024: loss of £54.7m) and an adjustment of £2.0m (2024: £2.0m) from rent smoothing.

Net capital expenditure amounted to £11.8m (2024: £8.2m). The change in value of right of use asset amounted to a charge of £0.1m (2024: charge £0.1m).

Interest income amounted to £1.0m (2024: £1.4m).

Finance expenses amount to £12.2m (2024: £15.2m). The decrease is due to the repayment of the £50m Retail Bond in August 2024 and bank borrowing repayments in 2024 of £54.0m and in 2025 of £50.5m.

The EPRA cost ratio, including direct vacancy costs, was 49.8% (2024: 44.7%). The EPRA cost ratio, excluding direct vacancy costs was 18.4% (2024: 17.4%). The ongoing charges for the year ending 31 December 2025 were 9.0% (2024: 9.3%) and excluding direct vacancy costs 3.3% (2024: 3.5%).

The EPRA Total Return from Listing to 31 December 2025 was 4.3% (2024: 5.6%), with an annualised rate of 0.4% pa (2024: 0.6% pa).

Dividend

In relation to the year from 1 January 2025 to 31 December 2025, the Company declared dividends totalling 10.00pps (2024: 7.8pps)*. A schedule of dividends can be found on page 228.

Going forward, the Company will distribute a minimum 90% of the profit from the property rental business, which is in accordance with regulatory requirements, but will retain earnings where possible to support the business' accretive and essential capital expenditure programme. The Board believes this approach is firmly in shareholders' long-term interests of improving the quality of the portfolio to benefit from rental and capital uplift and remains confident in the Company's strategy and medium-term outlook.

* During 2024 the Company offered 15 new Ordinary Shares for every 7 existing Ordinary Shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 consolidation with the resulting Ordinary Shares in issue being 162,088,483.

Financial Review continued

Debt Financing and Gearing

Borrowings comprise third-party bank debt. The bank debt is secured over properties owned by the Group and repayable over the next two to four years. The weighted average maturity of the bank debt is 2.6 years (2024: 2.9 years).

The Group's borrowing facilities are with Scottish Widows Limited & Aviva Investors Real Estate Finance, Royal Bank of Scotland, Bank of Scotland and Santander UK, Scottish Widows Limited, and Santander UK. The total bank borrowing facilities at 31 December 2025 amounted to £266.2m (2024: £316.7m) (before unamortised debt issuance costs), with £nil available to be drawn.

At 31 December 2025, the Group's cash and cash equivalent balances amounted to £37.7m (2024: £56.7m), of which £37.7m (2024: £55.9m) was unrestricted cash.

The Group's net loan to value ("LTV") ratio stands at 40.4% (2024: 41.8%) before unamortised costs.

Debt Profile and LTV Ratios as at 31 December 2025

Lender	Original facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value** %	Annual interest rate %
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	118,339	118,339	Dec-27	50.8	3.28 Fixed
Royal Bank of Scotland, Bank of Scotland & Santander UK	72,449	72,449	Dec-28	44.9	2.40 over 3mth £ SONIA
Scottish Widows Ltd.	32,325	32,325	Dec-28	45.6	3.37 Fixed
Santander UK	43,113	43,113	Jun-29	48.5	2.20 over 3mth £ SONIA
	266,226	266,226			

Table may not sum due to rounding

The Investment Adviser continues to monitor the borrowing requirements of the Group. As at 31 December 2025, the Group has complied with borrowing covenants.

Interest cover, excluding amortised costs, stands at 3.0 times (2024: 2.7 times) and including amortised costs, stands at 2.5 times (2024: 2.4 times).

The net gearing ratio (net debt to Ordinary Shareholders' equity (diluted)) of the Group was 70.3% as at 31 December 2025 (2024: 73.9%).

* 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 2025 %	31 December 2024 %
Borrowings interest rate hedged	101.0	100.0
Thereof:		
Fixed	56.6	52.7
Swap	32.3	30.4
Cap	12.1	16.9
WACD¹	3.3	3.4

Table may not sum due to rounding

Tax

The Group entered the UK REIT regime on 7 November 2015 and all the Group's UK property rental business 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.

During 2025, the Group recognised a tax credit of £14,083 (2024: charge of £64,590), in relation to entities that are not included in the REIT tax regime.

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

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

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, manage and mitigate its risks, which include, but are not limited to: market, major market disruption, funding, tenants, financial and tax changes, operational, cyber security, regulatory, environmental and emerging risks.

The Board has overall responsibility for the Company's system of risk management and internal controls and 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 of 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 of 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 Management Approach



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 Investment Adviser, 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 nine most significant risks which are composed of six strategic and three operational risks. The risks relate to market, major market disruption, funding, tenants, financial and tax changes, operational, cyber security, regulatory, environmental and emerging risks.

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.

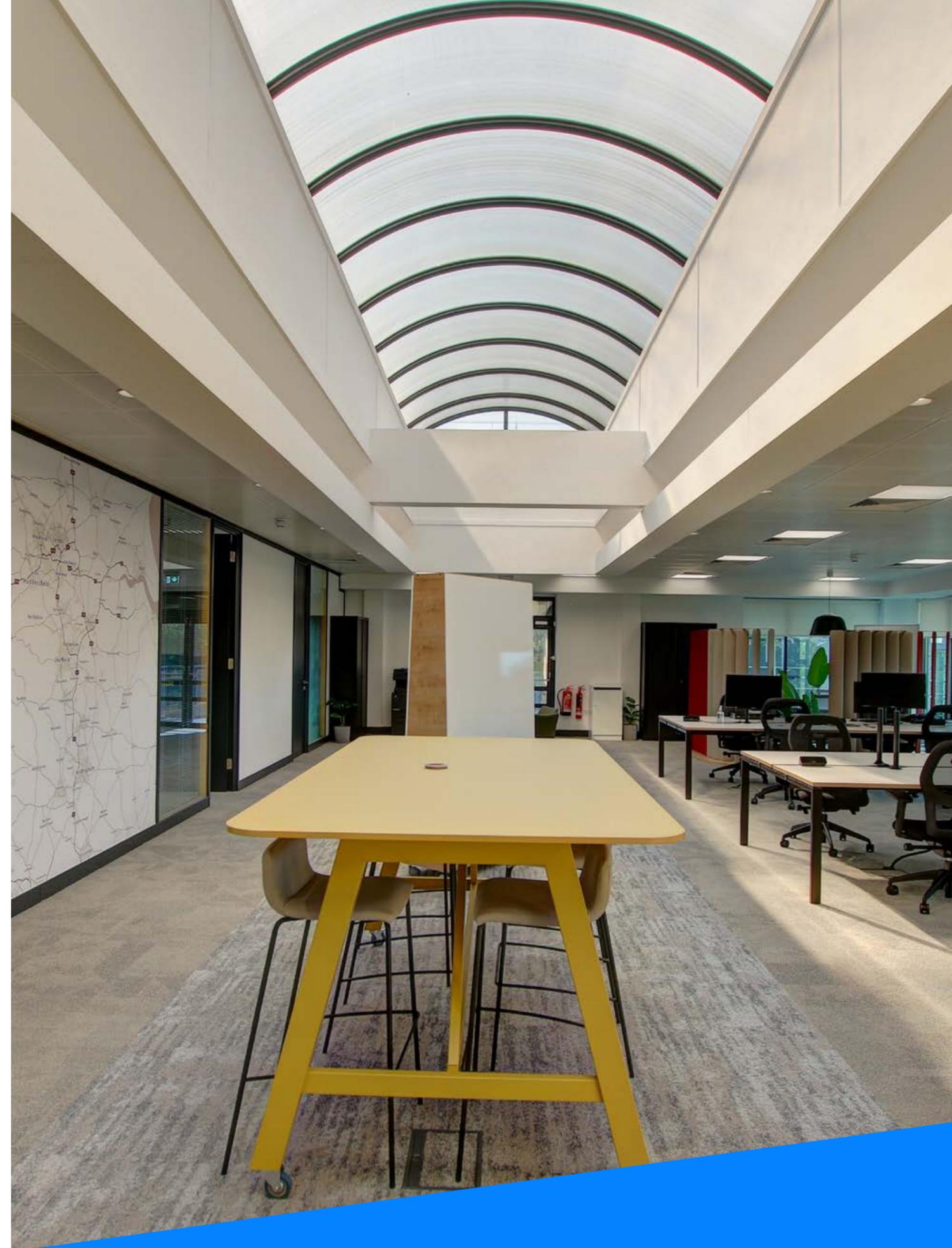
Principal Risks and Uncertainties Continued

Principal Risk Summary

Principal Risk	Evolution of the trend during the year	Link to Strategy
1. Market	↔	
2. Major market disruption	↑	
3. Funding	↔	
4. Tenants	↔	
5. Financial and tax changes	↔	
6. Operational	↔	
7. Cyber Security	↑	
8. Accounting, legal and regulatory	↔	
9. Environmental and energy efficiency standards	↔	

Read more about the Company's business model and strategy on pages 26 to 31.

 Geographically diversified income focused portfolio	 Opportunistic approach to property investment
 Investing in income producing assets	 Highly experienced asset manager
 Active management of the properties	 Regions primed for growth



Principal Risks and Uncertainties Continued

 1. Market	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
<p>The value of the Company's assets is dependent on the strength of leasing and capital markets.</p>	<ul style="list-style-type: none"> A clearly defined investment strategy, which is reviewed annually. 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. 	<ul style="list-style-type: none"> The property portfolio remains balanced across a range of 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 Company 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 (2024: 300 Bath Street) is the highest valued property, which equates to 3.4% (2024: 2.9%) 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% (2024: 2.8%) of gross rental income, being Global Banking School Ltd. (2024: 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 Investment Adviser continues to actively manage the investment properties in accordance with market conditions and the individual asset programme.

 2. Major market disruption	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
<p>The economic disruption resulting from major geopolitical events or another pandemic 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 dividend policy, and adhere to the HMRC REIT regime requirements.</p> <p>Significant geopolitical 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.</p>	<ul style="list-style-type: none"> The Investment Adviser 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. 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 659 (2024: 780) income streams which are located in areas of expected economic growth. The Board receives advice on macro-economic risks from the Investment Adviser and other advisers and acts accordingly. 	<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. There remains a risk that property valuations and the occupancy market may be impacted by change in the political landscape.

Principal Risks and Uncertainties Continued

  		
3. Funding	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
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 Investment Adviser 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 40.4% (2024: 41.8%). Weighted average debt term decreased to 2.6 years (2024: 2.9 years). Weighted average cost of capital, including hedging costs was 3.3% (2024: 3.4%).
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 101.0% (2024: 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 Investment Adviser'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.

  		
4. Tenants	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
Low occupier demand or poor selection of tenants 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 Investment Adviser 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 659 at the year-end (2024: 780).
A high concentration of lease term maturity and/or break options could result in a more volatile contracted rent roll.	<ul style="list-style-type: none"> The portfolio lease and maturity concentrations are monitored by the experienced Investment Adviser to minimise concentration. 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 Investment Adviser who maintains close relationships with current tenants and with letting agents. 	<ul style="list-style-type: none"> The WAULT to first break as at 31 December 2025 was 2.7 years (2024: 2.9 years). The largest tenant is 2.8% (2024: 2.8%) of the gross rental income, being Global Banking School Ltd. (2024: EDF Energy Ltd.) The team remains vigilant to the financial well-being of our current tenants and continues to liaise with tenants and agents.
Increased working from home impacts tenant demand for space.	<ul style="list-style-type: none"> Providing high quality working environment in portfolio properties. 	<ul style="list-style-type: none"> There is continued evidence of a return to working from office space.

  		
5. Financial and Tax Changes	Movement in the period	Link to strategy
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.

Principal Risks and Uncertainties Continued

  		
6. Operational	Movement in the period	Link to strategy
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 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"> The Investment Adviser annually reviews the 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 Investment Adviser and other third-party service providers. 	<ul style="list-style-type: none"> The Investment Adviser is a viable going concern.
	<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 Investment Adviser 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 Investment Adviser reviews the adequacy of insurance cover on an ongoing basis.

  		
7. Cyber security	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
Information security and cyber threat resulting in data loss, or negative regulatory, reputational, operational (including GDPR), or financial impact.	<ul style="list-style-type: none"> The Investment Adviser has a dedicated Information Technology team, which monitors information security, privacy risk and cyber threats ensuring their respective operations are not interrupted. As required the building management systems are reviewed for cyber security risk. 	<ul style="list-style-type: none"> The Investment Adviser reviews the respective Information Technology polices and the material third party service suppliers on as required basis to ensure they reflect current and possible future threats.
Cyber fraud could result in financial loss to the Group and inability to operate.	<ul style="list-style-type: none"> The Investment Adviser takes all appropriate precautions to ensure cyber deterrents are deployed. 	<ul style="list-style-type: none"> This remains an ever evolving threat.

  		
8. Accountancy, Legal and Regulatory	Movement in the period	Link to strategy
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 advisers. 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 Investment Adviser, 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.

Principal Risks and Uncertainties Continued

 9. Environmental and energy efficiency standards	 Movement in the period	   Link to strategy
Potential Impact	Mitigation	Movement in the period
<p>The Company's cost base could be impacted, and management time diverted, due to climate changes and associated legislation.</p>	<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 Estate 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.
<p>Changes to the environment could impact upon the operations of the Company.</p>	<ul style="list-style-type: none"> Property acquisitions undergo a rigorous due diligence process, including an environmental assessment. The Investment Adviser 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.
<p>An Energy Performance Rating of C and below may impact the Company's ability to sell or lease an asset.</p>	<ul style="list-style-type: none"> The Company continues to review each property to ensure adherence with Energy Performance Rating requirements. The energy efficiency of investment acquisitions is fully considered as part of the due diligence process for the acquisition of a property. 	<ul style="list-style-type: none"> The Investment Adviser is continually reviewing the feasibility of enhancing Energy Performance Ratings to exceed the minimum requirement.

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 Investment Adviser, continues to monitor developments in this area.

The risk framework has been refined for 2025 to improve clarity and alignment with the Company's operating environment: the former Strategic Risk has been retitled Market Risk to better reflect its underlying drivers, the separate Valuation Risk has been removed as valuation movements are now captured within Market and Funding risks, and the previous Healthcare and Economic risks have been consolidated into Major Market Risk to reflect their overlapping macroeconomic characteristics and combined impact on the business.

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



Going Concern and Viability Statement

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, acquisitions and disposals of investment properties, elective and committed capital expenditure, dividend distributions and the borrowing facilities interest payments and the respective maturities.

The group ended the year under review with £37.7m of cash and cash equivalents of which £7k was restricted cash. The Group remained compliant with all loan covenants on borrowing facilities, with a net LTV of c. 40.4%, based upon the value of the Group's investment properties as at 31 December 2025. Rental income collections remained strong with 99.3% of rent invoiced in the year collected as at 13 March 2026.

Given the amount of unrestricted cash currently held by the Group and, with the next borrowing due to mature being the Scottish Widows Ltd. and Aviva Investors Real Estate Finance £118.3m facility in December 2027, 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 prepare the Financial Statements on a going concern basis.

Viability Statement

In accordance with the Association of Investment Companies Corporate Governance Code (the "AIC Code") the Directors have assessed the prospects of the Group and future viability over a three-year period from the year end, being longer than the 12 months required by the going concern provision. The Board conducted a review with regard to the Group's long-term strategy, principal risks and risk appetite, current position asset performance and future plans. Following this review, the Board determined that three years to 31 December 2028 is the maximum timescale over which the performance of the Group can be forecast with any material degree of accuracy and is therefore an appropriate period over which to consider the Group's viability. Achievement of the one-year forecast has a greater level of certainty and is used to set near-term targets across the Group. Achievement of the subsequent forecasted years is less certain than the one-year forecast. However, the Board's forecast provides a longer-term outlook against which strategic decisions can be made.



Going Concern and Viability Statement Continued

Assessment of Review Period

The Board chose to conduct the review for a three-year period giving consideration to:

- The Group's WAULT of 2.7 years to first break
- The Group's detailed forecast covering a rolling three-year period
- The Group's weighted average debt to maturity was 2.6 years as at 31 December 2025

Assessment of Prospects and Viability

The financial planning process considers the Group's profitability, capital values, LTV, cashflows, dividend cover, banking covenants, funding obligation and other key financial metrics over the coming three-year period. In addition, property companies are now operating in a more favourable lending climate, with the lowered LTV and strengthened balance sheet the Group is in a good position to refinance the next bank loan maturity in December 2027 of £118.3m.

Furthermore, the Board, in conjunction with the Audit Committee, carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, strategy, future performance, solvency or liquidity over the three-year period. The risk review process provided the Board with assurance that the mitigations and management systems are operating as intended.

The Board believes that the Group is positioned to manage its principal risks and uncertainties successfully, notwithstanding the current economic and political environment. The Board's expectation is further underpinned by the regular briefings provided by the Investment Adviser. These briefings consider market conditions, investment opportunities, the Company's ability to raise third-party funds and deploy these promptly, changes in the regulatory landscape and current political and economic risks and uncertainties. These risks, and other potential risks which may arise, continue to be closely monitored by the Board.

Confirmation of Viability

The Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years, taking into account the Group's current position and the principal risks and uncertainties.

The Directors have carefully reviewed areas of potential financial risk. The Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for the foreseeable future.



Unlocking your potential

Coach Works, Leeds

Sustainability Report

Massy Larizadeh

Independent Non - Executive Director



In 2025, we are proud to have made significant progress on key sustainability performance indicators. The GRESB rating increased to 76 points (73 in 2024), earning two Green Stars and reflecting the hard work of the Investment Adviser team, resulting in ongoing improvements in our sustainability efforts.

2025 also saw the rollout of on-site energy generation in the form of solar panels, helping reduce carbon emissions and reliance on fossil fuels.

The Environmental, Social, and Governance (“ESG”) Working Party remained focused on enhancing the Company’s European Public Real Estate Association sustainability accreditation, GRESB and Energy Performance Certificate (“EPC”) ratings, with 84.5% of the portfolio now rated C or higher. The weighted average EPC score also improved to C 58 (from C 59 in 2024).

The Investment Adviser played a key role in driving these advancements, ensuring the Company remains on track to meet 2030 regulatory requirements. Recognising climate change as a major long-term challenge for the commercial real estate sector, the Company has committed substantial resources to reducing carbon emissions well ahead of the 2050 net-zero target.

ESG principles continue to be integrated into both transactional and operational activities, reinforcing the portfolio’s resilience and long-term sustainability. As part of this commitment, the CAPEX program totalled £11.8 million in 2025 (compared to £8.2 million in 2024), prioritising sustainable materials and energy-efficient equipment to enhance EPC ratings while maintaining a responsible level of investment. The year ahead will continue to see a focus on value enhancing CAPEX projects across a select number of assets.”

Year in Focus

Throughout 2025, the Company continued integrating sustainable practices to drive positive environmental and social impact while balancing the evolving needs of stakeholders, tenants and occupiers.

Highlights from the year are as follows:

01

The ESG Working Party which comprises of an independent Non-Executive Board Director and members from the Investment Adviser met 4 times in 2025.

02

Improved performance against the Company's sustainability key performance indicators ("KPIs").

03

Development of a sustainability action plan at property level.

04

ESG criteria continued to be integrated within due diligence procedures; setting out how the Company assesses and manages the performance of its assets and prospective investments; and which suppliers / third party suppliers are chosen to engage and work with.

05

Continued to engage CBRE as the lead advisor to the Group on ESG strategy.

06

Continued to engage with our occupiers by promoting sustainable practices and also in the obligations they commit to; for example, by including green lease clauses within the contractual terms for all new leases issued for agreement.

07

Submitted the company's fourth Global Real Estate Sustainability Benchmark ("GRESB") assessment resulting in an increased score to 76 from 73.

08

Submitted the third submission to the European Public Real Estate Association ("EPRA") sustainability performance report maintaining the silver award.

09

Successful installation of Smart Technology in a controlled test sample of properties, aimed at reducing energy intensity.

10

Successful installation of solar arrays with over 1,215 kWp generating 106,430 kWh with 40,335 self-consumption. 60,095 kWp exported to grid and over 13,219 kg of CO2 emissions avoided.

11

Continued training of appropriate Investment Adviser's team members to ensure the Investment Adviser's best practice refurbishment and capital expenditure guides are adhered to.

Year Ahead

The Company's programme of work for the coming year will continue to be in line with the regulatory landscape, with a continued focus upon embedding ESG best practices across the Group. The constant evolution of embedding processes will also enable the Group to adapt promptly to meet new challenges as they arise.

Some examples of the programme of work for the year ahead are:

- Continued review of the portfolio's EPC ratings, followed by the appropriate action to improve and align the ratings with the Minimum Energy Efficiency Standard ("MEES").
- Tackle areas highlighted for improvement from the 2025 GRESB and EPRA respective assessment, with the aim of continuing to improve our accreditation performance and other benchmarks.
- Continue to embed ESG criteria in acquisitions and asset management processes, ensuring sustainability is at the forefront of the management of an asset's life-cycle.
- Sustainability action plans will be developed at the individual asset level ensuring focus on property specific improvements.
- Continue to have ESG criteria front and centre for due diligence enquiries and the obligations the Company requires from suppliers and associates.
- Continue to support occupiers and suppliers to adopt a more sustainable means of travel by installing electric vehicle charging points and priority on-site bicycle lanes and bicycle storage/changing facilities.
- Through the Investment Adviser's fit-out guide and asset specifications, the Company promotes greater circularity, encouraging recycling and reuse, promotes responsible sourcing, the use of low carbon embodied materials, limiting resource use, avoiding virgin raw material use, and eliminating waste to land fill or incineration where possible.
- Transition standard lease terms on renewals and new leases to green leases which include cooperation and reporting obligations on parties to share environmental performance data; allow landlord access to verify environmental performance; impose sustainability criteria on fit-outs, repairs, maintenance and dilapidations; and encourage reductions in resource use.
- Continue with the Investment Advisers' work in the community through the charities supported and served, while ensuring they remain the best and most closely aligned to the Company's ESG objectives and outcomes.
- Utilise the data captured from the buildings Smart Technology to further understand building usage with the aim to improve efficiencies to further reduce energy intensity.
- Work with CBRE to measure the impact the smart technology on the carbon baseline to develop strategic pathway to net zero.
- Continue to maintain 100% renewable electricity to the portfolio; installation of on-site renewable energy; upgrade to energy efficient plant and machinery during refurbishment and fit-out.
- Continue to engage with occupiers, where applicable to adopt their own energy efficient mitigations.
- Continue to keep up with industry developments to reduce consumption and support a low carbon portfolio.
- Continue the rollout of on-site energy generation by installing Solar Panels to an additional 14 properties.

ESG Working Party Report

The ESG Working Party met 4 times during 2025. The membership of the Working Party is made up of an independent Non-Executive Director and members of the Investment Adviser. The Working Party updates the Board on its progress. The external ESG consultants, CBRE, and energy providers are invited to attend and support the ESG Working Party by undertaking specific pieces of work and as required providing updates on any possible regulatory changes.

The Board has delegated its authorities to the ESG Working Party to:

- Assist the Board in defining and regularly reviewing the Company's strategy relating to ESG and in setting relevant key performance indicators.
- Develop and regularly review the policies, procedures, practices and initiatives relating to ESG matters and ensure they remain effective, relevant and consistent with industry best practice.
- Have oversight of the management of ESG matters and compliance with relevant statutory, regulatory and legal requirements and applicable ESG rules, industry standards and guidelines.
- Have oversight of responses to investor requests on ESG matters.
- Report on these matters to the Board and, where appropriate, make recommendations to them.

In undertaking this role, the ESG Working Party duties include assessing effectiveness in identifying, managing, mitigating or eliminating ESG risks and ensuring compliance with relevant statutory, regulatory and legal requirements as well as applicable ESG rules, industry standards and guidelines.

In 2025 the ESG Working Party continued to focus upon the processes and steps necessary for embedding ESG across the Company and its subsidiaries and the role of the Company in its ESG stewardship through its investments, external relationships and interactions.

EPC ratings remains a focus for the working party. CBRE continue as the Company's ESG strategy adviser; the improvement in both GRESB and EPRA sustainability accreditation during the year; the Task Force on Climate-Related Financial Disclosures (TCFD) (See pages 91 to 95) in improving reporting of climate-related financial information; and the Company's sustainability policy and relevant KPIs.

Net Zero Carbon

Harnessing the power of smart technology, we are creating intelligent, connected solutions that drive efficiency that will reduce emissions and accelerate our journey to Net Zero Carbon. The installation of solar panels further assists the journey to the portfolios 1.5 degree.

In 2026, we will prioritise expanding occupier data collection to strengthen the coverage, accuracy, and granularity of energy and carbon performance data across the portfolio. This enhanced dataset will be supported by the deployment of smart technologies that enable real time monitoring of energy consumption, optimisation of building performance, and improved identification of reduction opportunities. In parallel, we will continue accelerating the integration of on site solar solutions to increase renewable energy generation, reduce reliance on grid electricity, and support progress toward our long term carbon reduction targets.

The Investment Adviser, ESR Europe Private Markets Ltd., is part of the ESR Group, Asia-Pacific's largest real asset manager with approximately US\$150 billion AUM, and the largest sponsor and manager of REITs in the region with a total AUM of approximately US\$45 billion. ESR are signatories to the internationally recognised Principles for Responsible Investment (UN PRI), and places it at the heart of a global community seeking to build a more sustainable financial system.

Sustainability Report Continued

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals are comprised of 17 interlinked global goals that provide a blueprint for a sustainable future. The Board recognise its role in supporting the global transition to sustainable living as envisioned by the goals. The Board is kept apprised of the ESG by the ESG Working Party and discusses ESG issues at its regular board meetings. The Board has taken the decision to align the Company with four goals where the Company believes it can make the biggest impact.

These are:



Set out below is a summary of the Company's progress against the goals which are particularly significant to the Company.

<p>8. Decent Work and Economic Growth</p>	<p>The Company provides and manages facilities that generate opportunities for enterprises to grow and support job creation. Through the Company's acquisitions and refurbishments, it promotes sustainable resource consumption, reuse and recycling, and in its engagements with others, it protects the labour rights of those engaged to work for the Company in safe working environments.</p>
<p>11. Sustainable Cities and Communities</p>	<p>The Company invests in and manages property and real estate assets across identified growth cities and centres across the regions of the UK outside of the M25 motorway. Its investment and management strategy is to ensure that they are sustainable and, through the facilities and opportunity offered, make a beneficial contribution to the communities the Company is part of and serves.</p>
<p>13. Climate Action</p>	<p>The Company is taking action across its portfolio to mitigate the harmful effects of climate change. Energy audits, such as the EPC review are continually being undertaken of all assets implementing energy efficiency strategies to support a low carbon portfolio.</p>
<p>3. Good health and well-being</p>	<p>The Company promotes good health and well-being via its services and interactions with its occupiers, suppliers and the communities within which it operates. The Investment Adviser continues to fit out bicycle storage and repair stations and associated shower rooms across the estate encouraging both wellness and lower carbon emissions.</p> <p>Through the Investment Adviser Occupier Fit-out Guide recommendations and guidance are provided on steps that can be taken for the health and well-being of building users and how they can be achieved.</p> <p>Automated External Defibrillators (AEDs) were installed across the multi-let estate. Their location will be registered on Defib finder https://www.defibfinder.uk/ allowing accessibility to the local community.</p>

Sustainability in Action

Sustainability in Action 1

At a Glance

Working with our partners installation of solar panels began in a number of properties within the portfolio. This delivers substantial environmental and operational benefits, helping to reduce Scope 2 emissions by generating clean, renewable electricity on-site and lowering reliance on grid energy. By utilising existing roof or land space to produce low carbon energy, we aim to strengthen the portfolios overall environmental performance, support our net zero, ESG targets and stakeholder expectations on climate action.

Key Focus



Environmental Preservation

Benefits

- 1 Electricity consumption reduced by 8% kWh across 4 properties**
- 2 Gas consumption reduced by 54%**
- 3 Saving 109 Tonnes of Co2 Emissions**

Sustainability in Action 2

At a Glance

In collaboration with our contractor we implemented a tailored sensor package designed to uncover opportunities for optimising the performance of their properties. Following a detailed desktop audit of asset registers and floor plans, we developed a bespoke solution for each site—enabling the creation of a digital twin focused on key analytics. These included plant operation, indoor temperature tracking, light level monitoring, and basic occupancy and footfall measurement.

Key Focus

- Climate change mitigation / Decarbonisation
- Energy Management and Efficiency
- Resource efficiency and circularity
- Net Zero and ESG targets

Solutions

Using the data collected from the sensors, we were able to clearly demonstrate how each property is used and how effectively the plan systems align with actual occupancy and usage patterns. This insight revealed several opportunities to refine setpoints and schedules, leading to measurable improvements in efficiency.

- Reducing emissions
- Lowering Carbon Footprint
- Improving Energy resilience
- Enhancing resource efficiency



Sustainability Report Continued

Investment Due Diligence

The Company has broadened its investment due diligence to include sustainability criteria which feed into its decision making. This includes:

<p>Environmental:</p>	<p>The position insofar as the environmental footprint of an investment is concerned. Current usages and impacts; the maturity of systems and mitigations in place to eliminate or reduce those impacts; environmental risks and their severity; and the prospects and opportunities for change.</p>
<p>Social:</p>	<p>The social impacts and opportunities of an investment, Health and wellness criteria; air quality and its monitoring; physical attributes such as access to daylight, low noise pollution and social space. The availability of local amenities, close public transport and energy efficient means of travel, electric vehicle charging and parking.</p>
<p>Governance:</p>	<p>The assessment and mitigation of risks, for example environmental and biodiversity risks; physical, natural and social economic risks. Sustainability framework and strategies in place for the investment and their relative performance. Financial, legal and operational obligations and impacts. Environmental classifications and certifications.</p>



Working with the Community

During the year, the Company continued to support and work with a number of charities and not for profit organisations that are making an impact in the communities and the regional locations where the Company operates.

We design community initiatives that focus on making a supportive, welcoming and safe community environment to ensure occupiers can share hard-to-discuss topics and feelings with the aim to host at least 1 monthly event that supports and encourages discussion.

Quarterly Local Connection socials

Bringing together partnering local service providers, hospitality and makers to network and share their businesses and deals with our occupiers.

This enables us as a management team to stay connected to the wider business community in Glasgow



Monthly Coffee Clubs



Valentines Market



Afternoon Tea



World Mental Health Day

Promoting, Education and Upskilling - March saw the women of the Investment Adviser take part in a weeklong virtual summit by the Women Leaders Association on key topics that support women's professional and personal growth.



Strengthening Social Resilience, Health and Wellbeing - June had teams from London, Leeds, Manchester, Glasgow and Edinburgh put on their walking boots and hit the hills taking on the 7 Hills of Edinburgh (15 miles); The Ilkley Skyline (24 miles) and the Thames 16 Bridges (15 miles). These challenges were tied to a fundraising effort in support of our nominated charity, Youth Sport Trust, whose mission is to empower young people through sports and physical activity.



Working with the Community Continued



Strengthening Social Resilience, Health and Wellbeing
– June saw us join the CBRE Cycle for Alzheimer's Society and raised £3,500 as a company.

Strengthening Social Resilience, Health and Wellbeing
– In July a team from the Investment Adviser utilised the 8 hours volunteering allowance helping St Michaels and All Angels School in Halifax. Their efforts focused on redecorating two classrooms, creating a brand-new sensory room, and refreshing two outdoor gazebos—helping to enhance the school's environment ahead of the September term.

This charitable work was supported by one of our service partners who matched our volunteer hours with their skilled engineers maximising impact for both the students and staff!



December saw us bring the Christmas cheer to the office, with the Christmas Jumper day in aid of Save the Children and raised £216!

December also saw the Investment Adviser and the building communities come together to donate to the Christmas Giving Tree initiative. The charitable activity supported 12 charities, Gifts for Kids, The Salvation Army Toy Appeal, Christmas Toy Bank. With over 800 gifts kindly donated along with donations for The Shannon Bradshaw Trust in Warrington which helped support 5 unwell children and their 13 siblings.



We are working in the wider community and have worked with Bonus Pastor Catholic College and Hyndland Secondary School.

Hyndland Secondary School - Colleagues visited Hyndland Secondary School to take part in their careers evening for S4-S6 students, sharing insights on everything from how to make your CV or application stand out to careers in finance, property management and ESG. Along with mock interviews this brings our ESG and DEI goals to life. Helping open up access to careers in our industry, supporting diverse pathways into the world of work, and strengthening our partnerships within the communities where we operate



Sustainability Report Continued

Data Performance

A. Key Performance Indicators (“KPIs”)

During the year, the ESG Working Party recommended the following KPIs.

Boundary KPIs

Whole Portfolio Boundary

1. To reduce total portfolio absolute emissions to net zero by 2050 in accordance with the Paris climate agreement and to strive to achieve this in a shorter timescale.
2. To achieve a Minimum Energy Efficiency Standard (‘MEES’) target of EPC B by 2030.

The EPC performance data was as follows:

Remote access metering continued to be installed across the multi-let portfolio allowing for detailed energy data capture. The Company in party with the Company’s ESG advisors, CBRE, is establishing a carbon footprint, which will provide the base of the net zero carbon pathway.

Rating	31 December 2024	31 December 2025	Movement
B Plus and Exempt	57.7%	60.0%	2.3 ppts
C	25.0%	24.5%	(0.5 ppts)
D	11.0%	11.5%	(0.5 ppts)
E and below	6.3%	11.5%	(2.2 ppts)

Landlord Controlled Boundary

KPI	2023 Performance	2024 Performance	2025 Performance	Improvements in 2026
All properties to be serviced by renewable energy sources.	100% of all electricity consumption was derived from green sources	The Company will continue to reduce the portfolio's reliance on energy sourced from fossil fuels; taking the opportunity to convert properties to green energy sources during refurbishment programmes.	100% of all electricity consumption was derived from green sources. The Company continued to reduce the portfolio's reliance on energy sourced from fossil fuel.	Deliver 100% renewable electricity. Expand self generation through solar installations.
Install electric vehicle charging points across the portfolio or as requested by occupiers.		Site surveys and conversations continue with providers and occupiers to accelerate the programme of installations.	Continuing surveys	Continue to work with tenants needs for electric vehicle charging.
Eliminate waste to landfill	Where the data was available a total of 1,261 tonnes of non-hazardous waste was generated with 623 tonnes being recycled. The balance 522.9 was sent for energy recovery for refuse derived fuel or at an anaerobic digestion facility.	Continue to increase data collection for the remaining sites and increase the proportion recycled. Achieve 100% zero to landfill and will continue to work only with providers that will fulfill our commitment.	Continue to work with tenants to increase data collection for the remaining sites. Achieve 100% zero to landfill and continue to work only with providers that will fulfill our commitment.	Achieve 100% zero to landfill and continue to work only with providers that will fulfill our commitment.
Reduce water consumption	Agreements are in place with the multiple water providers and metering roll out will commence during 2024.	Water meter installation programme is being rolled out to provide accurate water consumption rates for the portfolio, current coverage is 49.3%. Engaging with our tenants to share data.	Continue with the water meter installation to provide accurate water consumption rates across the portfolio.	Working with our tenants to expand water data capture. Utilise LOA and PropTech to further enhance the data capture.
Energy use data coverage	Metering installation has continued throughout 2023 with 319 meters now installed for electrical and gas supplies.	Continue to increase the metering programme, where possible at a unit level to allow greater monitoring and corrective action as applicable.	Continue to work with tenants to increase data coverage for FRI sites.	Continue to work with tenants through LOAs to further enhance data coverage for FRI sites.
Global Real Estate Sustainability Benchmark (“GRESB”)	With the appointment of CBRE the GRESB submission improved to 66.	GRESB submission improved to 73.	Continue with the progress and improve the GRESB accreditation. Focus remains with the increase in data collection to enhance decision making.	Continue with the progress and improve the GRESB accreditation and maintain the 'A' public Disclosure rating. Focus remains with the increase in data collection to enhance decision making.

Occupier Boundary

KPI	2023 Performance	2024 Performance	2025 Performance	Improvements in 2026
Engage with occupiers during lease negotiations to incorporate green clauses into new leases	Company Leases continue to be updated at all available points. Engaging with tenants around the importance of the data sharing ensures a collaborative approach that benefits the tenant, the Company, and environmental reporting.	Continue to develop the green lease clauses to ensure they meet the changing sustainability requirements for reporting. Engage with existing occupiers to share the benefits of working together.	Continue to ensure green lease clauses are issued. Continue to monitor changes in legislation and reporting requirements and adapt the leases as needed. Communication through the Investment Adviser, Property Managers and Facilities Manager and existing occupiers to build on the relationship and data sharing.	Continue to ensure green lease clauses are issued and utilised for data sharing purposes. Continue to monitor changes in legislation and reporting requirements and adapt the leases as needed. Communication through the Investment Adviser, Property Managers and Facilities Manager and existing occupiers to build on the relationship and data sharing.
Engage with all occupiers annually on ESG issues	The Company continues to engage with the occupiers through property managers and facilities managers who have discussed their ESG needs and initiatives important to them. This provided the Company with continual feedback allowing us to implement initiatives.	Continue to develop in person relationships and look to carry out an engagement survey.	The Company will maintain the contact with the occupiers through face to face discussions and engagement surveys. Implementation of a sustainability action plan for each property to enable property managers and facilities managers to continue the dialogue and collaboration creating a united ESG approach.	The Company will maintain the contact with the occupiers through face to face discussions and engagement surveys. Implementation of a sustainability action plan for each property to enable property managers and facilities managers to continue the dialogue and collaboration creating a united ESG approach.



B. Task Force for Climate-related Financial Disclosures

Despite no requirement to report against the Task Force for Climate Related Disclosures (“TCFD”), the Company has voluntarily joined with many other organisations around the world, by becoming a supporter of TCFD and reporting against the four recommendations.

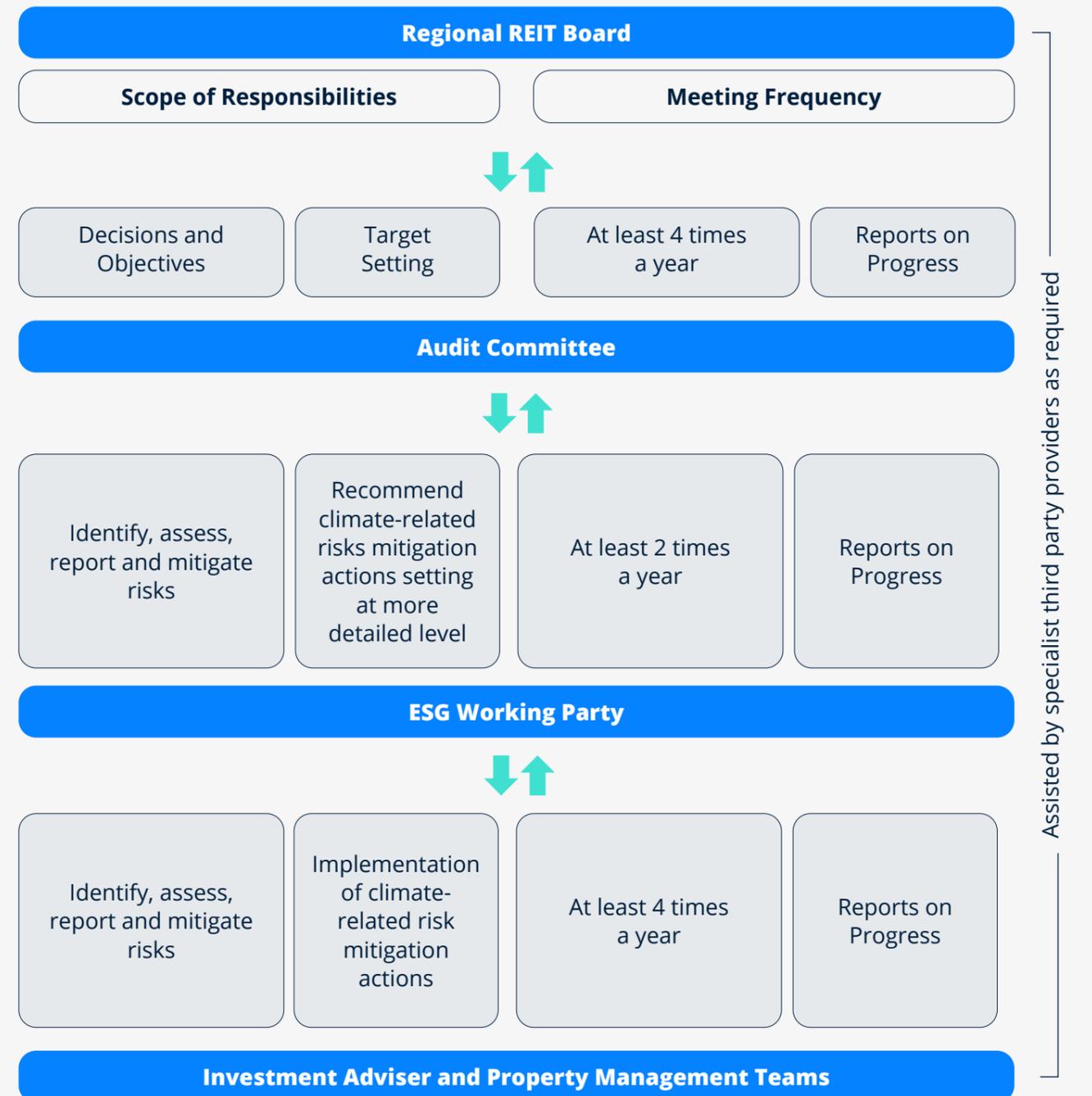
As with other sustainability disclosures, the Company expects the required disclosures to evolve in accordance with increased understanding around climate change risks.

Pillar	Recommended Disclosure
Governance	Board oversight
	Management Role
	Identified climate – related risks and opportunities
Strategy	Impact of climate – related risks and opportunities
	Resilience of the Group’s strategy
	Integrate processes for identifying, assessing, and managing climate-related risks into the Company’s overall risk management.
Risk Management	
Metrics and targets	Climate-related metrics
	Scope 1,2, and 3 GHG emissions
	Climate-related targets

Governance

Recommendation	Commentary
<p>The Board's oversight of climate-related risks and opportunities</p>	<p>The Board holds ultimate responsibility for overseeing the Company's risks and opportunities, including climate-related ones. It receives updates on these matters at each quarterly Board meeting.</p> <p>To carry out its duties, the Board has delegated authority for identifying climate-related risks to the Audit Committee. Meeting at least twice a year, the Audit Committee oversees the Group's Risk Register, which includes climate-related risks detailed in the Principal Risks and Uncertainties section on pages 58 to 71. After each meeting, the Committee reports its findings to the Board.</p> <p>Additionally, the Audit Committee has delegated other climate-related risk and opportunity responsibilities to the ESG Working Party. This group includes Non-Executive Director Massy Larizadeh, the Investment Adviser, and external advisors as needed.</p> <p>The ESG Working Party met 4 times in 2025 and as required provided updates and recommendations to the Audit Committee and the Board.</p> <p>The full risk management approach is set out on page 60.</p>
<p>Board's role in assessing and managing climate-related risks and opportunities</p>	<p>The Board holds ultimate responsibility for overseeing and managing climate-related risks and opportunities. The Investment Adviser, and Property Management teams support the Board and Audit Committee by identifying and assessing principal risks and uncertainties, including climate-related risks, within the risk appetite set by the Board. Risk assessment involves profiling and scoring risks before and after mitigation to determine if they are improving, worsening, or stable, and to evaluate the effectiveness of existing mitigation strategies.</p> <p>The Board receives quarterly reports on progress toward climate-related goals and targets.</p> <p>The Asset and Property Management teams handle daily operations, including implementing the Board-defined risk management strategy. The Property Manager is responsible for collecting and reporting environmental data, such as energy use and GHG emissions, allowing the ESG Working Party, Audit Committee, and Board to monitor progress against Board targets and take necessary actions.</p> <p>The Board, along with the Asset, Investment, and Property Management teams, receives ESG training annually and as needed.</p>

Detailed overview of the governance structure and risk management oversight is set out below.



Strategy

Recommendation	Commentary
Climate-related risks and opportunities identified over the short, medium and long term.	<p>Recognising that climate-related risks and opportunities materialise over differing time horizons the portfolio was considered over the short, medium and long term as set out below.</p> <p>Short term (0-5 years):</p> <ul style="list-style-type: none"> Increasing ESG legislation and compliance, including the costs for compliance, as well as the costs arising from the breach of legislation Impact on property values and/or rents if climate-related mitigation actions are not undertaken Integration of ESG into business model Implementation of new Minimum Energy Efficiency Standards Portfolio climate adaption, retrofitting and refurbishment Increasing cost of supplies and or disruption to supplies for maintenance and refurbishment Increasing costs of utilities <p>Medium term (5-10 years):</p> <ul style="list-style-type: none"> Portfolio occupier demand for buildings with higher levels of efficiency, climate resilience, and lower carbon footprints Increased legislation requiring adherence Inability to access “green” funding <p>Long term (10+ years):</p> <ul style="list-style-type: none"> Continued legislation requirements Climate change which may impact the portfolio
Identify impact of climate-related risks and opportunities upon the Company’s strategy, operations and financial planning.	<p>The Board has identified that climate-related risks could impact the Company by:</p> <ul style="list-style-type: none"> Properties becoming unfit for purpose and asset stranding Income and expenditure impacts arising from climate-related mitigation strategies Lessened or improved desirability of its properties Pricing of properties Ability to access funds Cost of capital Reputation in the context of climate-related aspects <p>The Company seeks to embed a sustainable ethos throughout a property’s lifecycle. This includes mitigating climate risks at the time of purchase through environmental assessments and working to extend the life of portfolio assets. The ongoing capital expenditure and refurbishment program focuses on improving existing buildings, enhancing energy efficiency, increasing EPC ratings, and reducing carbon emissions and waste.</p>
Resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>The resilience of the organisation’s strategy is assessed by considering various climate-related scenarios, including a 2-degree Celsius or lower scenario. The climate-related strategy focuses on reducing energy consumption, improving energy efficiency, sourcing renewable energy, supporting a low-carbon portfolio, installing on-site renewables, and enhancing efficiencies through retrofitting, refurbishment, and fit-outs. Where carbon emissions cannot be eliminated, the Company explores verified carbon offsetting strategies. The Board evaluates the resilience of its strategies through regular performance updates and makes adjustments as needed.</p>

Risk Management

Recommendation	Commentary
Integrate processes for identifying, assessing, and managing climate-related risks into the Company’s overall risk management.	<p>Effective risk management underpins the execution of the Company’s strategy.</p> <p>The Board is supported by the Audit Committee, which via the Company risk register aims to capture the principal risks and uncertainties, including climate related risk. Climate-related risks are included within Principal Risks and Uncertainties on pages 58 to 71.</p> <p>Any identified climate-related risks and identified emerging risks are included with the Risk Register and managed appropriately by the Board in the future as the need arises.</p> <p>Board meetings are held at least quarterly and Audit Committee meetings at least bi-annually, with ad hoc meetings called as circumstances demand.</p> <p>The respective Company oversight bodies are kept apprised of the changing climate-related landscape by its appointed external advisers. Allowing ample time for the required actions to be put in place. An overview of the risk management process is set out in the above organogram on page 93.</p>

Metrics and Targets

Recommendation	Commentary
Metrics used by the Company to assess climate-related risks and opportunities are in line with its strategy and risk management process.	<p>The Company reports in line with:</p> <ul style="list-style-type: none"> The GRESB Standing Investments Benchmark; and EPRA Sustainability Best Practices Recommendations for sustainability reporting. EPRA performance tables are detailed later in this Sustainability Report.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>The Company reports Scope 1 and Scope 2 emissions in accordance with EPRA recommendations and as set out for the years 2023 and 2024 separately in this Report.</p>
Targets used by the Company to manage climate-related risks and opportunities and performance against targets.	<p>Through the ESG Working Party, the Company has established key performance indicators and targets as set out elsewhere in this report. The ESG Working Party measures performance against the targets and will report its findings to the Board.</p>

C. EPRA Sustainability Best Practices Recommendations

The Company has chosen to report its material environmental, social and governance data in accordance with the fourth edition of the European Public Real Estate Association (‘EPRA’) Best Practices Recommendations (‘sBPR’), April 2024.

EPRA is a non-profit association representing Europe’s publicly listed property companies. By responding to EPRA, the Company is promoting sustainability within the property portfolio, while also identifying opportunities for further improvements relating to sustainability regulations and initiatives.

This EPRA report is over three sections:

1. Overarching recommendations;
2. Environmental performance measures; and
3. Social and Governance performance measures.

1. Overarching Recommendations Organisational boundaries

The Company's EPRA sustainability reporting covers properties held as at 31 December 2025.

Coverage

The coverage of absolute performance measures amounts to 82.8% of all property assets held at 31 December 2025. The remaining assets are single or multiple occupancy assets with no landlord-obtained electricity gas and water ("Utilities").

The absolute performance measures relate to electricity, fuels and associated greenhouse gas ("GHG") emissions where the Company procures Utilities for common areas, shared services, occupier areas and those properties that are vacant.

We are committed to continually increasing the coverage of data collection and working with tenants has allowed us to continue to increase the installation of electricity and water meters enabling us to report.

Like-for-like performance measures include properties for which the Company has collected three years' worth of consistent data and excludes properties sold, acquired or under development during the period 1 January 2025 to 31 December 2025. The like-for-like portfolio therefore represents 71.4% of the assets covered in the organisational boundaries, and data coverage is 100% of these properties. Data was collected in the years following covid for which time properties were not fully occupied or utilised.

The Company aims to complete annual health and safety assessments for 100% of the assets, excluding those where the responsibility for health and safety assessments is with the occupier.

Boundaries – Reporting on Landlord and Occupier Consumption

The energy and associated GHG emissions data reported includes:

- Electricity and fuel consumption which the Company purchases as landlord covers common areas, shared services and occupier areas where this consumption is not sub-metered but recharged via the service charge.
- Utilities procured directly by occupiers is excluded as it falls outside the Company's operational control.

Estimation of landlord-obtained Utility Consumption

All data is based on invoices and/or meter readings where available. Estimations have been applied where invoices were not available at the time of publication. In these instances, the Company has estimated the consumption data based on the most recent invoice or reading for the corresponding period.

Analysis – Normalisation

Energy and emissions intensity indicators are calculated using floor area sq. ft. for whole buildings. The Company is aware of a mismatch between the numerator and denominator, as in some properties the utilities consumption relates to common areas only, and in others it covers both shared services, outside space and occupier areas where there are no sub-meters.

Analysis – Segmental Analysis (by Property Type, Geography)

Sector analysis is organised by the property classification as set out in the Investment Adviser section of the Company's financial reporting. Additional segmental analysis by geography is not applicable as all assets are in the United Kingdom.

Reporting Period

- Absolute performance measures and intensity metrics are reported for the most recent reporting year for which the Company holds full reporting data at the date of this report year ending 31 December 2025.
- Like-for-like performance measures are reported for the three most recent reporting years that the Company can collect consumption data for years ending 31 December 2022 to 31 December 2025.

Disclosure on Investment Adviser's Offices

Utilities associated with the Investment Adviser's office consumption and the Investment Adviser's employee-related performance measures are excluded, apart from where the Investment Adviser's space is leased from the Company, as they fall outside the scope of the organisational boundaries.

Data Verification and Assurance

All data is reviewed for consistency and coherence prior to disclosure. A third party, Carbon Footprint conducts a review of the data providing assurance of the data's validity.

Materiality

The following EPRA sustainability performance measures were not considered material and have therefore been excluded from reporting:

- District heating or cooling ("DH&C"); absolute & DH&C-like for like: No DH&C is procured across the portfolio.
- Diversity-Emp; Diversity-Pay; Emp-Training; Emp-Dev; Emp-Turnover & H&S-Emp: The Group has no direct employees. All administrative functions associated with the management of the portfolio are conducted by the Investment Adviser, which are separate legal entities and therefore outside the organisational boundaries of this report.
- Waste-absolute & Waste-like for like: Operational waste is generated solely by the occupiers and is therefore outside of the Company's control. Waste generated through the Company's refurbishment/development activities is excluded from the scope of the EPRA sBPR.

2. Environmental Performance Measures

EPRA Code	Performance Measures	Unit	Scope	Absolute 2024	Absolute 2025	Lfl 2024	Lfl 2025	Lfl Change %
Elec-Abs Assets Elec-Lfl	Total Electricity Consumption	kWh	Total landlord obtained	32,971,036	28,537,569	31,422,898	27,160,286	-14%
DH&C-Abs Assets DH&C-Lfl Assets	Total district heating & cooling consumption	kWh	Total landlord obtained	N/A	N/A	N/A	N/A	N/A
Fuels-Abs Asset Fuels-Lfl Asset	Total fuel consumption	kWh	Total landlord obtained	23,493,416	21,459,063	22,298,483	20,415,341	-8%
Energy-Int Asse	Building energy intensity	kWh/m ² /year	Building energy intensity	112.97	99.83	111.82	98.15	-12%
GHG-Dir-Abs Ass	Total direct GHG emissions	tonnes CO ₂ e	Scope 1 – direct emissions	4,297	3,969	4,078	3,776	-7%
GHG-Indir-Abs A	Total indirect GHG emissions	tonnes CO ₂ e	Scope 2 – indirect emissions (Location-Based)	6,849	5,051	6,506	4,807	-26% - Carbon content of UK Elec down 15% hence large drop from 2024 to 2025
GHG-Int Assets	Greenhouse gas (GHG) emissions intensity from building energy consumption	kg CO ₂ e/m ² /year	Scope 1 and 2 (location)	22.21	18.01	22.03	17.71	-20%
Water-Abs,LFL	Total Water Consumption			148,031	166,537	147,436	17.71	-2%
Water Int	Building water intensity			0.41	0.46	0.41	165,942	13%
Waste - Abs, Lfl	Total weight	Tonnes		1,084	1,027	1,043	986	-7%

Energy data transferred provider, they have not been able to undertake an independent audit or verification of the underlying data (reasonable estimations where gaps were apparent have been used, i.e. based on floor area)

3. Social and Governance Performance Measures

EPRA Code	Performance Metric	Unit of Measurement	2023	2024	2025
Diversity-Emp Corporate	Employee gender diversity	% female: male	The organisation has no employees	The organisation has no employees	The organisation has no employees
Diversity-Pay Corporate	Ratio of the basic salary and/or remuneration of men to women	Ratio per GRI guidelines	The organisation has no employees	The organisation has no employees	The organisation has no employees
Emp-Training Corporate	The average hours of training that the organisation's employees have undertaken	Average hours	The organisation has no direct employees	The organisation has no direct employees	The organisation has no direct employees
Emp-Dev Corporate	The percentage of total employees who received regular performance and career development reviews	Percentage of total employees	The organisation has no employees	The organisation has no employees	The organisation has no employees
Emp-Turnover Corporate	The total number and rate of new employee hires and employee turnover	Total number and rate	The organisation has no employees	The organisation has no employees	The organisation has no employees
H&S-Emp Corporate	The occupational health and safety performance of the reporting organisation with relation to its direct employees	Injury rate, lost day rate, absentee rate and work-related fatalities	The organisation has no employees	The organisation has no employees	The organisation has no employees
H&S-Asset Assets	Proportion of assets for which health and safety impacts have been reviewed or assessed for compliance or improvement	Percentage of assets	100%	100%	100%
H&S-Comp Assets	Incidents of non-compliance with regulations and/or voluntary standard concerning the health and safety impacts of assets assessed during the reporting period.	Description of non-compliance	The organisation has not identified any noncompliance with regulations and/or voluntary codes	The organisation has not identified any noncompliance with regulations and/or voluntary codes	The organisation has not identified any noncompliance with regulations and/or voluntary codes
Comty-Eng Assets	Assets under operational control that have implemented local community engagement, impact assessments and/or development programmes	Percentage of assets	n/a	n/a	n/a

Governance Performance Measures

EPRA Code	Description	Disclosure
Gov-Board	Composition of highest governance body	Refer to pages 109 to 111 of this report
Gov-Selec	Process for selection of highest governance body	Refer to pages 128 to 133 of this report
Gov-COI	Process for management of conflicts of interest	Refer to page 132 of this report

• **Massy Larizadeh**
 • Independent Non - Executive Director
 • 23 March 2026

Directors' Duties and Stakeholder Engagement - Section 172(1) Statement

Stakeholder Engagement and Board Decision Making

The Directors' principal duty is to act in good faith and in a way that is most likely to promote the success of the Company, as set out in Section 172 of the UK Companies Act 2006¹. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company, the impact it has on the community and the environment, take a long-term view on the consequences of the decisions they make, as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company. Fulfilling these duties supports the Company in achieving its investment strategy and helps to ensure that all decisions are made in a responsible and sustainable way.

Board Decision-Making

Stakeholder considerations are consistently integrated into the Board's decision-making process. Each meeting includes an evaluation of the long-term effects and stakeholder implications associated with proposed actions. The significance of different stakeholder groups may vary depending on the specific issue under discussion; therefore, the Board carefully assesses the needs and priorities of each group to inform their deliberations. Examples of material matters discussed during the year are set out in the Chairman's Statement on pages 20 to 24 and below. In addition, the Investment Strategy and Business Model set out on pages 26 to 31 gives examples of how we approach each specific element of our strategy which supports the business model.

Our Stakeholders

During the period under review, the Board has continued to discuss and monitor which parties should be considered as stakeholders and has again concluded that, as an externally managed investment company with no employees or customers, its key stakeholders comprise, in no particular order, its tenants, shareholders, the Investment Adviser, other service providers, regulators and lenders. The section below sets out why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account.

Tenants

To achieve its investment goals, the Company prioritises generating income from its property portfolio. This requires a clear understanding of tenant needs, challenges, and future ambitions to support ongoing lettings and lease renewals. To facilitate this, ESR Europe PM Limited has been appointed as Property Manager, overseeing daily operations and tenant relations. The Property Manager routinely visits sites and interacts with tenants to identify their requirements and enhance their satisfaction, which not only increases retention rates but also helps attract new tenants.

In 2025, the Property Manager maintained ongoing communication with tenants to better understand their needs. The Board believes that supporting tenants and building strong relationships will help boost future occupancy rates and sustain or increase the Company's income. At each Board meeting, the Property Manager gives an overview of tenant engagement activities. The Board also acknowledges the Company's responsibilities to stakeholders and society, striving to act responsibly, ethically, and fairly at all times. More details can be found on pages 76 to 98.

Shareholders

Continued shareholder support and engagement are critical to the sustainability of the Company and the delivery of its long-term strategy. The Board oversees the delivery of the investment objective, policy and strategy, as agreed by the Company's shareholders.

The Board is dedicated to keeping communication open and connecting with all shareholders in a meaningful way to understand their perspectives. To do this, the Board relies on frequent updates and feedback about shareholder perspectives from the Company's Corporate Broker, Financial Adviser, and the Investment Adviser.

¹ As a Guernsey incorporated company, Section 172 of the UK Companies Act does not apply, however, the AIC Code requires that the matters stated under Section 172 are reported on by all companies regardless of domicile

Section 172(1) Statement Continued

Shareholder Meetings

The Investment Adviser, together with the Company's Corporate Brokers and Financial Adviser, maintain ongoing engagement with major shareholders through meetings and roadshows. These interactions involve institutional and private shareholders, wealth managers, and sell-side equity analysts, providing opportunities to present the Group's financial and operational results, discuss strategy and business models, and address developments in the UK regional commercial property market.

The Investment Adviser regularly communicates the outcomes of these discussions and shareholder perspectives to the Board.

Shareholders are welcome to raise any comments, issues or concerns with the Board at any time. They are invited to do so by writing to the Chair at the registered office or by email at rgl-cosec@cm.mpms.mufg.com. The Senior Independent Director is also available to shareholders if they have any questions or concerns.

Investor Relations Updates

At most Board meetings, Directors receive updates from the Investment Adviser on share trading activity, share price performance, shareholder feedback, and relevant press or analyst commentary. The Company's Corporate Brokers and Financial Advisers also attend regularly to report on equity and real estate markets and peer performance.

AGM

The Company encourages shareholders to attend and participate in the AGM, where the Board and Investment Adviser will be available to address Company-related matters and respond to questions. The Investment Adviser typically provides a presentation outlining the Company's performance and future outlook.

The Company values any feedback and questions that it may receive from shareholders ahead of and during the AGM, and will take action or make changes, as and when appropriate. Shareholders wishing to raise questions or concerns directly with the Chairman, Senior Independent Director or Company Secretary, outside of the AGM, should do so using the Registered Office contact details or by email at rgl-cosec@cm.mpms.mufg.com.

Publications

The Company provides regular trading updates and performance announcements. Annual and Half-Year reports, along with other shareholder communications, are published on the Company website. Key property portfolio activities, such as lettings, lease renewals, disposals and acquisitions, are announced via the London Stock Exchange and posted on the website. Presentations for analysts and investors follow the release of full and half-year results.

The Investment Adviser

The Board has overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of all suppliers of services to the Company, including the Investment Adviser. It is also responsible for the determination of the Company's investment policy and strategy and the Company's system of internal and financial controls, including ensuring that commercial risks and financing needs are properly considered and that the obligations of a public limited company are adhered to.

To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate authority for the performance of day-to-day operations of the Company to the Investment Adviser and other third-party service providers. The Investment Adviser is in frequent contact with the Board and supplies regular updates and reports on Company activities at each Board meeting.

The performance of the Investment Adviser is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with an attractive total return. Maintaining a close and constructive working relationship with the Investment Adviser is crucial as all parties aim to achieve the investment objective.

Section 172(1) Statement Continued

Important components in the collaboration with the Investment Adviser, representative of the Company's culture, are:

- Encouraging open discussion, allowing time and space for original and innovative thinking;
- Recognising that the interests of shareholders and the Investment Adviser are for the most part well aligned, adopting a tone of constructive challenge, balanced when those interests are not fully congruent by robust negotiation of their terms of engagement;
- Drawing on Board Members' individual experience to support the Investment Adviser in the monitoring and development of the property portfolio;
- Supporting the Investment Adviser in their philanthropic activities; and
- Willingness to make the Board's experience available to support the Investment Adviser in the sound long-term development of its business and resources, recognising that the long-term health of the Investment Adviser is in the interests of shareholders in the Company.

The Board receives presentations from the Investment Adviser at every Board meeting to help it to exercise effective oversight of the Investment Adviser and the Company's strategy.

The Management Engagement and Remuneration Committee ("MERC") conducts an annual review of the performance of the Investment Adviser. Details are set out on page 148.

Other Service Providers

In order to function as a London Stock Exchange listed investment trust, the Company relies on the Company Secretary, Corporate Brokers and Financial Advisers, Administrator, Legal Adviser, Tax Adviser, Depositary and the Registrar for support in meeting all relevant legal and regulatory obligations. The Board maintains consistent communication with its principal third-party service providers, adopting a collaborative and forward-looking approach to foster enduring partnerships. The Board routinely considers the advice, needs, and perspectives of these providers.

The Audit Committee regularly reviews and evaluates the control environments in place at relevant service providers. The MERC assesses the performance of third-party service providers, fees and continuing appointment at least annually to ensure that the key third-party service providers continue to function at an acceptable level.

Lenders

Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.

The Company maintains strong relationships with current lenders, providing regular updates on at least a quarterly basis, and also maintains regular contact with prospective lenders to ensure it is well placed to secure additional funding when required.

Considering how important the availability of funding is, the Company aims to demonstrate to lenders that it is a well-managed business, and in particular, that the Board focuses regularly and carefully on the management of risk.

The Environment and Society

The Board places growing importance on incorporating sustainability factors into its portfolio management and investment decisions. Together with the Investment Adviser, the Board is dedicated to overseeing the business, portfolio, and investment strategy in a responsible manner.

The Board receives regular updates from the Company's ESG Working Party on the sustainability strategy and provides feedback on their approach. Full details can be found on pages 76 to 98.

Section 172(1) Statement Continued

Principal Decisions Made in 2025

The Board's principal decisions in 2025 are summarised below, reflecting its consideration of stakeholders and the Company's long-term success. Ongoing dialogue with various stakeholders by the Board, its Committees and the Investment Adviser has shaped several major decisions made this year.

Principal Decision – Simplified Management Arrangements

During the year, on behalf of the Board, the MERC undertook a detailed review of the management arrangements to ensure the long term structure and fee framework remain aligned with the Company's strategy and the best interests of shareholders.

As a result, the Board approved a significant simplification of the Group's management arrangements and these changes are expected to deliver material annual cost savings, better align the interests of shareholders and the Investment Adviser, and streamline oversight. The new arrangements are effective from 1 January 2026 and further details can be found on page 103.

Principal Decision – Refinanced Banking Facility

The Company has secured a three-year extension to its debt facility, which was previously scheduled to mature in August 2026. Initially set at £128m, the debt facility balance has been substantially reduced to £72.4m as of 31 December 2025 (31 December 2024: £99.8m), through a proactive programme of property disposals. This extension enhances financial stability for Regional REIT as it continues to pursue its strategic objectives, with an ongoing emphasis on debt reduction, income improvement, and value creation via capital expenditure initiatives.

Principal Decision – Board Succession Planning

Effective succession planning, leading to the refreshment of the Board and its diversity, is essential for the Company's long-term success.

The Nomination Committee oversees Board recruitment through an ongoing and proactive process of planning and evaluation, aligned with the Company's strategic priorities and the key trends and factors that influence its long-term success and sustainability. During the year, Sarah Whitney was appointed to the Board as an Independent Non-Executive Director. Her appointment has enhanced the Board's collective expertise in several areas including real estate and corporate finance.

Principal Decision – Audit Tender

The Directors understand the role external audit plays in the assessment of the company's financial statements and its importance to the Company's stakeholders, as well as Regional REIT's reputation and long-term financial sustainability.

In September 2025, after completion of a comprehensive audit tender process, the Board resolved, pending shareholder approval at the 2026 Annual General Meeting, to retain the current auditors, RSM UK Audit LLP. Further information can be found in the Audit Committee Report from page 134.

Principal Decision – 2025 Dividends

The Board is committed to paying a full-year dividend of 10.0pps in 2025 (2024: 7.8pps), noting that the level of dividends depends on factors such as the Group's financial position, performance, UK REIT requirements and shareholder interests. The Board receives in-person quarterly perspectives from its Corporate Brokers and Financial Advisers, which includes discussion on the dividend level and its distribution.

Management Arrangements

Overview

Throughout 2025, the Company continued to operate under its existing Asset Management Agreement and Investment Management Agreement. These arrangements governed the provision of asset management, investment advisory and AIFM services to the Company and Regional Commercial MidCo Ltd., as well as the Group companies holding property directly.

The Board maintains ongoing oversight of the management arrangements and, during the year, on behalf of the Board, the Management Engagement and Remuneration Committee ("MERC") undertook a detailed review to ensure the long term structure and fee framework remain aligned with the Company's strategy and the best interests of shareholders.

As announced on 11 December 2025, the Company's investment management and asset management agreements merged into a single Amended and Restated Master Investment Management and Services Agreement ("IMA"), taking effect from 1 January 2026.

Investment Adviser

In accordance with the Asset Management Agreement, the Investment Adviser's responsibilities throughout 2025 were for the day-to-day asset management of the property portfolio, in line with the Company's investment objective, investment policy and with Board oversight. The Investment Adviser advised the Company on acquisition, management, and disposal of assets within the Group.

Investment Adviser and AIFM

During 2025, ESR Europe Private Markets Limited continued to function as the Investment Adviser and ESR Europe Investment Management Ltd continued to function as the AIFM.

The Investment Adviser is responsible for day-to-day investment management, subject to the Company's investment objective and policy.

Property Manager

ESR Europe PM Limited acts as the Property Manager responsible for day-to-day property management across the Portfolio. The fee remains 4% per annum of gross rental yield. The Property Management Agreement is coterminous with the IMA effective from 1 January 2026.

Management and Performance Fees prior to 1 January 2026

Throughout 2025, the Asset and Investment Manager were each entitled to 50% of the annual management fee, charged on a scaled basis using the Company's EPRA NTA. The fee rates were:

- 1.1% of EPRA NTA up to £500m
- 0.9% of EPRA NTA between £500m and £1bn
- 0.7% of EPRA NTA between £1bn and £1.5bn
- 0.5% above £1.5bn

Performance fees remained subject to an 8% annual hurdle rate and a high-water mark provision. No performance fee crystallised for the period 1 January 2025 to 31 December 2025.

Simplified management arrangements (announced 11 December 2025)

Following a thorough review and engagement with management by the MERC, the Board approved a significant simplification of the Group's management arrangements. These changes are expected to deliver material annual cost savings, better align the interests of shareholders and managers, and streamline oversight.

From 1 January 2026, the Company's investment management and asset management agreements will be merged into a single Amended and Restated Master Investment Management and Services Agreement ("IMA").

The IMA has been entered into with:

- ESR Europe Investment Management Ltd. ("AIF Manager") – continuing its FCA-authorised AIFM role
- ESR Europe LSPIM Ltd. ("Investment Adviser") – continuing as asset manager and assuming full investment advisory responsibilities from ESR Europe (Private Markets) Ltd.

Management Arrangements Continued

Key changes effective from 1 January 2026

1. Revised management fee basis:

- from 1 January 2026: 75% EPRA NTA and 25% market capitalisation
- from 1 January 2027: 50% EPRA NTA and 50% market capitalisation

NTA and Market Capitalisation Thresholds						
From £m	To £m	Rate	From 1 January 2026		From 1 January 2027 onwards	
			NTA	Market Cap.	NTA	Market Cap.
0	500	1.10%	0.825%	0.275%	0.55%	0.55%
500	1,000	0.90%	0.675%	0.225%	0.45%	0.45%
1,000	1,500	0.70%	0.525%	0.175%	0.35%	0.35%
1,500	-	0.50%	0.375%	0.125%	0.25%	0.25%

2. Discontinuation of Performance Fees

All performance-related fee arrangements will cease entirely from 1 January 2026.

3. Reduced term

The terms of the management arrangements have been simplified:

- the agreement will now operate on a rolling two-year term
- either party may serve notice at any time, triggering a 24-month termination period

Administrator

The Company appointed Orbitus Fund Services (Guernsey) Limited as the Administrator to the Company pursuant to an Administration Agreement. Under the terms of the Administration Agreement, the Administrator is responsible for the Company's general administrative functions such as maintaining the Company's records and statutory registers and acting as the Company's Designated Administrator. The Administrator has outsourced certain of its services under the Administration Agreement to Waystone Administration Solutions (UK) Limited as Sub-Administrator. An annual fee of £169,711 is payable by the Company to the Administrator and Sub-Administrator in respect of these services.

The Administration Agreement was for an initial term of one year, following which it automatically renews for 12-month periods unless notice of termination is served by either party at least 90 days prior to the end of each period.

Other Information

Company Secretary

MUFG Corporate Governance Limited is appointed to provide company secretarial services to the Company pursuant to a Company Secretarial Services Agreement. This agreement automatically renews for 12-month periods unless notice of termination is served by either party at least six months prior to the end of each period.

Principal Activity

The Company has been incorporated for the purpose of investment in, holding and managing commercial property investments, or debt portfolios secured on such properties, which are located predominately in the regional centres of the UK outside the M25 motorway.

Status

The Company is incorporated in Guernsey, Channel Islands, 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 Schemes Rules & Guidance 2021. It is a member of the Association of Investment Companies (AIC).

Status for Taxation

In accordance with the Guernsey economic substance legislation effective 1 January 2019, the Company has opted for Non-Tax Resident status. This status allows the Company to distribute or accumulate income without deduction of Guernsey income tax.

During the year, the Company's properties have been held in various subsidiaries and associates.

The Company is registered for VAT purposes in England.

The Company does not provide US tax reporting information to shareholders.

Each month, the Company publishes a "Qualified Notice" in accordance with certain US treasury regulations. Shareholders should consult their own tax advisors if they are unsure of the implications of the Qualified Notice or the US treasury regulations.

Shareholders who are in any doubt concerning the taxation implications of a REIT should consult their own tax advisers.

Culture

The Directors agree that establishing and maintaining a healthy corporate culture within the Board and in its interactions with the Investment Adviser, shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of honesty and integrity through ongoing dialogue and engagement with its stakeholders.

The Board's culture itself is one of openness, collaboration and transparency of debate. The Board maintains a desire for strong governance and diversity of thought, with all Directors feeling comfortable giving their opinion in a respectful environment, allowing challenge and constructive discussion. The culture of the Board is considered as part of the annual performance review process which is undertaken by each Director.

The culture of the Group's service providers, including their practices and behaviours, relationships with the Board and regular reporting from these stakeholders is also considered by the MERC during the annual review of their performance and while considering their continued appointment.

The Company's purpose and values and how they align with culture is set out on page 10 and in the Strategic Report.

On behalf of the Board


David Hunter
 Chairman
 23 March 2026

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Board of Directors



David Hunter

Chairman and Independent Non-Executive Director

Appointed: 2 January 2025

David is a highly experienced non-executive director and chair of listed REITs as well as a strategic adviser to real estate private equity businesses. He has a background in property fund management, latterly as Managing Director of Aberdeen Asset Management's £6.5bn real estate business, but since 2005 he has taken a wide range of non-executive positions in UK and international businesses. David was previously Chairman of Capital & Regional plc, Dar Global PLC, Custodian Property Income REIT plc and GCP Student Living plc among other roles.

David is a Trustee of the Architectural Heritage Fund and was Honorary Swedish Consul to Glasgow for 20 years. In 2004, he was President of the British Property Federation and in that role was instrumental in the introduction of REITs in the UK.



Massy Larizadeh

Senior Independent Director, Chair of the Nomination Committee and the Management Engagement and Remuneration Committee

Appointed: 1 June 2022

Massy has over 30 years' experience in the financial services sector, 20 of which were within commercial real estate, working for companies such as GE Real Estate, Cushman & Wakefield Investors, and Deloitte Real Estate. Prior to that Massy spent several years at GE Capital in M&A in the US and across Europe, having started her professional career in the City of London at Morgan Stanley International.

Massy is a Non-Executive Director of BusinessLDN, a non-profit advisory and campaigning group to advance the cause of businesses across London and secure the future promise of London. She is also a Trustee of UP Projects, a charity focused on bringing art into the public domain, which is part funded by the Arts Council England. Massy was previously a Non-Executive Director at Orbit Group, a large national housing association, and London & Partners Limited, a social enterprise responsible for attracting and promoting international trade, investment and tourism directed to the London economy.

Board of Directors



Nicole Burstow

Non-Executive Director

Appointed: 24 October 2024

Nicole has over 20 years' experience across the financial services sector and is a qualified chartered accountant. Nicole's experience includes a 15-year career at Deloitte LLP where she was a director before moving to DSW Capital, a publicly listed mid-market challenger professional services network, initially joining as CFO and latterly Deputy CEO. During her time at DSW Capital, she was shortlisted for Chief Financial Officer of the Year at the 2023 Women in Finance Awards.

Nicole is currently CFO of the Bridgemere Group of companies, consisting of a portfolio of strategic long-term investments and businesses in housebuilding, land and property development and leisure. Nicole graduated from the University of Leeds with a degree in Accounting and Finance.



Frances Daley

Independent Non-Executive Director, Chair of the Audit Committee

Appointed: 1 February 2018

Frances is a chartered accountant who qualified with a predecessor firm to Ernst & Young LLP. She subsequently spent nine years in corporate finance with Royal Bank of Canada and Ernst & Young, followed by 18 years in various chief financial officer roles, principally in the licensed retail sector (10 years) and in healthcare.

From 2007 to 2012, she was group finance director of the private equity backed Lifeways Group, the UK's largest provider of specialist support to adults with learning disabilities and mental health needs. Ms Daley was formerly chair of Barings Emerging EMEA Opportunities PLC and a non-executive director of Henderson Opportunities Trust Plc. Frances graduated from Cambridge University in 1980 with a degree in Land Economy.



Stephen Inglis

Non-Executive Director

Appointed: 16 October 2015

Stephen is the Head of the Investment Adviser. He has over 30 years' experience in the commercial property market, the majority of which spent working in the investment and development sector. His career to date has been split between London and Scotland and he has extensive knowledge of the UK regional property markets. He was instrumental in establishing the Tosca Commercial Property Funds in 2013 and 2014 and subsequently combining these, undertaking the IPO and then listing as Regional REIT Ltd.

Stephen is a chartered surveyor and became a member of RICS in 2001. He is also a former Board member of the Investment Property Forum, Scotland.



Sarah Whitney

Independent Non-Executive Director

Appointed: 4 August 2025

Sarah is a Chartered Accountant with more than 35 years of experience in advising on strategy, corporate finance, real estate and economic development matters.

Sarah is currently Chair designate of International Public Partnerships Limited, Senior Independent Director of Bellway PLC and Non-executive Director and Audit Chair of JP Morgan Global Growth & Income plc. She is a Governor and Chair of the Audit Committee of University College London and a Member of the Investment Committee at Nuffield College, Oxford. Sarah was previously a Non-executive Director at St Modwen Properties PLC, Tritax Eurobox PLC, and Chair of the Supervisory Board of BBGI Global Infrastructure S.A.

Directors' Report

The Directors of Regional REIT Limited are pleased to present their report and the consolidated audited financial statements of the Group for the year ended 31 December 2025.

Corporate Governance

The Corporate Governance Statement on pages 122 to 133 forms part of this report.

Directors

The names and biographies of the Directors, as at the date of this report, can be found on pages 109 to 111. Kevin McGrath resigned from the Board on 18 March 2025, having reached the end of his nine-year tenure and after the conclusion of the planned handover period of his chairmanship to David Hunter. Mr Hunter and Sarah Whitney were appointed to the Board on 2 January 2025 and 4 August 2025, respectively. The Board of Directors comprises four female and two male Directors. Details of the Directors' terms of appointment can be found in the Corporate Governance Statement and the Directors' Remuneration Report.

None of the Directors or any persons connected with them had a material interest in the transactions and arrangements of, or the agreement with, the Investment Adviser during the year, other than Mr Inglis who is the Head of ESR Europe LSPIM Ltd, the Company's Investment Adviser and is therefore not considered to be independent.

In the event of any conflict between his position as Head of the Investment Adviser, Mr Inglis will comply with the provisions in the Company's Articles of Incorporation (the "Articles") concerning the declaration of Directors' interests and authorisation of conflicts of interest and any other limits or conditions imposed by the Board.

Nicole Burstow is an employee of Bridgemere Investments Limited, a substantial shareholder of the Company, and, therefore, not considered independent. The Directors have noted that there could be circumstances that may give rise to a conflict of interest for Ms Burstow, but these would be disclosed by Ms Burstow and, in accordance with agreed procedures and the Articles, Ms Burstow would not vote on these issues.

Pursuant to the Company's Articles, Sarah Whitney, who has been appointed as a Director since the previous AGM, will stand for election at the 2026 AGM. All other Directors will stand for re-election in accordance with the AIC Corporate Governance Code.



Stephen Inglis, Sarah Whitney, Nicole Burstow, Frances Daley, Massy Larizadeh and David Hunter.

Directors' Report Continued

Directors' Interests

There is no requirement under the Company's Articles of Incorporation or the terms of their appointment for Directors to hold Shares in the Company. The beneficial interests of the Directors of the Company are set out in the table below:

	At 31 December 2025	At 31 December 2024
Director	Number of Ordinary Shares	Number of Ordinary Shares
David Hunter (Chairman) ¹	30,000	-
Nicole Burstow	-	-
Frances Daley	46,280	46,280
Stephen Inglis ²	883,020	793,020
Massy Larizadeh	33,841	24,991
Sarah Whitney ³	-	-
Kevin McGrath ⁴	-	158,736

¹ Mr Hunter joined the Company on 2 January 2025

² Held by Mr Inglis, his spouse, and family trust.

³ Ms Whitney joined the Company on 4 August 2025

⁴ Mr McGrath left the Company on 18 March 2025

Share Capital

As at 31 December 2025, the Company's total issued share capital was 162,088,483 Ordinary Shares (2024: 162,088,483).

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 (2024: none) are currently in issue.

At the AGM held on 15 May 2025, the Directors were granted authority to allot Ordinary Shares on a non-pre-emptive basis for cash up to a maximum number of 16,208,848 Shares (representing approximately 10% of the number of Ordinary Shares in issue on 28 March 2025).

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 16,208,848 Shares (being 10% of the issued Share capital on 28 March 2025) 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 2026 AGM where resolutions for their renewal will be sought, or, if sooner, on 15 August 2026.

At the AGM held on 15 May 2025, the Company was authorised to purchase up to a maximum of 16,208,848 of its own Ordinary Shares (being 10% of the Company's issued Share capital on 28 March 2025). No Shares have been purchased under this authority during the year under review, which will expire at the Company's 2026 AGM, where a resolution for the renewal of this authority will be sought, or, if sooner, on 15 August 2026.

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 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.
- 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;

Directors' Report Continued

Restrictions on Voting Rights

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

Substantial Shareholdings

The Company has received notification of the following disclosable interests in the voting rights of the Company. The Company has not been informed of any other changes to the notifiable interests between 31 December 2025 and the date of this report.

Shareholder	At 31 December 2025		At 23 March 2026	
	Number of Ordinary Shares notified	% Interest in Share capital	Number of Ordinary Shares notified	% Interest in Share capital
Bridgemere Investments Ltd	35,820,340	22.1%	35,820,340	22.1%
Old Mutual	11,165,219	6.9%	11,165,219	6.9%

As a company registered in Guernsey, the disclosure thresholds for such a non-UK issuer (in accordance with Disclosure Guidance & Transparency Rule 5) are 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

Dividend Policy

The Directors maintain a dividend policy which has due regard to sustainable levels of dividend cover and reflects the Directors' views on the outlook for sustainable recurring earnings, subject to compliance with REIT status requirements.

Under Guernsey law, shareholders are not required to vote on the payment of a dividend at the Company's AGM. Given the requirement to distribute at least 90% of qualifying property rental business income, it is not thought that this adversely impacts shareholders' rights.

The Company intends to continue to pursue a dividend policy with quarterly dividend distributions providing shareholders with a regular income. However, the Company reserves the right to review future dividend payments.

- For the purpose of determining the profits available for a dividend distribution, the Company continues to treat all of its net income from the Property Related Business as qualifying property income, notwithstanding that the Company accounts for both property income and interest income.

- The payment and level of dividends will always remain subject to the Company's performance, its financial position, the business outlook and to market conditions.
- It is the Company's intention to continue to declare and pay dividends on a quarterly basis. The dividends for the first, second and third quarters of any specific financial year are expected to be declared at or near the same level on a pence per share basis (if necessary, as adjusted for any capital raising, consolidation or split). The fourth quarter dividend in relation to that same financial year will be declared to at least manage compliance with the REIT distribution requirement referred to below.
- The Board will resolve to declare any dividends at an appropriate time after the end of the relevant quarter dates, being 31 March, 30 June, 30 September, and 31 December. The dividends will be paid approximately one month after being declared.

To maintain REIT status, the Company is required to meet a minimum distribution test for each accounting period. This minimum distribution test requires the Company to distribute at least 90% of the income profits (broadly, calculated using normal tax rules) of the Group to the extent that they are derived from the Property Related Business of the Group (other than any Property Related Business carried on outside the UK by non-UK tax resident members of the Group).

The Company has the ability, by ordinary resolution, to offer shareholders the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend (a scrip dividend). At the current time, and following a consultation with shareholders, it is not the Directors' intention to offer a scrip dividend option for the foreseeable future.

Results and Dividends

A comprehensive review of the Company's annual performance, along with the outlook for the coming year, is detailed in the Chairman's Statement and the Investment Adviser's Report on pages 20 and 32, respectively.

The Company declared three quarterly dividends of 2.5pps each in May, September and November 2025. A fourth and final dividend for the year ended 31 December 2025 of 2.5pps was declared on 19 February 2026. This dividend will be paid on 10 April 2026 to shareholders on the register at the close of business on 27 February 2026. The ex-dividend date was 26 February 2026. This brings the full year dividend to 10pps (during 2024, the Company declared four quarterly dividends, one of 1.20pps in May 2024 and three of 2.20pps* in September and November 2024 and February 2025).

Articles of Incorporation

The Board is required to obtain shareholder approval for any amendments to the Articles of Incorporation. No changes to the Articles were proposed during the year under review.

Stakeholder Engagement

Although the Company does not have employees or customers, the Directors are committed to maintaining positive relationships with all stakeholders, including tenants, shareholders, the Investment Adviser, and other service providers. Further details on pages 99 to 102.

Shareholder Engagement

Effective communication with shareholders is of paramount importance to the Board, as they consider an understanding of shareholder perspectives essential for shaping the Group's strategy and ensuring its continued growth. Additional details are provided on pages 99 to 100.

Financial Risk Management

The principal risks and uncertainties faced by the Group and the Group's policies for managing these risks are set out on pages 58 to 71. The principal financial risks relating to financial instruments, and details of the risk mitigation factors relating to these financial instruments are set out in note 30.

Environmental, Social and Governance ("ESG")

Whilst the Group has no direct social or community responsibilities, the Company is supportive of the Investment Adviser's philanthropic activities. Further details of the Investment Adviser's approach to responsible investment practices and sustainability standards and the Board's oversight of this can be found in the Strategic Report on pages 76 to 98.

Diversity

The Board of Directors of the Company comprises four females and two males. The Board recognises the significance and advantages of enhancing gender and ethnic diversity within its composition. However, it has determined that establishing specific diversity targets is not appropriate at this time, as all Board appointments are made based on merit, objective criteria, and with full consideration of the benefits that diversity brings to the Board.

The Board's policy on diversity can be found on page 146.

* On 29 July 2024 the Ordinary Shares in issue were consolidated by a ratio of 1 new share for every 10 Ordinary Shares.



Spaces that work for you

300 Bath Street, Glasgow

Directors' Report Continued

Directors' and Officers' Liability Insurance

Directors' and Officers' Liability Insurance is maintained through the Investment Adviser's own insurance policy. Save for the indemnity provisions in the Articles of Incorporation, there are no qualifying third-party indemnity provisions in force.

Auditor

RSM UK Audit LLP was appointed as auditor to the Company on listing on 6 November 2015. RSM UK Audit LLP has expressed its willingness to continue in office as Auditor to the Company and resolutions for its re-appointment and for the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM. The Board carried out a thorough tender process during the financial year to 31 December 2025 and further information about the Company's external Auditor, including tenure and the tender process, can be found in the Audit Committee Report on page 134.

Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

UK Listing Rules Disclosures

UK Listing Rule 6.6.4R requires the Company to include certain information in a single identifiable section of the Annual Report indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard except for the details of any arrangements under which a Director of the Company has waived any emoluments from the Company and the details of any contract of significance in which a Director is or was materially interested.

As set out on page 154, Mr Inglis does not receive any remuneration from the Company and Ms Burstow's remuneration is paid to her employer Bridgemere Investments Limited.

The Company has simplified its management arrangements and the management agreement with effect from 1 January 2026. As Head of the Investment Adviser, Mr Inglis recused himself from the discussions held and the decisions made by the Board on this matter. Details of the Agreements with the Investment Adviser are set out on pages 103 and 104.

Annual General Meeting

The Company's AGM will be held on 19 May 2026. The Notice of Meeting will be published on the Company's website and will be circulated to shareholders in accordance with the requirements of the Company's Articles.

Future Developments

The main trends and outlook for the Company is set out in the Chairman's Statement on pages 20 to 24.

Post Balance Sheet Events

Information on post balance sheet events can be found on page 208.

Energy and Carbon Reporting

Information on sustainability matters can be found on pages 76 to 98.

For and on behalf of the Board

: **David Hunter**
 : Chairman
 : 23 March 2026

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 these 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 the Company'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 listed on pages 109 to 111, 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 Investment Adviser's 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 2025, 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
• 23 March 2026

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report.

Introduction from the Chairman

I am pleased to introduce this year's Corporate Governance Statement. In this statement, the Company reports on its compliance with the 2024 AIC Code of Corporate Governance (the "AIC Code") and sets out how the Board has operated during the past year.

This is the Company's first year complying with the 2024 AIC Code, with the exception of provision 34, which applies to financial years starting on or after 1 January 2026. The Board has taken several steps throughout the year to ensure compliance with the 2024 AIC Code, including updating the Terms of Reference of its Committees as required and completing a gap analysis exercise from the 2019 to 2024 AIC Code. The Audit Committee has commenced preparations to ensure compliance with Provision 34 of the 2024 AIC Code. Additional details are available on page 139.

The Board is accountable to shareholders for the governance of the Company and is committed to maintaining the highest standard of corporate governance for the long-term sustainable success of the Company.

Compliance with the AIC Code

Throughout the year, Regional REIT has complied with the Principles and Provisions of the 2024 AIC Code. By reporting against the AIC Code, the Company meets the obligations of the UK Corporate Governance Code (the UK Code), and reports against additional AIC Code Provisions that are of specific relevance to Regional REIT as an investment company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which have been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission ("GFSC"), provides more relevant information to its shareholders. The AIC Code is available on the AIC website: theaic.co.uk.

The GFSC's Finance Sector Code of Corporate Governance (the "GFSC Code"), published most recently in July 2023, applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes, which includes the Company. Companies which report against the AIC Code are deemed to meet the requirements of the GFSC Code. A copy of the GFSC Code can be obtained via the GFSC website at www.gfsc.gg.

As a Guernsey incorporated entity, there are no statutory requirements for the Company to prepare a remuneration policy. The steps taken by the MERC to ensure that Directors' fees support the Company's strategy and promote its long-term success are set out in the Remuneration Report on page 153.

An explanation of how the Board applies the principles of the AIC Code can be found in the sections of this Report as highlighted below:

BOARD LEADERSHIP AND PURPOSE

AIC Code Principle	Compliance statement
A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.	Both the Board and Investment Adviser agree that responsible business practices help to generate superior performance in the long-term. <ul style="list-style-type: none"> • The role of the Board and our governance framework: Page 128 • The Sustainability Report: Page 76 • Principal risks and uncertainties: Page 58. • Sustainability of the business model: Page 26
B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are all aligned. All directors must act with integrity, lead by example and promote the desired culture.	The Board seeks to ensure the alignment of the Company's purpose, values and strategy with the culture of openness, debate and integrity through ongoing dialogue and engagement with the Investment Adviser and the Company's other service providers. <p>Purpose, values and culture: Page 10</p> <p>Strategic Report: Page 18</p>
C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the AIC Code's provisions, it should provide a clear explanation.	The Company aims for all its reporting to be clear, understandable, and focused on the outcomes, consequences or implications the Board's decisions have on Regional REIT's stakeholders. The Company continues to adapt and evolve its reporting. <ul style="list-style-type: none"> • Compliance with the AIC Code: Page 122
D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	The Board recognises its duty to consider shareholders' and stakeholders' views in all decisions. <p>How the Board engages with shareholders and other stakeholders: Page 99</p>
E. Principle E of the UK Code has been deleted with the agreement of the FRC.	The UK Code's Principle E outlined the Board's duties regarding workforce policies and practices. Since Regional REIT has no employees, this principle does not apply to us.

Corporate Governance Statement Continued

DIVISION OF RESPONSIBILITIES	
AIC Code Principle	Compliance statement
F. The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all non- executive Directors, and ensures that Directors receive accurate, timely and clear information.	<p>The Chairman, who is independent when appointed, leads the Board by overseeing meetings and making sure discussions are fair, transparent, and inclusive, reflecting Regional REIT's culture. The Chairman also ensures that the Board receives timely and high-quality information. The Board has agreed on the specific duties of both the Chairman and the Senior Independent Director (SID), which can be found on the Company's website. Every year, the Board evaluates its own effectiveness, including the performance of the Chairman. The Directors, led by the SID, have determined that the Chairman successfully carries out his responsibilities and helps the Board work efficiently.</p> <ul style="list-style-type: none"> • Annual Board Performance Review: Page 130
G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	<p>All Directors are non-executive; four are independent. Mr Inglis, Head of the Investment Adviser, and Ms Burstow, an employee of major shareholder Bridgemere Investments, are not considered independent. The Board will maintain a majority of independent members.</p> <ul style="list-style-type: none"> • Nomination Committee Report: Page 144 • Annual Board Performance Review: Page 130 • Tenure Policy: Page 131
H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	<p>Each year, the Board reviews the time commitments required from its members. Over the past year, each Director dedicated sufficient time to Company matters. Directors contribute their insights and advice to the Investment Adviser and, when necessary, question their perspectives or assumptions both during and outside of meetings. The MERC also regularly evaluates the performance of all third-party service providers.</p> <ul style="list-style-type: none"> • MERC Report: Page 148
I. The board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	<p>Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that procedures are in place and followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. When deemed necessary, the Directors can seek independent professional advice.</p> <ul style="list-style-type: none"> • The role of the Board and governance framework: Page 128

COMPOSITION, SUCCESSION AND EVALUATION	
AIC Code Principle	Compliance statement
J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.	<p>The Nomination Committee, comprising independent Non-Executive Directors, is responsible for identifying and recommending to the Board the appointment of new Directors. The Company's Diversity and Inclusion Policy set out the principles and commitments the Board follows when making new appointments, including how the Directors ensure that any new appointment will add to the diversity of experience, skill, gender, social and/or ethnic backgrounds.</p> <ul style="list-style-type: none"> • Nomination Committee Report: Page 144
K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	<p>The Board uses a skills matrix to identify and assess both current and anticipated key competencies, which informs the drafting of role descriptions for new appointments. Additionally, the Nomination Committee regularly reviews the tenure of individual Board members and monitors the Board's average tenure to support effective succession plans.</p> <ul style="list-style-type: none"> • Succession planning and diversity: Page 146
L. Annual evaluation of the board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	<p>The Directors consider the performance review of the Board, its Committees and themselves to be an important aspect of corporate governance, and reviews are undertaken annually. The results of the performance review were discussed by the Nomination Committee and Board.</p> <ul style="list-style-type: none"> • Annual Board Performance Review: Page 130

Corporate Governance Statement Continued

AUDIT, RISK AND INTERNAL CONTROL

<p>M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing audit quality and the external auditor's performance, objectivity and independence. The Committee also reviews the integrity and content of the Financial Statements, including the ongoing viability of Regional REIT.</p> <p>• Audit Committee Report: Page 134</p>
<p>N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.</p>	<p>The Audit Committee supports the Board in assessing that the Company's accounts present a fair, balanced and understandable assessment of Regional REIT's position and prospects.</p> <p>• Audit Committee Report: Page 134</p>
<p>O. The board should establish and maintain an effective risk management and internal control framework and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.</p>	<p>Risks faced by the Company are considered, monitored and assessed on a regular basis by the Audit Committee. Given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee reviews the principal service providers' reports on compliance and the internal and financial control systems in operation. The Audit Committee Chair meets, at least annually, with the Investment Adviser independently, to review and discuss the internal controls within their businesses.</p> <p>• Audit Committee Report: Page 134</p>

REMUNERATION

<p>P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.</p>	<p>The Directors are all non-executive and only receive Directors' fees. No element of their remuneration is related to performance, and Directors are not eligible for bonuses, share options or long-term performance incentives.</p> <p>• Remuneration Report: Page 152</p>
<p>Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.</p>	<p>Directors' remuneration is reviewed annually and within the limits the Company's Articles of Incorporation. The Board as a whole is responsible for deciding the level of fees paid to the Non-Executive Directors and the Chairman, and no Director is involved in deciding their own remuneration.</p> <p>• Remuneration Report: Page 152</p>
<p>R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.</p>	<p>There are no performance related elements of the Directors' remuneration, therefore, there is very little scope for the exercise of discretion. Any fee increases, if one is proposed, are carefully considered and the Board considers the time required for it to fulfil its duties, peers and benchmarking data, overall, Company performance and wider economic context.</p> <p>• Remuneration Report: Page 152</p>

Corporate Governance Statement Continued

The Board of Directors

At the start of the year under review, the Board consisted of five Non-Executive Directors (two male and three female). Following the retirement of Mr McGrath as Chairman at the end of his nine-year tenure in March 2025, and the appointments of Mr Hunter and Ms Whitney as independent Non-Executive Directors in January and August 2025 respectively, the Board expanded to six Non-Executive Directors (four are independent, two are male and four female). Mr Hunter replaced Mr McGrath as Chairman in March 2025 after the completion of their planned handover period. Brief biographical details of all Directors, including details of their other directorships and significant commitments, can be found pages 109 to 111.

A review of Board composition and balance is included as part of the annual performance review of the Board, details of which may be found on page 130.

The Company's culture is set out on page 105. The values of the Company are set out on page 10 and these values are taken into account in Board decision making. The purpose of the Company is the investment objective, which can be found on page 10 and 27. The strategy that the Board follows to meet this objective is outlined in the Strategic Report on page 18. The business model that the Company operates is set out from page 26.

The Board ensures that the necessary resources are in place for the Company to meet its objectives. It does this predominately through its engagement with third-party service providers, most notably the Investment Adviser. The Board regularly reviews financial forecasts and KPIs, as well as debt financing and gearing. Further details can be found in the Strategic Report.

The Board is responsible for all matters of direction and control of the Company and the Group, including its investment policy and strategy, and no one individual has unfettered powers of decision making. As part of this, the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of actual and emerging risks that the business may face. Emerging risks are identified by the Board through a variety of means including advice from the Company's Investment Adviser, the AIC and Directors' industry knowledge and market changes and events.

More detail regarding the principal risks and uncertainties, emerging risks and the sustainability of the business can be found in the Strategic Report on pages 58 to 70.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Incorporation. There are no agreements between the Company and its Directors concerning any compensation for their loss of office.

Board Operation

There is a clear division of responsibilities between the Board and the Investment Adviser. The Directors have adopted a formal schedule of matters specifically reserved for their approval. These include the following:

- approval of asset acquisitions and disposals over £15 million;
- approval of capital expenditure;
- approval of the Company's borrowings;
- approval of the Company's investment policy, long-term objectives and commercial strategy;
- approval of the gearing policy of the Company;
- approval of annual and half-yearly reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital;
- approval of dividends;
- Board appointments and removals; and
- appointment and removal of the Investment Adviser, Auditor and the Company's other service providers.

To assist the Board, arrangements have been put in place to delegate authority for the performance of day-to-day operations of the Company to the Investment Adviser and other third-party service providers. The Board has appointed the Investment Adviser to manage the Company's portfolio within guidelines set by the Board, detailed in the respective management agreements with the Company. The Investment Adviser is in frequent contact with the Board and supplies the Directors with regular updates on the Company's activities and a detailed report at each Board meeting.

At its regular meetings, the Board reviews key investment and financial data, asset allocation, peer group benchmarks, economic trends, transactions, financial performance, share price relative to NAV, and NAV results. The Investment Adviser routinely participates and provides updates on property market conditions, portfolio yields, lease terms, estimated rental values, vacant properties, investment opportunities and disposals and investor relations. Strategic, legal, regulatory and governance matters are also discussed.

Board Meeting Attendance

The Directors meet at regular Board meetings, held at least four times a year, with additional meetings arranged as necessary. During the year under review, the number of scheduled Board meetings attended by each Director was as follows:

Scheduled Board Meetings		
Director	Number entitled to attend	Number attended
David Hunter	4	4
Nicole Burstow	4	3
Frances Daley	4	4
Stephen Inglis	4	4
Massy Larizadeh	4	4
Sarah Whitney ¹	2	2
Kevin McGrath ²	1	1

¹ Sarah Whitney was appointed on 4 August 2025

² Kevin McGrath retired on 18 March 2025

In addition to the meetings listed in the table above, the Board also convened further meetings throughout the year to authorise dividends, approve the Annual and Half-Year Reports, confirm Ms Whitney's appointment, and approve updated management arrangements.

The Board follows a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of meeting to all the Directors and other attendees. Representatives of the Company's Advisers, including the Corporate Brokers, Financial Adviser, PR Adviser, and Legal Adviser, are periodically invited to attend Board meetings.

The Board is responsible for the strategy of the Company and monitors performance against its agreed strategy on an ongoing basis. The Board is also responsible for setting the overall strategic objectives of the Company and meets at least once a year to focus exclusively on strategy.

Corporate Governance Statement Continued

Annual Board Performance Review

The Directors regard the annual review of the Board, its Committees, and their own performance as a key component of effective corporate governance. For the 2025 financial year, the review process was conducted internally under the supervision of the Company Secretary.

The questionnaires were designed to assess Directors' perspectives on Board composition, culture, and effectiveness, as well as performance in relation to stakeholder engagement and shareholder value, governance standards, and the efficiency of Board and Committee meetings. Their purpose was also to determine whether the conduct of such meetings met established expectations. Furthermore, the questionnaires sought to collect additional insights that could support improvements to Board discussions and decision making. The review encompassed an evaluation of Directors' independence and their capacity to devote adequate time to the Company's affairs.

After the review was completed, the Company Secretary presented a report outlining the results, highlighting strengths and areas for development. The Nomination Committee then examined this report as part of their review of the Board's effectiveness and discussed suggestions for how the Board could enhance its performance in each assessed area.

While the Board decided not to carry out an externally facilitated board performance review for the 2025 financial year, it recognises the AIC Code's expectation that such a review should be conducted at some point. The Board will continue to actively consider when to schedule the next external review taking into account the Company's specific circumstances.

The Results

The insights provided by the Directors suggest the Board and its Committees continue to function effectively, with no major concerns, but could benefit from targeted improvements in certain areas including communication, attention to risk management and continued development of its relationships with the Company's key advisers.

The Board reviewed the results and agreed on these key focus areas for this year:

- Continue to address immediate matters whilst ensuring sustained attention to mid- and long-term strategic planning, taking into account prevailing macroeconomic conditions and the changing economic environment.
- Dedicate efforts to market positioning and share price performance to elevate Regional REIT's profile and generate increased interest in the Company through transparent investor communications.
- Maintain close collaboration with our advisers to more effectively highlight the Company's accomplishments, ensuring greater visibility for all stakeholders, particularly among retail investors.
- Identify a suitably experienced candidate to ensure a seamless transition in the leadership of the Audit Committee in light of Frances Daley's upcoming retirement next year.

The resulting actions agreed by the Directors will be discussed in more detail and monitored during the 2026 financial year and the Board will report on the outcomes in our next Annual Report.

Following its review, the Board is assured that each current Director provides effective contributions and possesses the requisite skills and experience necessary for the leadership and direction of the Company. The Board further states that, with the exception of Mr Inglis and Ms Burstow, all Directors are considered independent. In addition, the Board confirms that every Director is able to allocate sufficient time to the Company's affairs, thereby supporting robust governance and strategic oversight.

Actions taken following the previous Board performance review

Throughout the year, the Board implemented actions both in response to the previous year's review and to address pressing matters that arose. These included:

- strengthening the Board's independence and experience with the appointment of Sarah Whitney.
- simplifying management arrangements through a renewed management contract to ensure the long-term structure and fee framework remain aligned with the Company's strategy and the best interests of shareholders, with expected cost reductions as a result.
- continuing to devote considerable focus on mid to long-term strategy, alongside significant attention given to current challenges.
- evaluating the performance of the Company's brokers, financial advisers, and PR advisers, implementing changes as needed to enhance the understanding of investor and market expectations.

Tenure, Election and Re-election of Directors

Each Director has a letter of appointment setting out their terms of appointment. These letters detail an initial three-year appointment, but each Director may be invited by the Board to serve for an additional period of three years, if both the individual Director and the Board believe this is in the interest of the Company, having taken into account the independence of the Director.

According to the Company's Articles and the AIC Code, Directors must be elected by shareholders at the first Annual General Meeting (AGM) following their appointment. After that, each director's role is evaluated annually, and all Directors offer themselves for re-election by shareholders at each AGM. Ms Whitney, appointed as a Director since the last AGM on 4 August 2025, will stand for election at the Company's 2026 AGM, while the other Directors will also stand for re-election at that same meeting.

The Board has adopted a formal tenure policy for Directors based on a continual review of performance. It is anticipated that any of the Directors would not normally serve more than nine years in order to provide regular refreshment and facilitate diversity of the Board. In exceptional circumstances, which would be fully explained to shareholders at the time, an extension might be appropriate.

Similarly, it is not anticipated that the Chairman would serve more than nine years, however, in exceptional circumstances, which would be fully explained at the time, a short extension might be appropriate. As with all Directors, the continuing appointment of the Chairman is subject to ongoing review of performance, including a satisfactory annual performance review, annual re-election by shareholders and may be further subject to the particular circumstances of the Company at the time they intend to retire from the Board.

The Nomination Committee leads the process of the appointment of any new Director to the Board as and when vacancies arise and as part of the Directors' ongoing succession plans. As part of this process, an external executive search agency will generally be used.

Further information on appointments and succession planning can be found in the Nomination Committee Report on page 144.

Induction and Training

On appointment, the Investment Adviser and Company Secretary provide new Directors with induction materials as appropriate. This includes the Company's investment strategy, policies, and practices. The Directors are also given regular briefings on changes in law, regulatory requirements and developments in corporate governance that impact the Company and the Directors. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of Directors' training needs are carried out by the Chairman by means of the performance review process. The Directors have access to the advice and services of the Company Secretary through its appointed representative, who is responsible for company secretarial functions and for assisting the Company and the Directors with compliance with its continuing obligations as a company listed on the Main Market and the UKLA Official List. The Company Secretary is also responsible for ensuring good information flows between all parties.

Corporate Governance Statement Continued

Conflicts of Interest

It is the responsibility of each individual Director to avoid a conflict of interest. The Company's Articles permit a Director to act in a situation where a Director has disclosed the nature and extent of an interest that conflicts, or may possibly conflict, with the interests of the Group in accordance with the Law.

The Board has established a formal process whereby actual and potential conflicts of interests are considered by the Directors who have no interest in the matter, who then decide whether to authorise the conflict and any conditions to be attached to such authorisations.

The Directors can impose limits or conditions when giving authorisation, if they think this is appropriate in the circumstances. A register of conflicts and potential conflicts is maintained by the Company Secretary and is reviewed at each Board meeting to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position. The above process for authorising potential conflicts of interest has operated effectively during the year.

Board Committees

The Board has three Committees and has delegated certain responsibilities to the Audit Committee, the Management Engagement and Remuneration Committee and the Nomination Committee. The Board has established formal terms of reference for each of the Committees, which are reviewed annually and are available on the Company's website.

Audit Committee

The Audit Committee comprises the Independent Directors and is chaired by Ms Daley. It meets at least three times a year, or more often if required. The Chairman of the Company is a member of the Audit Committee but does not act as Committee Chair.

All members of the Audit Committee are considered to have relevant experience in the industry in which the Company operates. The Board is also satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Frances Daley, as Chair is a chartered accountant with experience in corporate finance, as is Sarah Whitney.

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Audit Committee may invite anyone to attend Committee meetings at its discretion and representatives of the external Auditor are invited to attend as necessary. The Audit Committee Report is set out on page 134.

Management Engagement and Remuneration Committee ("MERC")

The MERC comprises the Independent Directors and is chaired by Ms Larizadeh. It meets at least once a year, or more often if required. The Chairman of the Company is a member of the MERC.

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Committee may invite anyone to attend at its discretion. The MERC Report is set out on page 148.

Nomination Committee

The Nomination Committee comprises the Independent Directors and is also chaired by Ms Larizadeh. The Nomination Committee meets at least once a year, or more often if required. The Chairman of the Company is a member of the Nomination Committee.

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Committee may invite anyone to attend at its discretion. The Nomination Committee Report is set out on page 144.

Management of Risk and Internal Controls

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness, ensuring that risk management and control processes are embedded in day-to-day operations. The Board has established an ongoing process for identifying, evaluating, and managing significant risks with the aim of helping to safeguard the Company's assets. The Board exercises its oversight of financial, reporting, compliance, operational and overall risks by relying on regular reporting on performance and other management information from the Investment Adviser. These procedures are designed to manage rather than eliminate risk. The Board manages risks as set out below:

- the Board, through the Audit Committee, will conduct a risk and control assessment at least on an annual basis, including a review of the internal controls procedures of the Company's principal third-party service providers. During 2026 the Audit Committee will ensure the Company is able to comply with the new provision 34 of the 2024 AIC Code, which is effective in respect of accounting periods beginning on or after 1 January 2026.
- the responsibilities for the investment management, asset management, accountancy and depositary functions are segregated, and the procedures of the third-party service providers are designed to safeguard the Company's assets;
- the Board is kept regularly updated by the Investment Adviser outside of scheduled Board meetings and each provides reports at each meeting of the Board; and
- under the terms of the Asset Management Agreement between the Company and the Investment Adviser, Board approval is required for purchases of property exceeding £15 million in value and for disposals exceeding £15 million in value.

Details of the Company's internal control and risk management systems in relation to the financial consolidation reporting process can be found on page 139.

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective by the Board, through the Audit Committee.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks are monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed by the Audit Committee every six months. The principal risks that have been identified by the Board are set out on pages 58 to 70.

The Board reviews financial information produced by the Investment Adviser and the Sub-Administrator on a regular basis.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from principal third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the Company's material third parties provides a copy of its report on internal controls each year, which is reviewed by the Audit Committee.

The Audit Committee Chair, on behalf of the Audit Committee, meets with representatives of the Investment Adviser to discuss and review their internal controls. The Depositary provides depositary services under the AIFMD to the Company and reports on an annual basis to the Company, in addition to quarterly reports, on its specific monitoring of cash transactions and asset verification.

Taking into account the principal and emerging risks provided on pages 58 to 70 and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of Board, the Directors:

- are satisfied that they have carried out a robust assessment of the emerging and principal risks facing the Group; and
- have reviewed the effectiveness of the risk management and internal controls systems and no significant failings were identified.

By order of the Board:



 Company Secretary

 23 March 2026

Audit Committee Report

Frances Daley

Audit Committee Chair



I am pleased to present the Audit Committee Report for the year ended 31 December 2025, which provides an overview of our activities and our role in ensuring the integrity of the Group's published financial information and the effectiveness of its risk management, controls and related processes.

The Audit Committee has governance responsibilities that include the oversight of financial disclosures and corporate reporting. The Committee meets at least three times annually.

Audit Committee Composition

During the year under review, the membership of the Audit Committee comprised the Independent Directors. None of the members of the Committee are connected to the Investment Adviser or the Auditor.

David Hunter and Sarah Whitney joined the Committee upon their appointments to the Board, on 2 January 2025 and 4 August 2025 respectively. In line with the guidelines of the AIC Code, the Company's Chairman, who was independent on appointment, serves as a member but does not chair the Committee. The Committee is of the opinion that David's in-depth understanding of the Company, its portfolio and the wider real estate sector continue to add considerable value to the Committee's discussions. Kevin McGrath was a member of the Committee until his resignation on 18 March 2025.

I am a qualified accountant, a Fellow of the Institute of Chartered Accountants in England and Wales. The Board and I consider that the Committee members, individually and collectively, are independent and appropriately experienced and that I have an appropriate level of recent and relevant financial experience to discharge my duties as Audit Committee Chair. Sarah Whitney is also a Fellow of the Institute of Chartered Accountants in England and Wales.

Audit Committee Report Continued

Key Responsibilities of the Audit Committee

Financial Reporting

- review the content and integrity of the Annual and Half-Yearly Financial Statements announcements of the Company
- review and report to the Board on any significant financial reporting issues and judgements, having regard to any matters communicated to it by the Auditor; and
- review the contents of the Annual Report and audited financial statements and advise the Board on whether, taken as a whole, the report is fair, balanced and understandable and provides shareholders with sufficient information to assess the Company's position and performance, business model and strategy.

Risk Management and Control

- keep under review the adequacy of the Company's Investment Adviser and third-party service providers' internal controls and risk management systems
- review the Company's risk register, including significant and emerging risks
- assess the prospects of the Company for the next twelve months and consider its longer-term viability; and
- regularly review the need for an internal audit function.

External Audit

- manage the relationship with the Company's external Auditor, including reviewing the quality of the Auditor's work, its remuneration, re-appointment, terms of engagement, objectivity and independence and performance, and make recommendations to the Board as appropriate
- review the policy on the engagement of the Auditor to supply non-audit services and the fees paid for such services;
- safeguard the Auditor's independence and objectivity, providing a forum through which the Auditor may report to the Board.

External Property Valuation

- review the quality and appropriateness of the half-year and full-year external valuations of the Group's property portfolio.

Other

- review the Committee's terms of reference and evaluate its performance; and
- report and evaluate to the Board on how it has discharged its responsibilities.

Meetings

The Committee held three scheduled meetings this year (and once post the year end to consider the Auditors findings report and the Financial Statements). Attendance was as follows:

Member	Scheduled Audit Committee Meetings	
	Number of meetings entitled to attend	Number attended
Frances Daley (Chair)	3	3
Massy Larizadeh	3	3
David Hunter	3	3
Sarah Whitney ¹	1	1
Kevin McGrath ²	1	1

¹ Sarah Whitney was appointed on 4 August 2025

² Kevin McGrath retired on 18 March 2025

Matters Considered by the Audit Committee in the Year

- reviewed the internal controls and risk management systems of the Company and its key third-party service providers, including the Company's preparedness for the implementation of provision 34 of the 2024 AIC Code
- reviewed financial results
- reviewed the Group's banking arrangements
- reviewed the assessment of the Company's prospects and viability made by the Investment Adviser for the next three years which formed the basis for the viability statement (see page 72)
- completed a comprehensive audit tender process and on their reappointment agreed the audit plan with the Auditor, including the principal areas of focus, and agreed the audit fee
- reviewed the half-year and annual valuation reports from Colliers International Property Consultants Limited (trading as Colliers)
- reviewed whether an internal audit function would be of value
- received and discussed with the Auditor their report on the results of the audit
- reviewed the provision of non-audit services by the Auditor and reviewed the Auditor's independence
- made recommendations to the Board regarding the reappointment of the Auditor
- reviewed the Group's Financial Statements and advised the Board accordingly; and
- monitoring the Minimum Standard for Audit Committees and consider appropriate processes.

The Administrator and the Investment Adviser update the Audit Committee on changes to accounting policies, legislation and best practice and areas of significant judgement undertaken by the Investment Adviser.

Audit Committee Report Continued

Significant Matters Considered by the Audit Committee

The Committee considered the following key matters in relation to the Company during the period:

Property Portfolio Valuation

The Committee recognises that the valuation of the properties within the Company's portfolio is central to the Company's business and that errors could have a material impact on the Company's net asset value. Properties were independently valued by specialist third-party service provider Colliers at the year end. Furthermore, as part of the annual independent audit process, the Company's Auditor, RSM UK Audit LLP, carries out an assessment of the property portfolio valuation provided by Colliers which includes using their own expert, providing the Committee with further comfort that property valuations are materially accurate.

The valuations are prepared in accordance with the appropriate sections of the RICS Professional Standards, RICS Global Valuation Practice Statements, RICS Global Valuation Practice Guidance-Applications and United Kingdom Valuation Standards contained within the RICS Valuation-Professional Standards 2014. The valuations are compliant with International Valuation Standards.

The Investment Adviser has held open discussions with the valuers throughout the year on the valuation process to discuss and challenge various elements of the property valuations. The Auditor also meets with the independent property valuer as part of the audit process to discuss and challenge their approach and findings. The Auditor has also engaged its own independent expert to consider the valuation.

The Committee reviewed the Colliers half-year valuation as at 30 June 2025 and, since the year end, the Committee has considered the year-end valuation report. It discussed the year-end report with representatives of Colliers and the Investment Adviser. The Committee was satisfied with the valuation report. The performance of the Company's valuers is assessed on an annual basis by the MERC.

Going Concern and Long-Term Viability of the Company

The Directors closely monitor the ability of the Group to continue in operational existence by monitoring the Group's 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.

The Board and Audit Committee have performed an assessment of whether the Group would be able to continue as a going concern for at least twelve months from the date of the annual consolidated financial statement. The Directors considered the financial position, expected future performance of the operations, the debt facilities and debt service requirements, the working capital and capital expenditure commitments and forecasts.

The Audit Committee also reviewed the longer-term viability statement within the Annual Report for the year ended 31 December 2025, covering a three-year period, and the underlying factors and assumptions which contributed to the Committee recommending to the Board that three years was an appropriate length of time to consider the Company's long-term viability.

Further information can be found on the going concern and viability statement on page 72.

Financial Reporting

It is a principal responsibility of the Audit Committee to review and report to the Board on the Group's financial statements, including the Annual Report and Half-Year Report. When conducting its reviews, the Committee considers the overall requirement that the financial statements present a "true and fair view" of the Company's accounting policies and significant financial judgements. The Committee considers, among others, whether:

- The information is deemed to be free of bias, is reasonable and impartial and it does not omit important elements.
- There is a good level of consistency between the front and back sections of the reports and the same conclusions can be drawn from reading the two sections independently.
- The key judgements referred to in the narrative reporting are consistent with the disclosures in the back end of the reports and correspond with the risks that the external auditor would include in their report.

- There is a clear and cohesive framework and the important messages are highlighted throughout the document.

When reviewing any significant accounting or financial reporting judgements, industry practice is considered, as well as any guidance from the external Auditor.

We advised the Board that the 2025 Annual Report and the audited Financial Statements taken as a whole are fair, balanced and understandable and provide the necessary information for our shareholders to assess the Company's position and performance, business model and strategy.

Internal Controls and Risk Management Systems

Internal controls assessment process

Due to the nature of the Company's operations and the fact that most functions are outsourced, the Directors rely on key third-party suppliers to provide details about their control systems. To help the Board properly assess risks and controls, they request specific information and assurances from these third parties, including the following:

- details of their control environment
- identification and evaluation of risks and control objectives
- assessment of communication and reporting procedures
- assessment of control procedures operated; and
- details of any breaches.

There were no significant matters of concern identified in the Board's review of the internal controls of its third party suppliers.

A risk matrix is maintained on an ongoing basis, enabling systematic monitoring of identified risks and the controls implemented to mitigate them. Risks are evaluated based on their likelihood, potential impact on the business, and the effectiveness of the mitigating controls. The Audit Committee reviews this risk matrix biannually and additionally as circumstances require. The principal and emerging risks identified are set out on pages 58 to 70.

Review of the current process in preparation for Provision 34 reporting

During 2026 the Committee will ensure the Company is able to comply with the new provision 34 of the 2024 AIC Code, which is effective in respect of accounting periods beginning on or after 1 January 2026. This new provision requires the Company to describe how the Board has monitored and reviewed the effectiveness of the framework and include in the Annual Report a declaration of effectiveness of the material controls as at the balance sheet date. A description of any material controls which have not operated effectively, the action taken, or proposed, to improve them and any action taken to address previously reported issues will also be required. The Committee is mindful of the AIC's guidance that companies should take a proportionate approach in relation to this provision. To prepare for these new requirements, the Committee assessed the extent to which existing review processes are sufficient to allow it to comply with the upcoming changes.

Audit Committee Report Continued

Internal controls assessment process

The key procedures established to provide effective internal financial controls are:

- The Company uses a third-party provider of administration and accounting services, as well as company secretarial duties. Asset and investment management is provided by the Investment Adviser; therefore, the duties of investment management and accounting are separated. The Company also uses a third party Depositary. The procedures of the individual parties are designed to complement one another;
- The Directors define the duties and responsibilities of the Company's service providers and advisers in terms of their contracts. The appointment of key service providers and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board, via the MERC, monitors their ongoing performance and contractual arrangements; and
- the Board reviews detailed financial information produced by the Investment Adviser and the Administrator at every Board meeting.

Results of the internal controls assessment process

The risk management and internal control framework has been maintained consistently throughout the year and up to the date of approval of the financial statements. The Directors conducted a comprehensive review of the internal controls and risk management systems and concluded that they remain effective and appropriate for the Company's needs. The Committee was satisfied with the scope, regularity, and quality of the Investment Adviser's monitoring reports, which enabled the Audit Committee to evaluate the effectiveness of risk management and mitigation processes. Additionally, reports on internal controls were received from all relevant service providers. During the year ended 31 December 2025, no significant control failures or weaknesses were identified within the Company or among its third-party suppliers.

Governance

Throughout the year under review, beyond the activities described above, the Committee spent time addressing governance matters, staying updated on recent developments, and assessing whether any adjustments to its processes or procedures might be needed for Company compliance on regulatory matters. As previously noted, particular attention is being given to upcoming changes in corporate reporting and the introduction of Provision 34 of the AIC Code from 1 January 2026.

Internal Audit Function

The Company does not have an internal audit function as, substantially, all its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Audit Committee discussed whether it would be appropriate to establish an internal audit function and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient.

External Auditor

The Audit Committee has primary responsibility for overseeing the relationship with the external Auditor, RSM UK Audit LLP. This includes assessing their performance, effectiveness, and independence annually and recommending to the Board their reappointment or removal.

The Company complied throughout the year ended 31 December 2025 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ("CMA Order").

RSM UK Audit LLP has been Auditor to the Company since listing on 6 November 2015. Last year, we reported that in accordance with the requirements of the CMA order, the Company intended to conduct a competitive audit tender process in respect of financial year ending 31 December 2025. With that in mind, we undertook an external audit tender process in the second half of 2025 and ultimately recommended to the Board that the Company's incumbent auditor continue in its role. The Committee continues to review the performance of the external auditor every year, and remains satisfied with their performance.

Tender Process

The Audit Committee initiated the tender process, led by me as Chair. The process was conducted in accordance with the FRC's guidance on best practices for audit tenders. We decided to invite four audit firms to tender, including the incumbent firm, RSM UK Audit LLP. The four firms included one of the big four audit firms, and three smaller audit firms. Of the four firms, one declined our invitation to tender, and consequently, three firms participated.

The Committee agreed a set of criteria that would help us evaluate each of the firms, including: the firm and its capabilities; audit team; audit approach; governance and reporting, commercial considerations; and interactions with the firms. We then provided guidance on this to the tendering firms, setting out areas we thought should be covered in the presentations. The Committee also considered the results of the FRC's 2025 Audit Quality Reviews. After a review of the proposals, we decided to meet with the three firms. All Committee members, as well as the Investment Adviser's finance team, were invited to these presentations.

Following the presentations and after considerable discussion, we decided to recommend to the Board that RSM UK Audit LLP continue to serve as Regional REIT's external auditor. The Committee believes that the independence and objectivity of the auditor and the effectiveness of the audit process are safeguarded and remain robust. The Board agreed with the Committee's recommendation, and we will propose to our shareholders at our AGM in 2026, that RSM UK Audit LLP is re-appointed as our external auditor in respect of the financial year ending 31 December 2026.

Working with the Auditor

In accordance with professional guidelines on rotation of audit partners, Alan Aitchison retired as the lead audit partner last year after five years and was replaced by Graham Ricketts. Each year, the Audit Committee meets with the lead audit partner before the annual results are prepared to discuss the scope of the audit plan, with a particular focus on risk and materiality. The external Auditor also meets with the Audit Committee post the year end audit work being completed to discuss the findings of the external audit and to consider and evaluate any findings. To facilitate further open dialogue and assurance, the Audit Committee holds a private session with the Auditor without members of the Investment Adviser being present.

Review of the Auditor

Each year, the Audit Committee monitors and reviews the effectiveness of the external audit process, and undertakes a detailed review of the audit plan and the audit results report and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor.

During the year, the Committee also considered all relevant aspects of the Auditor's performance, separately from any assessments made as part of the audit tender. The Committee reviewed the Auditor's terms of engagement and the audit plan. The Committee has undertaken a review of the effectiveness of the external audit process and considered the reappointment of the Auditor. The review comprised, amongst other factors, the quality of the delivery and matters raised during the audit, the performance of the lead audit partner, the competence and expertise of the audit team, and their resources, and communication between the audit team and the Investment Adviser. The review also includes an assessment of the Auditor's ability to exercise professional scepticism and challenge.

Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 31 December 2025 and the Audit Committee concluded that the quality of the external Auditor's work, and the knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

Audit Committee Report Continued

Audit Fees and Non-Audit Services

An audit fee of £114,000 was agreed in respect of the audit of the Company for the year ended 31 December 2025 (2024: £110,000). The Group's audit fees for the year ended 31 December 2025 totalled £261,000 (2024: £256,650).

To help safeguard the external Auditor's independence and objectivity, the Audit Committee has a policy on the engagement of the Auditor to supply non-audit services, considering the recommendations of the Accounting Practices Board. The scope and nature of all non-audit work to be carried out by the Auditor must be approved by the Audit Committee in advance and such approval will not be granted in circumstances where it is considered that the nature or cost of the work could interfere with the external Auditor's independence.

The Auditor provided non-audit services in respect of agreed-upon procedures on the Group's interim financial statements for the period ended 30 June 2025. The fee charged for this service was £33,500 (2024: £32,500). The Audit Committee considered this service to be closely aligned to the role as Auditor.

Independence and Objectivity of the Auditor

The Audit Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided during the year under review. The Audit Committee receives an annual assurance from the Auditor that its independence is not compromised by the provision of non-audit services and that it maintains appropriate internal safeguards in line with applicable professional standards.

Having considered the Auditor's independence in respect of the year under review, the Audit Committee is satisfied with the Auditor's performance, objectivity, and independence. The Audit Committee will continue to regularly consider the Auditor's performance, fees and independence.

Committee Effectiveness

During the year, the Board carried out an internally facilitated review of its performance and that of its Committees. This review confirmed that the Audit Committee continued to operate at an appropriate standard.

- **Frances Daley**
- Audit Committee Chair
- 23 March 2026



Nomination Committee Report

Massy Larizadeh

Nomination Committee Chair



I am pleased to present our Nomination Committee Report for the year ended 31 December 2025, which provides an update on the Committee’s key responsibilities and activities through the year.

Key responsibilities:

- Assess the composition of the Board and its Committees with regard to the balance of skills, experience, knowledge, and diversity—including gender, social and ethnic backgrounds, as well as cognitive and personal attributes—within the framework of investor expectations and relevant reporting requirements
- Consider and formulate succession plans for the Chairman and the Directors in the context of Regional REIT’s strategic plans and ensure they are consistent with the Company’s Board Tenure and Diversity & Inclusion policies
- Identify, evaluate and recommend candidates for new Board appointments
- Evaluate the Directors’ performance and consider whether they should be recommended for re-election
- Review outside commitments of the Directors
- Develop and review policies on Tenure and Diversity & Inclusion; and
- Review the process for evaluating the Board’s performance, its Committees, and Directors, as overseen by the Chairman of the Board, with the results presented at a Board meeting.

Composition

The Nomination Committee membership consists solely of the independent non-executive Directors. Kevin McGrath served as a Committee member until he resigned on 18 March 2025, while Sarah Whitney became a member at the time of her appointment to the Board on 4 August 2025. The Committee is required to meet at least once annually, and its quorum is two members.

The Committee held two meetings this year. Attendance was as follows:

Member	Scheduled Nomination Committee Meetings	
	Number of meetings entitled to attend	Number attended
Massy Larizadeh (Chair)	2	2
Frances Daley	2	2
David Hunter	2	2
Sarah Whitney ¹	-	-

¹ Sarah Whitney was appointed on 4 August 2025

Nomination Committee Report Continued

Activities during the year to 31 December 2025

Succession planning & tenure

An important aspect of the Nomination Committee's role is to consider succession planning to ensure the orderly replacement of Board members. During the year, the Board and Nomination Committee continued its succession plan with the appointments of David Hunter and Sarah Whitney. The timing of these appointments ensured an orderly handover to the new Chairman and resulted in an increase in the number of Independent Non-Executive Directors from three to four.

As referenced in last year's annual report, and referred to above, David was appointed to the Board with effect from 2 January 2025, and replaced Kevin McGrath as Chairman in March 2025.

Sarah Whitney was appointed as an Independent Non-Executive Director to the Board on 4 August 2025. An external search firm, Cornforth Consulting, which is unaffiliated with the Company, assisted in developing the search criteria and finding suitable candidates for the position. The criteria included a preference for a diverse range of candidates with substantial experience in both real estate and corporate finance. Following an extensive search process, the Committee reviewed the applications of all long listed candidates and after agreeing the shortlist, conducted interviews with the shortlisted candidates. The Committee and Board are confident that Sarah's 35 years of experience in advising UK and international organisations and boards on strategy, corporate finance, real estate and economic development matters will greatly benefit the Company.

Our long serving directors

Stephen Inglis, Head of the Investment Adviser, has been a Non-Executive Director since the Company was founded in 2015. The Board values his deep understanding of the Company, strong corporate memory, and extensive experience in regional real estate, which make him an important and distinctive contributor to Board meetings. He consistently shows objectivity and dedication, all of which benefit the Company. The Directors believe it is currently in the Company's best interest for Stephen to continue serving on the Board, whilst recognising that he is not regarded as independent and has served on the Board for an extended duration.

Subject to her re-election as a director at the 2026 AGM, Frances Daley plans to step down from the Board and her role as Chair of the Audit Committee at the Company's AGM in 2027, after completing nine years of service, having been appointed to the Board in February 2018. In line with our succession plan for evolving Board membership, we will soon begin the search for a new Independent Non-Executive Director to replace Frances and appoint her successor as Audit Chair, ensuring there is plenty of time for a comprehensive handover.

Board diversity

The Board's diversity policy aims to make sure that its Directors bring a wide range of experience, skills, and knowledge, along with varied perspectives and backgrounds. New members are chosen based on merit using objective standards, while considering how diversity adds value and fits the Company's needs now and in the future, as well as the requirements of the AIC Code and UK Listing Rules.

Diversity, including, but not limited to, gender, social background, ethnicity, age, sexual orientation, disability and professional and industry specific knowledge, is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence, and knowledge necessary to discharge their responsibilities. The Board supports the FCA targets on diversity on company boards:

- At least 40% of individuals on the Board to be women.
- At least one senior Board position to be held by a woman; and
- At least one individual on the Board to be from a minority ethnic background.

Throughout the year, the Company has fulfilled or surpassed the stated recommendations, with its Board composition of 66.7% women, a senior role (Senior Independent Director) held by a woman, and at least one individual from a minority ethnic background present.

As required by UK Listing Rule 6 Annex 1, the following tables set out the gender and ethnic backgrounds of the Directors as at the date of this Report. The Directors provided this information through self-reporting.

Gender identity or sex	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	2	33.3%	1
Women	4	66.7%	1
Not specified/ prefer not to say	-	-	-

Ethnic background	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or White other (including minority white groups)	5	83.33%	1
Mixed/ Multiple ethnic groups	-	-	-
Asian/ Asian British	-	-	-
Black/ African/ Caribbean/ Black British	-	-	-
Other ethnic group, including Arab	1	16.67%	1
Not Specified/ Prefer not to say	-	-	-

Board performance & Committee effectiveness

During the year, the Board carried out an internally facilitated review of its performance and that of its Committees. This review confirmed that the Nomination Committee continued to operate to a high standard.

The details and the actions arising from our annual review are described on page 130. Following the performance review, the Board concluded that the performance of all Directors remained effective; the Directors all demonstrated commitment to their roles and devoted sufficient time to the business of Regional REIT.

Election and re-election of Directors

Sarah Whitney, having been appointed as Director since the last AGM will stand for election at the Company's AGM in 2026 and all other Directors will stand for re-election. The Committee and the Board have concluded that each Director standing for election and re-election continues to demonstrate the necessary skills, experience, and time commitment to contribute effectively and add value to the Board. The relevant skills and experience each Director brings to the Board are set out in their biographies on pages 109 to 111.

- **Massy Larizadeh**
- **Nomination Committee Chair**
- **23 March 2026**

Management Engagement and Remuneration Committee Report

Massy Larizadeh

Management Engagement and Remuneration Committee Chair



In 2025, we carried out a detailed review to simplify management arrangements and deliver material cost savings, to ensure the long-term structure and fee framework are aligned with the Company's strategy and continued to be in the best interests of its shareholders.

I am pleased to present the Management Engagement and Remuneration ("MERC") Committee Report for the year ended 31 December 2025.

Throughout the year, the MERC has supported the Board by conducting thorough reviews and monitoring the performance of the Investment Adviser and other third-party service providers, with the objective of enhancing our relationships with them and improving the quality and impact of services provided to Regional REIT.

We work closely with several service providers and have established robust procedures to obtain and assess feedback on their performance. This feedback informs our planning process for annual and multi-year reviews and enables us to address any issues that may arise proactively. As with every year, the Committee also reviewed its terms of reference.

Key responsibilities

- to monitor and recommend the appropriateness of the ongoing appointment of the Investment Adviser
- to monitor and recommend the appropriateness of the level of fees of the Investment Adviser
- to review the terms of the Management Agreement
- to monitor and recommend the appropriateness of the ongoing appointment of third-party service providers
- to monitor and agree the level and structure of remuneration of the Directors of the Company (see the Directors' Remuneration Report on page 152)
- to authorise the policy for authorising claims for expenses from the Directors; and
- to select, appoint and set the terms of any remuneration consultant who advises the Committee

Management Engagement and Remuneration Committee Report Continued

Composition and meetings

The MERC is made up entirely of Independent Non-Executive Directors. Kevin McGrath served as a Committee member until he resigned on 18 March 2025, while Sarah Whitney became a member at the time of her appointment to the Board on 4 August 2025. According to its Terms of Reference, the MERC must meet at least once each year.

The Committee held three meetings this year. Attendance was as follows:

Scheduled MERC Meetings		
Member	Number of meetings entitled to attend	Number attended
Massy Larizadeh (Chair)	3	3
Frances Daley	3	3
David Hunter	3	3
Sarah Whitney ¹	2	2

¹ Sarah Whitney was appointed on 4 August 2025

Activities during the year to 31 December 2025

Review of the Investment Adviser

The Board keeps the performance of the Investment Adviser under continual review. In addition, in accordance with the requirements of the AIC Code, the MERC reviews the performance of the Investment Adviser's obligations under the management agreement and considers the need for any variation to the terms of the agreement on an annual basis. The Committee then makes a recommendation to the Board about the continuing appointment of the Investment Adviser under the terms of the agreement. When periodically reviewing the terms of the agreement, the Committee also considers the remuneration arrangements and the methodology underpinning the annual management and performance fees.

Additionally, the MERC is committed to ensuring that the Investment Adviser continues to attract, retain, and motivate high-quality management resource at the appropriate levels. In line with our responsibilities, we regularly review the composition, capability, experience and performance of the Investment Adviser's key personnel, including the adequacy of resourcing, succession planning, and the robustness of the systems supporting the Company's operations.

The Committee considers that maintaining an appropriately incentivised and motivated management team is essential to delivering sustainable performance. By operating within a clear, fair and mutually supportive framework, the Committee is confident that the Company will continue to benefit from high levels of staff engagement, strong execution and provide positive outcomes for shareholders and other stakeholders.

Simplified Management Arrangements Delivering Material Cost Savings

During the year under review, on behalf of the Board, the Committee undertook a detailed review to ensure the long term structure and fee framework of the management arrangements remained aligned with the Company's strategy and continued to be in the best interests of its shareholders.

The Committee worked closely with the Investment Adviser and other service providers, including our legal and financial advisers, to revise and streamline the management arrangements (effective from 1 January 2026). Following this thorough review and its outcome, the Board considers that these new arrangements more closely align the interests of Regional REIT, its shareholders and the Investment Adviser, and will generate significant cost efficiencies for the Company and its shareholders. Additionally, the revised arrangements ensure that the remuneration of the Investment Adviser is consistent with the Company's strategic objectives. Further information regarding these changes can be found on page 103.

On a regular basis, the Board reviews the acquisition and disposal decisions made by the Investment Adviser. To ensure open and regular communication between the Investment Adviser and the Board, a representative of the Investment Adviser, Stephen Inglis, has been appointed to the Board and consequently attends all Board meetings. The Investment Adviser keeps the Board informed on both the status of the Company's assets and overall property market trends, along with frequent reports on the Company's financial results.

Review of other service providers

During the year under review, the MERC considered the ongoing appointment of the Company's other third-party service providers and was satisfied both with the effectiveness of the performance of these providers, and the added value in respect of those services. The MERC recommended to the Board that all third-party service providers be retained.

In addition, the Investment Adviser undertakes continual review of the competitiveness of the fees of the Company's service providers and advises the MERC as appropriate.

The MERC also considered the remuneration of the Directors, details of which can be found in the Directors' Remuneration Report on page 152. No individual was involved in discussions about their own remuneration.

Remuneration advisers

The Company has not sought the advice or service by any outside persons or consultants in respect of the consideration of Directors' remuneration.

Committee effectiveness

During the year, the Board carried out an internally facilitated review of the effectiveness of its Committees. This review confirmed that the MERC continued to operate at a high standard.

The Committee remains committed to fostering positive working relationships with Regional REIT's service providers, engaging in both formal and informal conversations to further enhance their involvement and increase the value they contribute.

- **Massy Larizadeh**
- MERC Chair
- 23 March 2026

Directors' Remuneration Report

Massy Larizadeh

MERC Chair



As Chair of the Management Engagement and Remuneration Committee (“MERC”) and on behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the year ended 31 December 2025.

The MERC is comprised solely of the Independent Directors of the Company. As at 31 December 2025 and the date of this report, the Board consists entirely of Non-Executive Directors and the Company has no employees.

Introduction from the MERC Chair

The MERC conducts an annual review of Directors’ fees. During this process, the Committee evaluates the duties and responsibilities of all Directors, paying attention to how effectively Board members have fulfilled their roles. It also consults industry benchmarks to confirm that any increase in the Directors’ remuneration is competitive relative to companies of comparable size and activity levels to ensure the Board can attract and retain well-qualified individuals. Additionally, the Committee considers the time and responsibilities required of each Director and the Chair, feedback from shareholders, the performance of the Company’s portfolio, and the Consumer Price Index (“CPI”) at the time.

The MERC met at the beginning of 2025 to consider the level of Directors’ fees. The Committee carefully considered the required time commitments and recommended that it was appropriate to increase the Directors’ base fees by 2.5% from 1 April 2025, which was in line with the CPI at 31 December 2024. Prior to this increase, Directors’ remuneration was last increased on 1 April 2022 by 5%.

This adjustment remains within the maximum aggregate limit of £400,000 per financial year as stipulated in the Company’s Articles of Incorporation. No external advice or services were sought by the MERC in its review of Directors’ remuneration. Directors’ fees for the 12 months to 31 December 2025 are set out below.

Directors' Remuneration

The Directors are entitled to receive fees for their services, as determined within the limits set out in the Company's Articles of Incorporation. The level of remuneration has been set to reflect the experience and expertise of the Board as a whole, determined with reference to comparable organisations and appointments. The fee for any new Director appointed will be determined on the same basis.

I receive no additional remuneration for my role as Senior Independent Director or as chair of the MERC and Nomination Committee. Ms Daley receives additional remuneration for her role as chair of the Audit Committee to reflect the more onerous role.

Mr Inglis has waived his right to receive remuneration from the Company due to his position as Head of the Investment Adviser. Ms Burstow's remuneration is paid to her employer Bridgemere Investments Limited. Ms Burstow was appointed as a Non-Executive Director of the Company as a representative of significant shareholder, Bridgemere Investments Limited.

The Directors may be paid all reasonable travel, hotel and other out-of-pocket expenses properly incurred by them in attending Board or Committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

None of the Directors has a service contract, but letters of appointment setting out the terms of their appointment are in place. Copies of the letters of appointment are available for inspection at the Company's registered office address and will be made available to view at the AGM.

Additional Remuneration

There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. Directors are not eligible for bonuses and do not receive pension benefits, long-term incentive schemes or Share options or any other non-statutory benefits or incentives. Directors' & Officers' Liability Insurance is maintained and paid for by the Company on behalf of the Directors. No Director is entitled to any other monetary payment or any assets of the Company. The same principles will apply to any new Director appointments.

No additional remuneration was paid to the Directors during the year.

Payment for Loss of Office and Payments to Past Directors

Compensation will not be made upon early termination of appointment. No payment has been made to any former Director for loss of office and there were no payments for past Directors in the year ended 31 December 2025 (31 December 2024: none).

Remuneration Consultants

The Group did not engage the services of an external remuneration consultant during the period under review.

Total Director Remuneration (audited)

The following table details the fees paid to Directors for their services throughout the year.

Director	Fees paid to 31 December 2025 (£)	Fees paid to 31 December 2024 (£)	Change from 2024 to 2025 (%)*	Change from 2023 to 2024 (%)*	Taxable benefits ⁶ 2025 (£)
David Hunter ¹	78,468	-	-	-	665
Nicole Burstow ²	56,031	10,369	-	-	-
Frances Daley	58,578	57,500	1.84	0	-
Stephen Inglis	-	-	-	-	-
Massy Larizadeh	56,031	55,000	1.84	0	121
Kevin McGrath ³	16,387	77,000	-	0	-
Sarah Whitney ⁴	23,128	-	-	-	-
Daniel Taylor ⁵	-	43,337	-	-	-
Aggregate	288,623	243,206			786

¹ David Hunter was appointed on 2 January 2025

² Remuneration invoiced by Nicole Burstow's employer, Bridgemere Investments Ltd. Nicole was appointed on 24 October 2024

³ Kevin McGrath retired on 18 March 2025

⁴ Sarah Whitney was appointed on 4 August 2025

⁵ Daniel Taylor retired on 24 October 2024

⁶ Taxable benefits include travel expenses incurred by Directors when travelling to attend Board, Committee or other meetings

* Changes shown for Directors in office for the full year period

During 2025, the remuneration of the Directors increased by 2.5%, effective 1 April 2025.

The basic fee payable to Directors in respect of the year ended 31 December 2025 and the expected fees payable in respect of the year ending 31 December 2026 are set out in the table below:

	Expected annual fees for the year to 31 December 2026 (£)	Expected annual fees for the year to 31 December 2025 (£)
Chairman	78,925	78,468
Audit Committee Chair	58,938	58,578
Other Non-Executive Directors	56,375	56,031

Directors' Shareholdings

Neither the Company's articles of incorporation nor the Directors' letters of appointment require a Director to own shares in the Company. Any shares held by the Directors and their connected persons have been bought on the open market. Details of the Directors' interests in shares are provided on page 114.

Shareholder Engagement

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the MERC in the annual review of Directors' fees.

On behalf of the Board,


Massy Larizadeh
 MERC Chair
 23 March 2026

Independent Auditor's Report to The Members of Regional REIT Limited

Opinion

We have audited the financial statements of Regional REIT Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- are in accordance with UK-adopted International Accounting Standards; and
- comply with the requirements of The Companies (Guernsey) Law, 2008.

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none"> • Valuation of Investment Property
Materiality	Group <ul style="list-style-type: none"> • Overall materiality: £6,360,000 (2024: £9,000,000) • Performance materiality: £4,770,000 (2024: £6,750,000)
Scope	Our audit procedures covered 98% of total assets and 90% of revenue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Investment Properties

Key audit matter description	<p>The Group owns or controls through a portfolio of Special Purpose Vehicles (SPV's) a portfolio of investment properties which include office, industrial and retail properties. The total valuation of the portfolio at 31 December 2025 was £555.2 million (2024: £622.5 million). These properties are diversified across the UK with a wide geographical spread.</p> <p>The approach to valuation of investment properties is detailed in the Audit Committee report on page 138; note 3.1.1 of the significant accounting judgements and estimates on page 176; note 4.5 of the significant accounting policies on pages 178-179; note 14 of the notes to the financial statements on pages 188-191.</p> <p>The valuation is carried out by external valuers, Colliers International Property Consultants, in line with the methodology set out in note 3.1.1.</p> <p>The Directors' assessment of the value of the investment properties at the year-end date is considered a key audit matter due to the magnitude of the total amount, the potential impact of the movement in value on the reported results, and the subjectivity and complexity of the valuation process.</p>
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How the matter was addressed in the audit

We audited the independent valuation of investment properties to evaluate whether they had been prepared on a consistent basis for all properties, in accordance with Royal Institution of Chartered Surveyors standards and whether they are appropriate and correctly recorded in the consolidated financial statements in line with the financial reporting framework.

We assessed the external valuers' qualifications and expertise and considered their terms of engagement. We also considered their objectivity and any other existing relationships with the group and concluded that there was no evidence that the valuers' objectivity had been compromised. We specifically enquired of any inappropriate challenge that had been made on their valuation report from parties related to the Group.

We engaged a property valuation specialist, as our auditor's expert, and based on our initial discussions we identified 33 properties, of the total 112 properties, for detailed testing based on a sample of the individually material properties, or where the current year valuation movement or yield fell outside current market trends or our own expectation from our overall review of the portfolio.

We discussed and challenged the valuation of 17 of these properties with the external valuer directly. The valuer provided explanations and evidence in response to our challenges, with reference to their knowledge of each property, the geographical location, the tenant status and the overall asset desirability. We corroborated the additional information provided to support these explanations.

In addition, our auditor's expert carried out a review of the valuations for the remaining 16 properties. Our expert considered the specific inputs to these valuations and also considered the comparable transaction evidence that was used by management's expert in preparing their valuation.

The remainder of the properties have been considered through our review of the overall valuation approach and the consistency of data utilised by the external valuer.

We tested a sample of the inputs used by the external valuer and ensured these reflected the correct inputs for a sample of properties.

We audited the accuracy and completeness of the disclosures in the financial statements.

Key observations

We concluded, based on our audit work, that the fair values of the investment properties adopted by the group were appropriate.

Independent Auditor's Report to The Members of Regional REIT Limited Continued

Our application of materiality

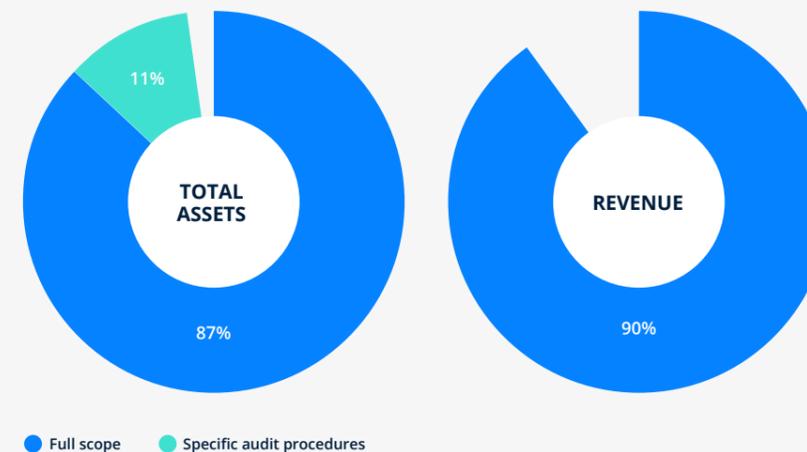
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group
Overall materiality	£6,360,000 (2024: £9,000,000)
Basis for determining overall materiality	1.0% (2024: 1.2%) of total assets
Rationale for benchmark applied	Total assets largely reflects the valuation of investment property, which is of key interest to the users of the financial statements.
Performance materiality	£4,770,000 (2024: £6,750,000)
Basis for determining performance materiality	75% of overall materiality
Materiality levels for those classes of transactions where materiality levels are lower than overall materiality	Rental and property income, property costs, administrative and other expenses and finance expenses were tested to a lower performance materiality figure of £1,200,000 (2024: £1,440,000) to ensure adequate coverage. This has been calculated as 4.0% (2024: 4.0%) of operating profit before gains and losses on property assets and other investments.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £318,000 (2024: £450,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 52 components, located in the following countries; Guernsey; Jersey; and the United Kingdom.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 10 components, with 17 components subject to specific audit procedures.

The specific audit procedures consisted of:

- procedures on investment properties and the change in fair value of investment properties for 13 components;
- procedures on bank borrowings for 13 components;
- procedures on cash and cash equivalents for 2 components;
- procedures on investment management fees for 2 components; and
- procedures on the derivative financial instruments and net movement in fair value of derivative financial instruments for 1 component.

All audit work on the components was performed by RSM UK Audit LLP with no work performed by other component auditors. The remaining 25 components are immaterial to the group financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- checking the integrity and mathematical accuracy of the cashflow forecasts and covenant calculations prepared by management;
- challenging management on the reasonableness of the assumptions made in the forecasts particularly in respect of the non-payment of rent by tenants, the funds available from existing bank facilities, the group's ability to operate within covenants and terms of the banking facilities and the ability to make dividend payments;
- assessing the reasonableness of assumptions and explanations provided by management to supporting information, where available; and
- auditing the accuracy of disclosures made in the financial statements in respect of going concern.

Independent Auditor's Report to The Members of Regional REIT Limited Continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity reporting on how they have applied the AIC Code of Corporate Governance, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the AIC Code of Corporate Governance specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 72 to 74;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why this period is appropriate set out on pages 72 to 74;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 72 to 74;
- Directors' statement on fair, balanced and understandable set out on page 121;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 133;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 133 and 139-140; and,
- Section describing the work of the audit committee set out on pages 136 to 141.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 120, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to The Members of Regional REIT Limited Continued

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditor:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework, that the group operates in and how the group is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud, having obtained an understanding of the overall of the control environment.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS; The Companies (Guernsey) Law 2008; AIC Code of Corporate Governance; and Listing and Transparency Rules	Review of the financial statement disclosures and testing to supporting documentation; and Completion of a disclosure checklist to identify areas of non-compliance.
Tax compliance; and UK REIT regulations	Tested REIT compliance tests completed by external tax advisor; and Input from an internal auditor's expert was obtained regarding compliance with the UK REIT regulations.
Land and building regulations; Environmental policies and regulations; Health and safety regulations	Discussed compliance and risk assessment procedures with the Asset Manager and obtained a sample of risk assessment reports that are prepared.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the Group audit engagement team and component auditors:
Management override of internal controls	Testing the appropriateness of journal entries and other adjustments using a data analytics tool to select a risk based sample; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Investment property valuation	See the key audit matters section of this report for work performed on this area.

Independent Auditor's Report to The Members of Regional REIT Limited Continued

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this auditor's report. This description, which is located at page 167, forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the audit committee on 6 November 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods. The company undertook a competitive audit tender process during 2025 which resulted in our reappointment as auditor for the year ended 31 December 2025.

The period of total uninterrupted consecutive appointments is eleven years, covering the years ending 31 December 2015 to 31 December 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group and we remain independent of the group in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

- **Graham Ricketts**
- For and on behalf of RSM UK AUDIT LLP, Auditor
- Chartered Accountants
- 4th Floor, G1
- 5 George Square
- Glasgow
- G2 1DY
- 23 March 2026



Appendix 1

Auditor's responsibilities for the audit of the financial statements.

Auditor's Responsibilities For The Audit of the Financial Statements

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, we report these conclusions in the auditor's report. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard as applied to public interest entities, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are required to include in the auditor's report an explanation of how we evaluated management's assessment of the group's ability to continue as a going concern and, where relevant, key observations arising with respect to that evaluation.

Financial Statements

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Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025

	Notes	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Continuing Operations			
Revenue			
Rental and property income	5	78,628	90,981
Property costs	6	(38,373)	(45,021)
Net rental and property income		40,255	45,960
Administrative and other expenses	7	(9,944)	(9,851)
Operating profit before gains and losses on property assets and other investments		30,311	36,109
Loss on disposal of investment properties	14	(3,172)	(3,180)
Change in fair value of investment properties	14	(26,612)	(56,732)
Change in fair value of right of use assets	26	(139)	(138)
Operating profit/(loss)		388	(23,941)
Finance income	9	991	1,394
Finance expenses	10	(12,215)	(15,224)
Share of loss of associate company	16	(24)	-
Net movement in fair value of derivative financial instruments	25	(5,506)	(1,703)
Loss before tax		(16,366)	(39,474)
Taxation	11	14	(65)
Total comprehensive loss for the year (attributable to owners of the parent company)		(16,352)	(39,539)
Loss per Share – basic and diluted	12	(10.1)p	(33.5)p

The notes on pages 174 to 208 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 2025

	Notes	31 December 2025 £'000	31 December 2024 £'000
Assets			
Non-current assets			
Investment properties	14	542,191	607,458
Right of use assets	26	10,710	10,849
Investments in associates	16	348	276
Non-current receivables on tenant loan	17	-	144
Derivative financial instruments	25	3,145	11,608
		556,394	630,335
Current assets			
Derivative financial instruments	25	1,739	-
Trade and other receivables	18	40,717	35,079
Cash and cash equivalents	19	37,726	56,719
		80,182	91,798
Total assets		636,576	722,133
Liabilities			
Current liabilities			
Trade and other payables	20	(29,265)	(31,647)
Deferred income	21	(13,540)	(14,364)
Lease liabilities	26	(435)	-
Deferred tax liabilities	22	-	(741)
		(43,240)	(46,752)
Non-current liabilities			
Deferred tax liabilities	22	(754)	-
Bank and loan borrowings	23	(262,319)	(312,323)
Lease liabilities	26	(10,977)	(11,444)
		(274,050)	(323,767)
Total liabilities		(317,290)	(370,519)
Net assets		319,286	351,614
Equity			
Stated capital	27	618,010	618,266
Accumulated losses		(298,724)	(266,652)
Total equity attributable to owners of the parent company		319,286	351,614
Net asset value per Share – basic and diluted	28	197.0p	216.9p

The notes on pages 174 to 208 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 23 March 2026 and signed on its behalf by:

David Hunter
Chairman
23 March 2026

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025

	Notes	Attributable to owners of the parent company		
		Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2025		618,266	(266,652)	351,614
Total comprehensive loss		-	(16,352)	(16,352)
Dividends paid	13	-	(15,720)	(15,720)
Cost of shares issued in 2024	27	(256)	-	(256)
Balance at 31 December 2025		618,010	(298,724)	319,286

For the year ended 31 December 2024

	Notes	Attributable to owners of the parent company		
		Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2024		513,762	(207,673)	306,089
Total comprehensive loss		-	(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

The notes on pages 174 to 208 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Cash flows from operating activities		
Loss before tax	(16,366)	(39,474)
Change in fair value of investment properties	26,612	56,732
Share of loss of associate company	24	-
Change in fair value of financial derivative instruments	5,506	1,703
Loss on disposal of investment properties	3,172	3,180
Change in fair value of right of use assets	139	138
Finance income	(991)	(1,394)
Finance expense	12,215	15,224
Increase in trade and other receivables	(5,509)	(2,027)
(Decrease)/increase in trade and other payables	(1,772)	295
Decrease in deferred income	(824)	(1,233)
Cash generated from operations	22,206	33,144
Interest paid	(10,251)	(13,229)
Taxation received/(paid)	51	(4)
Net cash flow generated from operating activities	12,006	19,911
Investing activities		
Investments in associates	(96)	(276)
Investment property acquisitions and subsequent expenditure	(12,942)	(8,249)
Sale of investment properties	48,425	28,574
Interest received	978	1,391
Net cash flow generated from investing activities	36,365	21,440
Financing activities		
Proceeds received on derivative financial instruments	1,218	2,698
Dividends paid	(15,152)	(22,301)
Proceeds from share issue	-	110,515
Share issue costs	(1,430)	(4,837)
Bank borrowings repaid	(50,508)	(54,016)
Bank borrowing costs paid	(1,057)	(761)
Repayment of retail eligible bonds	-	(50,000)
Lease repayments	(435)	(435)
Net cash flow used in financing activities	(67,364)	(19,137)
Net (decrease)/increase in cash and cash equivalents	(18,993)	22,214
Cash and cash equivalents at the start of the year	56,719	34,505
Cash and cash equivalents at the end of the year	37,726	56,719

The notes on pages 174 to 208 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025

1. Corporate information

The Group's consolidated financial statements for the year ended 31 December 2025 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 23 March 2026.

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 on pages 26-27 and 105.

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

2. Basis of preparation

The Group's consolidated financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the FCA, the requirements of The Companies (Guernsey) Law 2008 and with UK-adopted International Accounting Standards.

The Group's consolidated financial statements have been prepared on a historical cost basis, as modified for the Group's investment properties and certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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) pound, 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 interest payments and the respective maturities.

No material uncertainties have been detected which would influence the Group's ability to continue as a going concern for a period of at least 12 months from the approval of these financial statements. The Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for this period. Accordingly, the Board of Directors continue to adopt the going concern basis in preparing the financial statements.

Further details are provided in the Going Concern and Viability Statement on pages 72 to 74 of the Strategic Report.

2.3 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 2025 are as follows:

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.

During the year ended 31 December 2025, none of the above had a material impact on the financial statements.

2.4 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 2026 and have not been applied in preparing these financial statements. These are:

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (effective for periods beginning on or after 1 January 2026) refine the classification of financial assets and liabilities and introduce enhanced disclosure requirements.

Annual Improvements to IFRS Accounting Standards Volume 11 (effective for periods beginning on or after 1 January 2026) contains amendments to five standards, IFRS1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 as a result of the IASB's annual improvements project. The aim of which is to improve consistency across the standards.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for periods beginning on or after 1 January 2027) replaces IAS 1 'Presentation of Financial Statements'.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective for periods beginning on or after 1 January 2027) 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 reviewing these amendments and new standards. IFRS 18 will have some presentational impacts on the financial statements which are currently being assessed.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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. Sensitivity analysis for investment property valuations are included in note 14.

The fair value of investment property is equal to the independent property valuer's valuation of £555.2m (2024: £622.5m) less the value of the assets arising from rent smoothing of £13.0m (2024: £15.0m).

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 (valued at 31 December 2025 at £14,160,000), 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

4. Summary of material accounting policies

The accounting policies adopted in this report are consistent with those applied in the financial statements for the year ended 31 December 2024 and have been consistently applied for the year ended 31 December 2025.

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.

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.

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 in 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 2025 or 2024.

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 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, '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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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. As disclosed in note 4.13, rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms, this practice is known as rent smoothing. As a result, income is often recognised ahead of rent invoices, so an asset arises on rent smoothing which is included in the trade and other receivables note 18. This amount is not considered to be a financial instrument.

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.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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 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 2025 £'000	Year ended 31 December 2024 £'000
Rental income - freehold property	50,235	53,406
Rental income - long leasehold property	10,197	11,833
Recoverable service charge income and other similar items	18,196	25,742
Total	78,628	90,981

6. Property costs

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Direct Vacancy Irrecoverable costs	19,011	17,791
Other property expenses	1,166	1,488
Recoverable service charge expenditure and other similar costs	18,196	25,742
Total	38,373	45,021

Direct vacancy costs include service charges, utility costs, rates, insurance, repairs and maintenance.

7. Administrative and other expenses

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Investment management fees	1,947	1,362
Property management fees	2,257	2,541
Asset management fees	1,949	1,360
Directors' remuneration (see note 8)	309	265
Administrative fees	662	679
Legal and professional fees	2,205	2,509
Marketing and promotion	83	71
Other administrative costs	220	186
Allowance for doubtful debts	299	454
Abortive costs	-	412
Bank charges	13	12
Total	9,944	9,851

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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 2025 £'000	Year ended 31 December 2024 £'000
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	114	110
Fees payable to the Group's Auditor and its associates for the audit of the Company's subsidiaries	147	147
Total fees payable for audit services	261	257
Fees payable to the Group's Auditor and its associates for other services:		
Audit-related services	34	33
Corporate finance work for the share issue	-	150
Total fees payable to the Group's Auditor and its associates	295	440

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 on page 155.

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Directors' fees	289	243
Employer's National Insurance contributions	20	22
Total	309	265

9. Finance income

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Interest income	991	1,394
Total	991	1,394

10. Finance expense

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Interest payable on bank borrowings	10,251	11,881
Amortisation of loan arrangement fees	1,561	1,497
Bond interest	-	1,344
Bond issue costs amortised	-	93
Bond expenses	-	5
Lease interest	403	404
Total	12,215	15,224

11. Taxation

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Corporation tax (credit)/ charge	(27)	32
Increase in deferred tax liability	13	33
Total	(14)	65

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 2025 £'000	Year ended 31 December 2024 £'000
Loss before taxation	(16,366)	(39,474)
UK Corporation Tax rate	25.00%	25.00%
Theoretical tax at UK Corporation Tax rate	(4,092)	(9,868)
Effects of:		
Revaluation of investment property	6,653	14,183
Permanent differences	(87)	(169)
Profits from the tax-exempt business	(2,501)	(4,114)
Deferred tax movement	13	33
Total	(14)	65

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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.

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.

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

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Calculation of earnings per Share		
Net loss attributable to Ordinary Shareholders	(16,352)	(39,539)
Adjustments to remove:		
Change in value of investment properties	26,612	56,732
Change in value of right of use assets	139	138
Loss on disposal of investment properties	3,172	3,180
Changes in fair value of interest rate derivatives and financial assets	5,506	1,703
Abortive costs	-	412
Deferred tax charge	13	33
EPRA earnings	19,090	22,659
Weighted average number of Ordinary Shares	162,088,483	118,199,045
Loss per Share - basic and diluted	(10.1)p	(33.5)p
EPRA earnings per Share - basic and diluted	11.8p	19.2p

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 2025 £'000	Year ended 31 December 2024 £'000
Dividend of 2.20 (2024: 1.20) pence per Ordinary Share for the period 1 October - 31 December	3,565	6,188
Dividend of 2.50 (2024: 1.20) pence per Ordinary Share for the period 1 January - 31 March	4,052	6,189
Dividend of 2.50 (2024: 2.20) pence per Ordinary Share for the period 1 April - 30 June	4,052	3,566
Dividend of 2.50 (2024: 2.20) pence per Ordinary Share for the period 1 July - 30 September	4,052	3,567
Unpaid dividends held by Registrar	(1)	(70)
Total	15,720	19,440

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 payment was made on 4 April 2025 to shareholders on the register as at 28 February 2025.

On 15 May 2025, the Company announced a dividend of 2.50 pence per Share in respect of the period 1 January 2025 to 31 March 2025. The dividend payment was made on 11 July 2025 to shareholders on the register as at 23 May 2025.

On 9 September 2025, the Company announced a dividend of 2.50 pence per Share in respect of the period 1 April 2025 to 30 June 2025. The dividend payment was made on 17 October 2025 to shareholders on the register as at 19 September 2025.

On 12 November 2025, the Company announced a dividend of 2.50 pence per Share in respect of the period 1 July 2025 to 30 September 2025. The dividend payment was made on 9 January 2026 to shareholders on the register as at 21 November 2025.

On 19 February 2026, the Company announced a dividend of 2.50 pence per Share in respect of the period 1 October 2025 to 31 December 2025. The dividend will be paid on 10 April 2026 to shareholders on the register as at 27 February 2026. 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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.

Group Movement in investment properties for the year ended 31 December 2025	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation at 1 January 2025	492,896	129,584	622,480
Property additions - acquisitions	1,160	-	1,160
Property additions - subsequent expenditure	8,143	3,639	11,782
Disposal proceeds, net of costs	(48,193)	(232)	(48,425)
Loss on disposal of investment properties	(3,094)	(78)	(3,172)
Change in fair value during the period	(20,976)	(7,619)	(28,595)
Valuation advised by the property valuers at 31 December 2025	429,936	125,294	555,230
Less adjustment for rent smoothing assets (note 18)	(9,780)	(3,259)	(13,039)
Fair Value at 31 December 2025	420,156	122,035	542,191

Group Movement in investment properties for the year ended 31 December 2024	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation at 1 January 2024	562,395	138,325	700,720
Property additions - acquisitions	-	-	-
Property additions - subsequent expenditure	7,286	963	8,249
Disposal proceeds, net of costs	(28,574)	-	(28,574)
Loss on disposal of investment properties	(3,180)	-	(3,180)
Change in valuation during the period	(45,031)	(9,704)	(54,735)
Valuation advised by the property valuers at 31 December 2024	492,896	129,584	622,480
Less adjustment for rent smoothing assets (note 18)*	(10,795)	(4,227)	(15,022)
Fair Value at 31 December 2024	482,101	125,357	607,458

* The analysis of the comparative rent smoothing adjustment between leasehold and freehold property has been updated.

The net book value of properties disposed of during the year amounted to £51,597,000 (2024: £31,754,000).

The historic cost of the properties is £773,287,000 (2024: £850,152,000).

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 2025 was £555,230,000 (2024: £622,480,000).

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

	31 December 2025 £'000	31 December 2024 £'000
Change in valuation during the period	(28,595)	(54,735)
Change in rent smoothing assets adjustment	1,983	(1,997)
Total	(26,612)	(56,732)

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 2025	542,191	-	-	542,191
31 December 2024	607,458	-	-	607,458

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 2025 £'000	Year ended 31 December 2024 £'000
Balance at the start of the year	607,458	687,695
Additions	12,942	8,249
Disposals	(48,425)	(28,574)
Loss on the disposal of investment properties	(3,172)	(3,180)
Change in fair value during the year	(26,612)	(56,732)
Balance at the end of the year	542,191	607,458

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 2025, 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 on page 93.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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: £16,200 - £3,512,000 per annum (2024: £14,200 - £3,237,000 per annum)

Significant input: rental growth

Rental Growth: decrease in contracted income of -13.79% (2024: 8.64% decrease) from December 2024 (£53,840,436) to December 2025 (£46,413,666). 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 2025 valuation had an initial yield range of 6.0% to 20.9% (2024: 6.00% to 25.19%).

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.

ERV and equivalent yield by sector:

Sector	Valuation £'000	ERV Range (£ per sq ft p.a)	Significant Unobservable Inputs		
			ERV Weighted average (£ per sq ft)	Equivalent Yield Range %	Equivalent Yield Weighted Average %
As at December 2025					
Industrial	£23,825.00	£4.00 - £9.49	7.07	6.40% - 21.38%	8.51%
Retail	£20,290.00	£2.07 - £40.00	15.94	8.20% - 13.41%	8.82%
Alternatives	£9,550.00	£5.00 - £13.50	9.28	9.67%	9.67%
Office by Region					
Office South East	£88,075.00	£5.00 - £29.01	18.65	8.24% - 32.55%	10.28%
Office South West	£53,950.00	£12.28 - £22.90	18.54	9.93% - 14.34%	11.33%
Office Midlands	£112,590.00	£3.01 - £35.04	15.37	9.52% - 12.10%	10.97%
Office North West	£62,725.00	£6.61 - £21.99	16.95	8.53% - 16.59%	10.89%
Office North East	£89,950.00	£8.29 - £37.13	18.13	8.36% - 12.00%	10.21%
Office Wales	£17,650.00	£10.01 - £13.50	12.01	8.89% - 11.01%	10.48%
Office Scotland	£76,625.00	£4.50 - £90.21	17.77	9.39% - 14.16%	10.41%
Total	£555,230.00				

The impact of changes to the significant unobservable inputs:

	2025 Impact on statement of comprehensive income £'000	2025 Impact on statement of financial position £'000	2024 Impact on statement of comprehensive income £'000	2024 Impact on statement of financial position £'000
Improvement in ERV by 5%	25,062	25,062	27,490	27,490
Worsening in ERV by 5%	(24,787)	(24,787)	(27,009)	(27,009)
Improvement in yield by 0.125%	8,061	8,061	9,064	9,064
Worsening in yield by 0.125%	(7,837)	(7,837)	(8,792)	(8,792)

The 0.125% yield movement applied is considered reasonable, as it reflects a shift commonly observed in normal market conditions and is consistent with independent valuer guidance for diversified UK commercial real estate portfolios. This margin therefore represents a reasonably possible change in key unobservable inputs at the reporting date.

15. Investment in subsidiaries

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

	Country of incorporation	Ownership %
1 Beaufort Office Park Management Company Limited	United Kingdom	100%
1 Glasgow Airport Business Park Management Company Limited	United Kingdom	100%
1 Origin Apartments Management Company Limited	United Kingdom	100%
2 Regional Commercial MIDCO Ltd	Jersey	100%
2 RR Bennett House Ltd	Jersey	100%
2 RR Brand Street Ltd	Jersey	100%
2 RR Bristol Ltd	Jersey	100%
2 RR Chancellor Court Ltd	Jersey	100%
2 RR Falcon Ltd	Jersey	100%
2 RR Glasgow Ltd	Jersey	100%
6 RR Glasgow II Ltd	United Kingdom	100%
2 RR Harvest Ltd	Jersey	100%
2 RR Hounds Gate Ltd	Jersey	100%
2 RR Milburn House Ltd	Jersey	100%
2 RR Minton Place Ltd	Jersey	100%
2 RR Newstead Court Ltd	Jersey	100%
2 RR Portland Street Ltd	Jersey	100%
2 RR Rainbow (Aylesbury) Ltd	Jersey	100%
2 RR Rainbow (North) Ltd	Jersey	100%
2 RR Rainbow (South) Ltd	Jersey	100%
2 RR Range Ltd	Jersey	100%
5 RR Reflex Limited	United Kingdom	100%
3 RR Sea Dundee Ltd	United Kingdom	100%
3 RR Sea Hanover Street Ltd	United Kingdom	100%
2 RR Sea Lamont I Ltd	Jersey	100%
2 RR Sea Lamont II Ltd	Jersey	100%
3 RR Sea St. Helens Ltd	United Kingdom	100%

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

	Country of incorporation	Ownership %
³ RR Sea Stafford Ltd	United Kingdom	100%
³ RR Sea Strand Ltd	United Kingdom	100%
⁴ RR Sea TAPP Ltd	Guernsey	100%
⁴ RR Sea TOPP Bletchley Ltd	Guernsey	100%
⁴ RR Sea TOPP I Ltd	Guernsey	100%
² RR Sheldon Court Ltd	Jersey	100%
² RR Star Ltd	Jersey	100%
² RR St James Court Ltd	Jersey	100%
² RR Strathclyde BP Ltd	Jersey	100%
² RR UK (Central) Ltd	Jersey	100%
² RR UK (Cheshunt) Ltd	Jersey	100%
² RR UK (Port Solent) Ltd	Jersey	100%
² RR UK (South) Ltd	Jersey	100%
² RR Wallington Ltd	Jersey	100%
² RR Westminster House Ltd	Jersey	100%
² RR Wing Portfolio Ltd	Jersey	100%
² Tay Properties Ltd	Jersey	100%
² TCP Arbos Ltd	Jersey	100%
² TCP Channel Ltd	Jersey	100%

Registered Office Address

- 1 Leeds House, Central Park, Leeds LS11 5DZ
- 2 Second Floor, No.4 The Forum, Grenville Street, St Helier, Jersey JE2 4UF
- 3 19th Floor, 51 Lime Street, London EC3M 7DQ
- 4 2nd Floor, Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey GY1 2JP
- 5 300 Bath Street, First Floor West, Glasgow G2 4JR
- 6 Ferguson House, 15 Marylebone, London, NW1 5JD

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 %
¹ Credential (Wardpark North) Ltd	United Kingdom	100%
¹ Credential Estates Ltd	United Kingdom	100%
² Rocket Unit Trust	Jersey	100%
¹ Squeeze Newco 2 Ltd	United Kingdom	100%
¹ View Castle Ltd	United Kingdom	100%
¹ View Castle (Milton Keynes) Ltd	United Kingdom	100%
¹ View Castle (Properties) Ltd	United Kingdom	100%

Registered Office Address

- 1 300 Bath Street, First Floor West, Glasgow G2 4JR
- 2 Gaspé House, 66-72 Esplanade, St Helier, Jersey JE2 3QT

All of the above entities have been included in the Group's consolidated financial statements up to 31 December 2025.

16. Investment in associates

The Company has an investment in an associate, Sugarbird Solar (UK) Limited ("SolarCo"), which represents 40% of the issued share capital. Sunbird Solar International (Cyprus) Limited contributed 60% of the issued 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 a holding in a property management company acquired for nil value.

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

	31 December 2025 £'000	31 December 2024 £'000
At start of year	276	-
Amounts paid for investment	96	276
Share of losses	(24)	-
At end of year	348	276

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

17. Non-current receivables on tenant loans

	31 December 2025 £'000	31 December 2024 £'000
At start of year	337	578
Amounts repaid in the year	(193)	(241)
At end of year	144	337
Asset due within 1 year (note 18)	144	193
Asset due after 1 year	-	144
	144	337

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 2025 or 31 December 2024.

18. Trade and other receivables

	31 December 2025 £'000	31 December 2024 £'000
Gross amount receivable from tenants	11,291	9,696
Less provision for impairment	(252)	(1,451)
Net amount receivable from tenants	11,039	8,245
Current receivables – tenant loans (note 17)	144	193
Income tax	-	24
Other receivables	2,169	1,495
Assets arising from rent smoothing (note 14)	13,039	15,022
Prepayments and accrued income	14,326	10,100
	40,717	35,079

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts disclosed above 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 2025 £'000	31 December 2024 £'000
< 30 days	7,211	3,928
30–60 days	475	722
> 60 days	3,605	5,046
Net amount receivable from tenants	11,291	9,696
Less provision for impairment	(252)	(1,451)
Net amount receivable from tenants	11,039	8,245

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 above 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 2025 £'000	31 December 2024 £'000
At start of year	1,451	915
Provision for impairment in the year	901	1,739
Receivables written off as uncollectable	(1,346)	(195)
Unused provision reversed	(754)	(1,008)
At end of year	252	1,451

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

19. Cash and cash equivalents

	31 December 2025 £'000	31 December 2024 £'000
Group		
Cash held at bank	37,719	55,869
Restricted cash held at bank	7	850
At end of year	37,726	56,719

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

Restricted cash balances of the Group comprise:

- £7,000 (2024: £850,000) 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.
 - £2,710,000 (2024: £2,698,000) 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

The following amounts are not analysed as restricted balances:

- £8,604,000 (2024: £9,847,000) of cash funds represent service charge income received from tenants for settlement of future service charge expenditure.

20. Trade and other payables

	31 December 2025 £'000	31 December 2024 £'000
Withholding tax due on dividends paid	512	429
Dividends announced but not paid	4,052	3,567
Trade payables	3,147	2,377
Other payables	15,521	19,182
Value added tax	2,066	1,974
Accruals	3,967	4,118
At end of year	29,265	31,647

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 £13,540,000 (31 December 2024: £14,364,000) represents rent received in advance from tenants.

22. Deferred tax liabilities

	31 December 2025 £'000	31 December 2024 £'000
Deferred tax	754	741
At end of year	754	741
The movement on deferred tax liability is shown below:		
At start of year	741	708
Deferred tax on the valuation of investment properties	13	33
At end of year	754	741

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 2025 £'000	31 December 2024 £'000
Bank borrowings drawn at start of year	316,734	370,750
Bank borrowings repaid	(50,508)	(54,016)
Bank borrowings drawn at end of year	266,226	316,734
Less: unamortised costs at start of year	(4,411)	(5,147)
Less: loan issue costs incurred in the year	(1,057)	(761)
Add: loan issue costs amortised in the year	1,561	1,497
At end of year	262,319	312,323
Maturity of bank borrowings		
Repayable within 1 year	-	-
Repayable between 1 to 2 years	118,339	99,789
Repayable between 2 to 5 years	147,887	216,945
Repayable after more than 5 years	-	-
Unamortised loan issue costs	(3,907)	(4,411)
	262,319	312,323

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

The table below lists the Group's borrowings.

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value**	Annual interest rate	Amortisation
Scottish Widows Ltd & Aviva Investors Real Estate Finance	118,339	118,339	Dec-27	50.8%	3.28% Fixed	None
Scottish Widows Ltd	32,325	32,325	Dec-28	45.6%	3.37% Fixed	None
Royal Bank of Scotland, Bank of Scotland and Santander	72,449	72,449	Dec-28	44.9%	2.40% over 3mth £ SONIA	Mandatory prepayment
Santander UK	43,113	43,113	Jun-29	48.5%	2.20% over 3mth £ SONIA	Mandatory prepayment
Total bank borrowings	266,226	266,226				

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 43.4% (2024: 47.2%).

The weighted average term to maturity of the Group's debt at the year end was 2.6 years (2024: 2.9 years).

The weighted average interest rate payable by the Group on its total bank borrowings, excluding hedging costs, as at the year end was 4.6% (2024: 5.2%).

The Group weighted average interest rate, including hedging activity at the year end, amounted to 3.3% per annum (2024: 3.4% 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 previous year.

	31 December 2025 £'000	31 December 2024 £'000
Bond principal at start of year	-	50,000
Unamortised issue costs at start of year	-	(93)
Amortisation of issue costs	-	93
Maturity	-	(50,000)
At end of year	-	-

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 2025 £'000	31 December 2024 £'000
Fair value at start of period	11,608	16,009
Early break costs received	(1,218)	(2,698)
Revaluation in period	(5,506)	(1,703)
Fair value at end of period	4,884	11,608

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 £1,218,000 (2024: £2,698,000).

The value of derivatives maturing in less than 1 year is £1,739,000 (2024: £nil)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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	Loan Maturity date	Annual interest rate	Notional amount £'000	Swap/cap rate
Scottish Widows Ltd & Aviva Investors Real Estate Finance	118,339	118,339	Dec-27	3.28% Fixed	n/a	n/a
Scottish Widows Ltd	32,325	32,325	Dec-28	3.37% Fixed	n/a	n/a
Royal Bank of Scotland, Bank of Scotland and Santander UK	72,449	72,449	Dec-28**	2.40% over 3mth £ SONIA	51,420 ¹ 23,780 ²	0.99% ³ 0.97% ³
Santander UK	43,113	43,113	Jun-29	2.20% over 3mth £ SONIA	34,585 ¹ 8,529 ²	1.39% 1.39%
Total bank borrowings	266,226	266,226				

1 Interest rate swap
2 Interest rate cap
3 Average rate of the three derivative providers

* Before unamortised debt issue costs

** Derivative maturity date is 27 August 2026. As detailed in note 35, Subsequent Events, the Group has executed new derivatives maturing in December 2028

SONIA = Sterling Over Night Indexed Average

As at 31 December 2025, the swap notional arrangements were £86.0 million (2024: £96.1 million) and the cap notional arrangements amounted to £32.3 million (2024: £53.5 million).

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 101.0% (2024: 100.0%), as shown below.

The Group weighted average effective interest rate was 3.3% (2024: 3.4%) inclusive of hedging costs and the Retail Eligible Bond, which matured in August 2024.

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

	31 December 2025 £'000	31 December 2024 £'000
Total bank borrowings	266,226	316,734
Notional value of interest rate caps and swaps	118,314	149,637
Fixed rate borrowings	150,664	167,097
	268,978	316,734
Proportion of hedged debt	101.0%	100.0%

Table may not sum due to rounding

26. Leases

	31 December 2025 £'000	31 December 2024 £'000
Right of use asset		
At start of year	10,849	10,987
Fair value movement	(139)	(138)
At end of year	10,710	10,849

	31 December 2025 £'000	31 December 2024 £'000
Lease liability		
At start of year	11,444	11,475
Lease payments	(435)	(435)
Interest charges	403	404
At end of year	11,412	11,444

The Group's lease commitments which are now represented by the right of use asset and lease liability are spread across 10 (2024: 10) separate leases with the two largest leases at Northern Cross Basingstoke and Quantum Court Edinburgh making up 48% (2024: 48%) of the balance. Total commitments on leases in respect of land and buildings are as follows:

	31 December 2025 £'000	31 December 2024 £'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	33,308	33,563
At end of year	35,483	35,738

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

27. Stated capital

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

During the previous 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 consolidation with the resulting Ordinary Shares in issue being 162,088,483.

	31 December 2025 £'000	31 December 2024 £'000
Group		
Issued and fully paid shares of no par value		
At start of the year	618,266	513,762
Shares issued in year	-	110,515
Cost of shares issued in 2024	(256)	(6,011)
At end of the year	618,010	618,266
Number of shares in issue		
At start of the year	162,088,483	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	162,088,483

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 on pages 212 to 215.

	31 December 2025 £'000	31 December 2024 £'000
Group		
Net asset value per Consolidated Statement of Financial Position	319,286	351,614
Adjustment for calculating EPRA net tangible assets:		
Derivative financial instruments	(4,884)	(11,608)
Deferred tax liability	754	741
EPRA Net Tangible Assets	315,156	340,747
Number of Ordinary Shares in issue	162,088,483	162,088,483
Net asset value per Share – basic and diluted	197.0p	216.9p
EPRA Net Tangible Assets per Share – basic and diluted	194.4p	210.2p

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 2025	312,323	-	11,444	323,767
Changes from financing cash flows:				
Bank borrowings repaid	(50,508)	-	-	(50,508)
Bank and bond borrowing costs paid	(1,057)	-	-	(1,057)
Lease payments	-	-	(435)	(435)
Total changes from financing cash flows	(51,565)	-	(435)	(52,000)
Amortisation of issue costs	1,561	-	-	1,561
Unwinding of discount	-	-	403	403
Total other changes	1,561	-	403	1,964
Balance at 31 December 2025	262,319	-	11,412	273,731

	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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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:

	31 December 2025		31 December 2024	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Group				
Financial assets – measured at amortised cost				
Trade and other receivables	13,352	13,352	10,077	10,077
Cash and short-term deposits	37,726	37,726	56,719	56,719
Financial assets – measured at fair value through profit or loss				
Interest rate derivatives	4,884	4,884	11,608	11,608
Financial liabilities – measured at amortised cost				
Trade and other payables	(26,687)	(26,687)	(29,244)	(29,244)
Bank and loan borrowings	(262,319)	(259,060)	(312,323)	(301,293)
Lease liability	(11,412)	(11,412)	(11,444)	(11,444)

The following financial 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 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 2025				
Interest rate derivatives	4,884	-	4,884	-
31 December 2024				
Interest rate derivatives	11,608	-	11,608	-

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. No quantitative analysis relating to market risk is disclosed as this is not deemed to be material.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

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
Aviva	A- Stable
Bank of Scotland plc	AA- Stable
Royal Bank of Scotland	AA- stable
Santander UK	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 and the 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 2025	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	(26,687)	-	-	-	(26,687)
Bank borrowings and interest payments	(13,028)	(131,368)	(160,416)	-	(304,812)
Interest rate derivatives	4,167	4,167	5,988	-	14,322
Lease liability	(435)	(435)	(1,305)	(33,308)	(35,483)
	(35,983)	(127,636)	(155,733)	(33,308)	(352,660)

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 and interest payments	(16,875)	(114,129)	(233,016)	-	(364,020)
Interest rate derivatives	6,554	5,025	4,919	-	16,498
Lease liability	(435)	(435)	(1,305)	(33,563)	(35,738)
	(40,000)	(109,539)	(229,402)	(33,563)	(412,504)

31. Capital management

The primary objective of the Group's capital management is to ensure that it remains a going concern and continues to qualify for UK REIT status.

The Group's capital is represented by reserves and bank borrowings. The Board, with the assistance of the Investment Adviser and Investment Adviser, monitors and reviews the Group's capital so as to promote the long-term success of the business, facilitate expansion, deliver a quarterly dividend distribution and to maintain sustainable returns for shareholders.

The Group's policy on borrowings is as follows: the level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds, while maintaining flexibility in the underlying security requirements and the structure of both the portfolio and of Regional REIT.

Based on current market conditions, the Board will target Group net borrowings of 40% of Investment Property Values at any time. However, the Board may modify the Group's borrowing policy (including the level of gearing) from time to time in light of then-current economic conditions, relative costs of debt and equity capital, fair value of the Company's assets, growth and acquisition opportunities or other factors the Board deems appropriate.

The optimal debt financing structure for the Group will have consideration for key metrics including: fixed or floating interest rate charged, debt type, maturity profile, substitution rights, covenant and security requirements, lender type, diversity and the lender's knowledge and relationship with the property sector.

32. Operating leases

The future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's property portfolio are as follows:

Group	31 December 2025 £'000	31 December 2024 £'000
Receivable within 1 year	38,284	47,096
Receivable between 1-2 years	35,360	42,215
Receivable between 2-5 years	68,465	85,709
Receivable after 5 years	50,095	66,075
	192,204	241,095

The Group has in excess of 650 operating leases.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 continued

The number of years remaining on these operating leases varies between 1 and 991 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 on page 155 and note 8 to the financial statements. Directors' beneficial interests in the Ordinary Shares of the Company are disclosed within the Directors' Report.

Bridgemere Investments Limited ("BIL") is deemed a related party of the Company by virtue of its significant shareholding, holding 22.10% of the issued share capital as disclosed in the TR-1 announcement dated 10 July 2025. In addition, Ms. Nicole Burstow serves as a Non-Executive Director of the Company and is employed by BIL, with her directorship fees being payable to BIL; further detail regarding these fees is provided on page 155 and note 8 to the financial statements. BIL is therefore considered a related party, and all transactions and arrangements with BIL during the year were conducted on an arm's-length basis and in accordance with the Company's governance procedures.

The Investment Adviser does not meet the definition of a related party transaction. Full details of the management arrangements are on page 103.

The Group identifies Sugarbird Solar (UK) Ltd. as a related party under IAS 24 on the basis of its 40% investment and resulting significant influence. During the year, the Group made equity contributions of £96,000 and advanced shareholder loan funding of £64,000, all on normal commercial terms. The Group's share of results has been recognised in accordance with IAS 28. Sugarbird Solar (UK) Ltd. has transacted with the Group during 2025. The transactions during the year and the balances at the year end being de minimis.

35. Subsequent Events

On 19 February 2026, the Company declared the Q4 2025 dividend of 2.50pps, which will be paid to shareholders on 10 April 2026.

On 11 December 2025, the Company declared the Company's investment management and asset management agreements will be merged into a single Amended and Restated Master Investment Management and Services Agreement ("IMA"), streamlining the management structure and enhancing operational efficiency. This new agreement, comes into effect 1 January 2026, has been entered into with ESR Europe Investment Management Ltd ("AIF Manager") who continues in its role and ESR Europe LSPIM Ltd ("Investment Adviser"), who continues in its role as asset manager and has also taken over the role of investment adviser from ESR Europe (Private Markets) Ltd. Further information regarding these changes can be found on pages 103 to 104.

Following the 24 December 2025 announcement of the Group's £72.4m refinancing, the Group entered into new interest rate hedging arrangements after the reporting date. On 27 February 2026, the Group executed new derivatives comprising GBP 40.6 million of swaps and GBP 17.4 million of caps, effective from August 2026 and maturing on December 2028, matching the maturity profile of the new refinancing.



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EPRA Performance Measures

The Group is a member of the European Public Real Estate Association ("EPRA").

EPRA has developed and defined the following performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards. The Group is pleased to disclose the following measures which are calculated in accordance with EPRA guidance:

EPRA Performance Measure	Definition	EPRA Performance Measure	Year ended 31 December 2025	Year ended 31 December 2024
EPRA Earnings*	Earnings from operational activities.	EPRA Earnings	£19,090,000	£22,659,000
		EPRA Earnings per Share (basic and diluted)	11.8p	19.2p
The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.				
EPRA Net Reinstatement Value	EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	EPRA Net Reinstatement Value	£351,880,000	£381,885,000
		EPRA Net Reinstatement Value per Share (diluted)	217.1p	235.6p
EPRA Net Tangible Assets	EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	EPRA Net Tangible Assets	£315,156,000	£340,747,000
		EPRA Net Tangible Assets per Share (diluted)	194.4p	210.2p
EPRA Net Disposal Value	EPRA NAV metric which represents the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	EPRA Net Disposal Value	£322,544,000	£362,644,000
		EPRA Net Disposal Value per Share (diluted)	199.0p	223.7p
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property with (estimated) purchasers' costs.	EPRA Net Initial Yield	5.7%	6.3%
EPRA 'Topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).	EPRA 'Topped-up' Net Initial Yield	6.3%	7.3%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacancy space divided by ERV of the whole portfolio.	EPRA Vacancy Rate	24.1%	22.5%
EPRA Costs Ratio	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	EPRA Costs Ratio	49.8%	44.7%
		EPRA Costs Ratio (excluding direct vacancy costs)	18.4%	17.4%
EPRA LTV	Debt divided by the market value of property	EPRA LTV	42.8%	44.8%

* See note 12.

Notes To The Calculation Of EPRA Performance Measures

1. EPRA earnings

For calculations, please refer to note 12 to the financial statements.

2. EPRA Net Reinstatement Value

	31 December 2025 £'000	31 December 2024 £'000
NAV per the financial statements	319,286	351,614
Fair value of derivative financial instruments	(4,884)	(11,608)
Purchaser costs	36,724	41,138
Deferred tax liability	754	741
EPRA Net Reinstatement Value	351,880	381,885
Dilutive number of Shares	162,088,483	162,088,483
EPRA Net Reinstatement Value per Share	217.1p	235.6p

3. EPRA Net Tangible Assets

	31 December 2025 £'000	31 December 2024 £'000
NAV per the financial statements	319,286	351,614
Fair value of derivative financial instruments	(4,884)	(11,608)
Deferred tax liability	754	741
EPRA Net Tangible Assets	315,156	340,747
Dilutive number of Shares	162,088,483	162,088,483
EPRA Net Tangible Assets per Share	194.4p	210.2p

4. EPRA Net Disposal Value

	31 December 2025 £'000	31 December 2024 £'000
NAV per the financial statements	319,286	351,614
Adjustment for the fair value of bank borrowings	3,258	11,030
EPRA Net Disposal Value	322,544	362,644
Dilutive number of Shares	162,088,483	162,088,483
EPRA Net Disposal Value per Share	199.0p	223.7p

Notes To The Calculation Of EPRA Performance Measures

5. EPRA Net Initial Yield

Calculated as the value of investment properties divided by annualised net rents:

	31 December 2025 £'000	31 December 2024 £'000
Investment properties	555,230	622,480
Purchaser costs	36,724	41,138
	591,954	663,618
Annualised cash passing rental income	46,414	53,840
Property outgoings	(12,905)	(11,901)
Annualised net rents	33,509	41,939
Add notional rent expiration of rent-free periods or other lease incentives	3,758	6,604
Topped-up net annualised rent	37,267	48,543
EPRA NIY	5.7%	6.3%
EPRA topped up NIY	6.3%	7.3%

6. EPRA Vacancy Rate

	31 December 2025 £'000	31 December 2024 £'000
Estimated Market Rental Value (ERV) of vacant space	16,078	17,303
Estimated Market Rental Value (ERV) of whole portfolio	66,666	77,029
EPRA Vacancy Rate	24.1%	22.5%

7. EPRA Cost Ratios

	31 December 2025 £'000	31 December 2024 £'000
Property costs	38,373	45,021
Less recoverable service charge income and other similar costs	(18,196)	(25,742)
Add administrative and other expenses	9,944	9,851
EPRA costs (including direct vacancy costs)	30,121	29,130
Direct vacancy costs	(19,011)	(17,791)
EPRA costs (excluding direct vacancy costs)	11,110	11,339
Gross rental income	78,628	90,981
Less recoverable service charge income and other similar items	(18,196)	(25,742)
Gross rental income less ground rents	60,432	65,239
EPRA Cost Ratio (including direct vacancy costs)	49.8%	44.7%
EPRA Cost Ratio (excluding direct vacancy costs)	18.4%	17.4%

The Group has not capitalised any overhead or operating expenses in the accounting years disclosed above.

8. EPRA LTV

	31 December 2025 £'000	31 December 2024 £'000
Borrowings from financial institutions	266,226	316,734
Net payables	7,866	12,460
Cash held by solicitors	(4,178)	-
Cash and cash equivalents	(37,726)	(56,719)
Net debt	232,188	272,475
Investment properties at fair value*	542,191	607,458
Financial Assets - loans	144	337
Total property value	542,335	607,795
EPRA LTV	42.8%	44.8%

* Colliers' valuation net of smoothing see note 3.1.1

Calculation of net receivables/(payables)

	31 December 2025 £'000	31 December 2024 £'000
Trade and other receivables - current	40,717	35,079
Cash held by solicitors*	(4,178)	-
Less tenant loans	(144)	(193)
Current liabilities**	(43,559)	(46,752)
Right of use asset	10,710	10,849
Finance lease liabilities	(11,412)	(11,444)
Net receivables/(payables)	(7,866)	(12,461)

* Cash held by solicitors relates to various balances within trade receivables

** Current liabilities including deferred tax but excluding finance lease liabilities



EPRA BPR Awards

The Company is pleased to have been granted again an EPRA BPR Gold Award in respect of the Company's compliance with EPRA's Best Practice Recommendations for financial reporting of listed property companies.

Property Related Capital Expenditure Analysis

	31 December 2025 £'000	31 December 2024 £'000
Acquisitions	1,160	-
Development	-	-
Investment properties		
Incremental lettable space	-	-
No incremental lettable space	11,782	8,262
Tenant incentives	-	-
Other material non-allocated types of expenditure	-	-
Capitalised interest	-	-
Total capital expenditure	12,942	8,262
Conversion from accruals to cash basis	-	-
Total capital expenditure on cash basis	12,942	8,262

Acquisitions – this represents the purchase cost of investment properties and associated incidental purchase expenses such as stamp duty land tax, legal fees, agents' fees, valuations and surveys.

Subsequent capital expenditure - this represents capital expenditure which has taken place post the initial acquisition of an investment property.

Other Performance Measures

Net LTV

	31 December 2025 £'000	31 December 2024 £'000
Borrowings from financial institutions	266,226	316,734
Cash (including amounts held by solicitors)	(41,904)	(56,719)
Net debt	224,322	260,015
Investment properties at valuation	555,230	622,480
Net LTV	40.4%	41.8%

Weighted Average Cost of Debt

	31 December 2025 £'000	31 December 2024 £'000
Annual Interest charge	8,887	10,666
Bank borrowings	266,226	316,734
Weighted average cost of debt	3.3%	3.4%

Annualised EPRA Total Return

	31 December 2025 (p)	31 December 2024 (p)
Dividends paid to date	283.1	273.4
EPRA NTA	194.4	210.2
Total	477.5	483.6
Shareholder funds received at launch on 05/11/2015 (rebased for 2024 share issue and consolidation)	457.9	457.9
Total Return	4.3%	5.6%
Compounded Total Return	0.4%	0.6%



Linford Wood, Milton Keynes

Glossary of Terms

AIC – Association of Investment Companies. A trade body for closed-end investment companies (www.theaic.co.uk).

AIF – Alternative Investment Fund.

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a closed-ended investment company nevertheless remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIFM – Alternative Investment Fund Manager. The entity which ensures the Company complies with the AIFMD. The Company's AIFM is ESR Europe Investment Management Limited.

Alternative Performance Measures (APMs) – APMs are key performance indicators used by the Board to assess the Company's performance.

Auditor – RSM UK Audit LLP.

Board – the Board of Directors of the Company.

Borrowings – aggregate amount of total drawn bank facilities and the retail eligible bond.

Break Option – a clause in a lease which provides the landlord or tenant with an ability to terminate the lease before its contractual expiry date.

CAPEX – capital expenditure relates to spend used by the organisation to maintain or upgrade physical assets.

CAPEX to Core – well located properties with potential to deliver rental growth and increased valuations.

Company – Regional REIT Limited (Company Number 60527).

Company Adjusted Earnings – a company specific earnings measure which adds back the performance fee charged in the accounts to EPRA Earnings.

Core Property – stable income and value accretive properties with low risk.

Directors – the Directors of the Company whose names are set out on page 224.

EPC – Energy Performance Certificate.

EPRA – European Public Real Estate Association, a real estate industry body, which has issued Best Practice Recommendations to provide consistency and transparency in real estate financial reporting across Europe.

EPRA Cost Ratio – ratio of overheads and operating expenses against gross rental income. Net overheads and operating expenses relate to all administrative and operating expenses including the share of joint ventures' overheads and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses.

EPRA Dividend Cover – EPRA earnings per Share divided by the dividend per Share.

EPRA Earnings – profit after taxation excluding investments and development property revaluations and gains/losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

EPRA LTV – EPRA Loan-To-Value is calculated as debt (including net payables) divided by market value of property as defined in the EPRA Best Practice Guidelines

EPRA Net Asset Value (EPRA NAV) – IFRS assets excluding the mark-to-market on effective cash flow hedges and related debt instruments and deferred taxation revaluations.

EPRA Net Initial Yield (EPRA NIY) – annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property with (estimated) purchasers' costs.

EPRA Net Tangible Assets (EPRA NTA) – EPRA Net Asset Value Measure assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Occupancy Like for Like – the like-for-like movement in EPRA Occupancy against the same period in the prior year, on properties owned throughout both comparable periods.

EPRA Occupancy Rate – occupancy expressed as a percentage being the ERV of let space divided by ERV of the whole portfolio. Occupancy Rate should only be calculated for all completed properties but excluding those properties which are under development.

EPRA "Topped Up" Net Initial Yield – this measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA Total Return – the movement in EPRA NTA plus the dividend distributions paid during the period, expressed as a percentage of the EPRA NTA at the beginning of the period.

EPRA Triple NAV (EPRA NNNAV) – EPRA net assets adjusted to include deferred tax liabilities and the fair values of financial instruments and debt.

EPRA Vacancy Rate – occupancy expressed as a percentage being the ERV of vacant space divided by ERV of the whole portfolio. Vacancy Rate should only be calculated for all completed properties but excluding those properties which are under development.

Equivalent Yield – weighted average of the initial yield and reversionary yield, representing the return that a property will produce based on the occupancy data of the tenant leases.

ESG – Environmental, Social and Corporate Governance refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

Estimated Rental Value (ERV) or Market Rent (MR) – external valuers’ opinion as to what the open market rental value of the property is on the valuation date and which could reasonably be expected to be the rent obtainable on a new letting of that property on the valuation date.

External Valuer – independent external valuer of a property. The Company’s external valuer is Colliers International Property Consultants Ltd.

Fair Value Adjustment – accounting adjustment to change the book value of an asset or liability to its market value.

Green Lease – Lease incorporating sustainability obligations to improve environmental performance of buildings.

GRESB – the Global Real Estate Sustainability Benchmark. The assessment is the investor-driven global ESG benchmark and reporting framework for listed property companies, private property funds, developers and investors that invest directly in real estate.

Gross Asset Value – the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time.

Gross Investment Property Assets – investment properties encompassing the entire property portfolio of freehold and leasehold assets.

Gross Loan-to-Value (LTV) Ratio – (Borrowings)/(Investment Properties Value), expressed as a percentage.

Gross Rental Income – see Rent Roll.

Group – Regional REIT Limited and its subsidiaries.

IAS – an international accounting standard established by the International Accounting Standards Board.

Investment Adviser – ESR Europe LSPIM Limited.

IPO – Initial Public Offering. The Company’s admission to the London Stock Exchange was on 6 November 2015.

ISA – Individual Savings Account.

Law – The Companies (Guernsey) Law 2008, as amended.

Lease – legally binding contract between a landlord and a tenant which sets out the basis on which the tenant is permitted to occupy a property, including the lease length.

Lease Incentive – payment used to encourage a tenant to take on a new lease; for example, a landlord paying a tenant a sum of money to contribute to the cost of a tenant’s fit-out of a property or by allowing a rent-free period.

Lease Re-gear – renegotiation of a lease during the term and often linked to another lease event; for example, a Break Option or Rent Review.

Lease Renewal – renegotiation of a lease with the existing tenant at its contractual expiry.

Lease Surrender – agreement whereby the landlord and tenant bring a lease to an end other than by contractual expiry or the exercise of a Break Option. This will frequently involve the negotiation of a surrender premium by one party to the other.

LOA (Letter of Authority) – Permission required under the UK Data Protection Act for a third party to access energy consumption data from suppliers, as governed by Ofgem rules.

Manager - being ESR Europe Investment Management Limited (AIFM) and ESR Europe LSPIM Limited (Investment Adviser).

Mark-to-Market (MTM) – difference between the book value of an asset or liability and its market value.

Net Asset Value (NAV) (or Shareholders’ Funds) (Prior EPRA methodology) – the value of the investments and other assets of an investment company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an investment company at a point in time.

Net Debt – total cash and cash equivalents less short- and long-term debt.

Net Gearing – (Borrowings – cash and cash equivalents)/(Total Issued Shares + Retained Earnings).

Net Loan-to-Value (LTV) Ratio / Net Borrowings – (Borrowings (before debt issuance costs) – less cash)/(Investment Properties Value) expressed as percentage.

Occupancy Percentage – percentage of the total area of all properties and units currently let to tenants.

Ongoing Charges – a measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company, which is calculated in line with AIC methodology.

Ordinary Resolution – a resolution passed by more than 50 per cent. majority in accordance with the Companies Law.

Over Rented – when the Contracted Rent is higher than the ERV.

Passing Rent – the rent that is payable at any particular time, allowing for lease incentives. This phrase is often used for Contracted Rent.

Property Income Distributions (PID) – profits from property related business distributed to Shareholders which are subject to tax in the hands of the Shareholders as property income. PIDs are normally paid net of withholding tax, currently at 20%, which the REIT pays to the tax authorities on behalf of the Shareholder. Certain types of Shareholder (i.e. pension funds) are tax exempt and receive PIDs without withholding tax. Property companies also pay out normal dividends, called non-PIDs, which are treated as not subject to withholding tax.

Property Manager – ESR Europe PM Limited.

Prospectus – the Company’s prospectus issued on 27 June 2024.

REIT – a qualifying entity which has elected to be treated as Real Estate Investment Trust for tax purposes. In the UK such entities must be listed on a recognised stock exchange, must be predominately engaged in property investments activities and must meet certain ongoing qualifications as set out under section 705 E of the Finance Act 2013.

Rent Review – periodic review of rent during the term of a lease, as provided for within a lease agreement.

Rent Roll – is the contracted gross property rent receivable which becomes payable after tenant incentives in the letting have expired.

Reversion – expected increase in rent estimated by the Company’s External Valuers, where the passing rent is below the ERV. The increases to rent arise on rent reviews and lettings.

Reversionary Yield – anticipated yield, excluding lease expiry, to which the Net Initial Yield will rise (or fall) once the rent reaches the Estimated Rental Value. ERV/Investment Properties Value expressed as a percentage.

Shareholder – a holder of Shares in the Company.

Shares – ordinary Shares issued by the Company.

SIPP – self-invested personal pension.

SONIA – Sterling Overnight Index Average.

SSAS – small self-administered scheme.

TCFD – Task Force on Climate-Related Financial Disclosures created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

Total Shareholder Return – the movement in the Share price, plus the dividend distributions received and reinvested in the period, expressed as percentage of the Share price at the beginning of the period.

Triple Net Initial Yield (NNNIY) – (Annualised current passing rent net of property related taxes, building insurance, and maintenance costs (the three “nets”)/ (Investment Properties Value).

UN SDG – the Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

Value add – alternative use properties with value potential greater than capex to core; significant potential for upside compared to current book values.

Void costs – Property costs incurred during vacancy and refurbishment, such as rates and utilities

Weighted Average Cost of Debt (WACD) – Group borrowings’ interest costs and net derivative costs expected over the next 12 months, divided by the total Group debt expected to be in issue over the same 12-month period

Weighted Average Debt Duration (WADD) – is calculated by multiplying each tranche of Group debt by the remaining period to its maturity, with the sum of the results being divided by total Group debt in issue at the period end.

Weighted Average Debt to Maturity (WAD) – each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

Weighted Average Effective Interest Rate – the Group’s loan interest and hedging derivative costs per annum divided by total Group debt in issue at the period end.

Weighted Average Unexpired Lease Term (WAULT) – is the average lease term remaining to first break, or expiry, across the portfolio weighted by rental income (including rent-free).

Yield Compression – occurs when the net equivalent yield of a property decreases, measured in basis points.

AIFMD Disclosures

The Alternative Investment Fund Managers' Directive ("AIFMD") requires certain information to be made available to investors before they invest in Alternative Investment Funds and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within the Initial Public Offering ("IPO") prospectus and subsequent equity capital raise prospectuses, which can be found on the Group's website at: www.regionalreit.com.

Management agreement

In December 2025, the Company's investment management and asset management agreements were merged into a single Amended and Restated Master Investment Management and Services Agreement ("IMA"), streamlining the management structure and enhancing operational efficiency. This new agreement was entered into with ESR Europe Investment Management Ltd. ("AIF Manager") who continues in its role and ESR Europe LSPIM Ltd. ("Investment Adviser"), who continues in its role as asset manager and has also taken over the role of investment adviser from ESR Europe (Private Markets) Ltd..

In August 2024, ESR Europe Investment Management Limited was appointed as the Alternative Investment Fund Manager (AIFM), replacing Toscafund Asset Management LLP. ESR Europe Investment Management Limited was authorised by the UK's Financial Conduct Authority on 1 August 2024.

In December 2025, the Company's investment management and asset management agreements were merged into a single Amended and Restated Master Investment Management and Services Agreement ("IMA"), streamlining the management structure and enhancing operational efficiency. This new agreement was entered into with ESR Europe Investment Management Ltd. ("AIF Manager") who continues in its role and ESR Europe LSPIM Ltd. ("Investment Adviser"), who continues in its role as asset manager and has also taken over the role of investment adviser from ESR Europe (Private Markets) Ltd..

Continuing appointment of the AIFM

The Board continually reviews the performance of the AIFM. The Board, through its Management Engagement and Remuneration Committee, has considered the performance of the AIFM and the terms of its engagement. In December 2025, the management arrangements were amended as set out on page 103.

Principal risks and uncertainties

An explanation of the principal risks and how they are managed and the policy and practice with respect to financial instruments are contained in note 30 on pages 204 to 206.

Leverage

Leverage is defined in the AIFMD as any method by which the Group increases its exposure, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

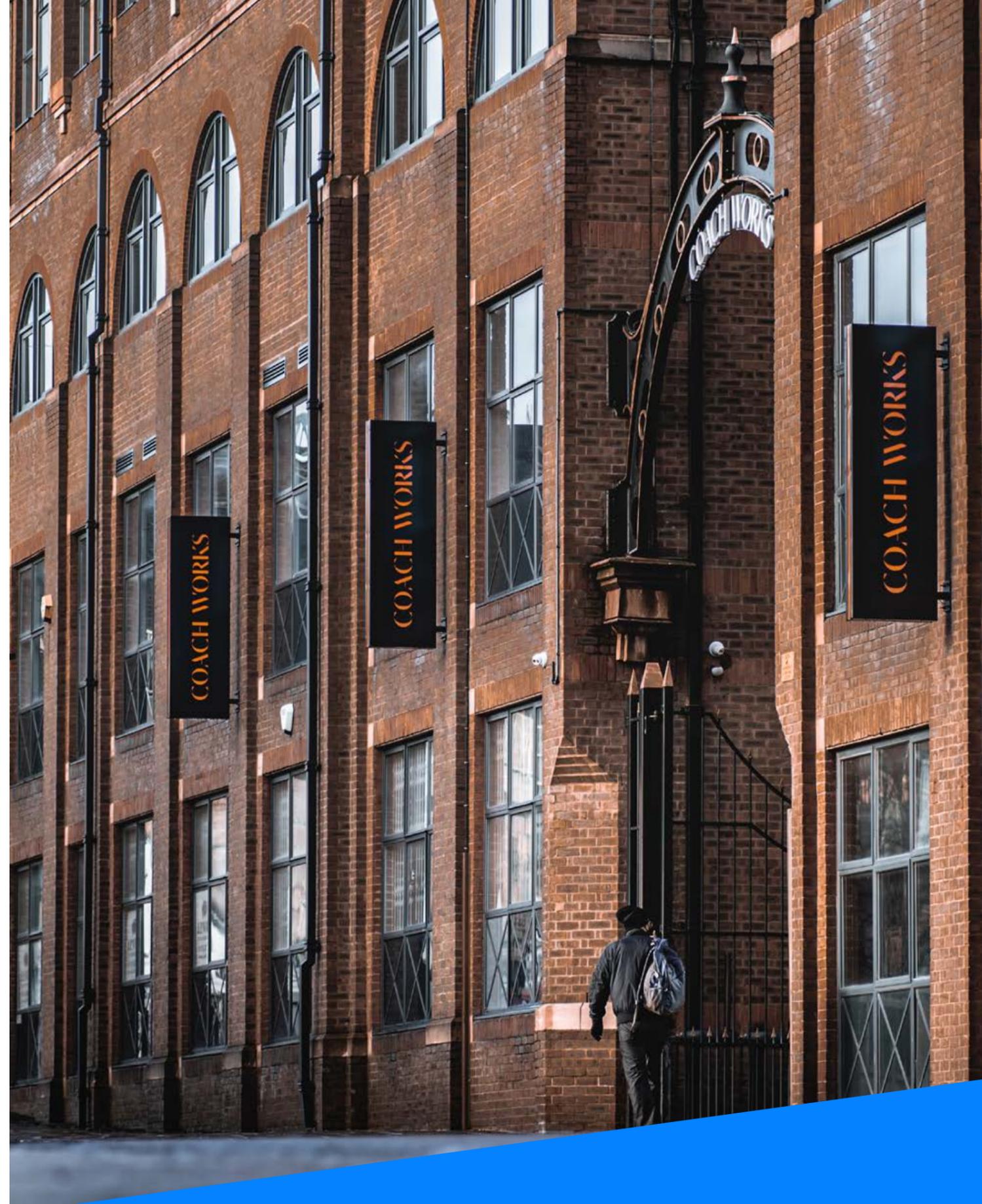
Leverage has been measured in terms of the Group's exposure and is expressed as a ratio of net asset value. The AIFMD requires this ratio to be calculated in accordance with both the Gross Method and the Commitment Method. Details of these methods of calculation can be found by referring to the AIFMD. In summary, these methods express leverage as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. The principal difference between the two methods is that the Commitment Method enables derivative instruments to be netted off to reflect hedging arrangements and the exposure is effectively reduced, while the Gross Method aggregates the exposure.

The AIFMD introduced a requirement for the AIFM to set maximum levels of leverage for the Group. The Company's AIFM has set a maximum limit of 400 for both the Gross and Commitment Methods of calculating leverage.

At 31 December 2025, this gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum	400	400
Actual	211	223

In accordance with the AIFMD, any changes to the maximum level of leverage set by the Group will be communicated via the Group's website to the Shareholders.



Tailored spaces your way

Coach Works, Leeds

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)

Sarah Whitney (Independent Non-Executive Director)

Registered Office

Regional REIT Limited
Mont Crevelt House
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Company Secretary

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Investment Adviser

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G2 4JR

AIFM

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Financial Adviser and Joint Broker

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7th Floor
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EC2M 2AT

Financial Adviser and Joint Broker

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Legal Adviser to the Company

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Sub-Administrator

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Broadwalk House
Southernhay West
Exeter
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Registrar

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Guernsey
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Independent Auditor

RSM UK Audit LLP
4th Floor, G1
5 George Square
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EC3M 3BY

Public Relations

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EC1A 4HD

Property Valuer

Colliers International Property Consultants Limited
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London
W1U 1FF

Tax Adviser

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Regional REIT Limited ISIN:

GG00BSY2LD72

SEDOL:

BSY2LD72

Legal Entity Identifier:

549300D8G4NKLRIKBX73

Company website

www.regionalreit.com

Forthcoming Events



19 MAY

Q1 Trading Update



8 SEPT

Interim Results Announcement



12 NOV

Q3 Trading Update

** Note: all future dates are provisional and subject to change*

Shareholder Information

Please phone: **0371 664 0300** for any questions about:

- changing your address or other details
- your Shares
- buying and selling Shares

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 09:00 and 17:30, Monday to Friday, excluding public holidays in England and Wales. For Shareholder enquiries, please email: shareholderenquiries@cm.mpms.mufg.com

Dividend History

								Total dividend
Year	Period	Announcement date	Ex-date	Record date	Payment date	PID	Non-PID	Pence per share
2025	Q4 2025	19/02/2026	26/02/2026	27/02/2026	10/04/2026	2.50	-	2.50
	Q3 2025	12/11/2025	20/11/2025	21/11/2025	09/01/2026	2.50	-	2.50
	Q2 2025	09/09/2025	18/09/2025	19/09/2025	17/10/2025	2.50	-	2.50
	Q1 2025	15/05/2025	22/05/2025	23/05/2025	11/07/2025	2.50	-	2.50
						10.0	-	10.0
2024	Q4 2024	20/02/2025	27/02/2025	28/02/2025	04/04/2025	2.20	-	2.20
	Q3 2024	13/11/2024	21/11/2024	22/11/2024	10/01/2025	2.20	-	2.20
	Q2 2024*	10/09/2024	19/09/2024	20/09/2024	18/10/2024	2.20	-	2.20
	Q1 2024	22/05/2024	30/05/2024	31/05/2024	02/07/2024	1.20	-	1.20
						7.80	-	7.80
2023	Q4 2023	22/02/2024	29/02/2024	01/03/2024	05/04/2024	1.20	-	1.20
	Q3 2023	09/11/2023	16/11/2023	17/11/2023	12/01/2024	1.20	-	1.20
	Q2 2023	12/09/2023	21/09/2023	22/09/2023	19/10/2023	1.20	-	1.20
	Q1 2023	24/05/2023	01/06/2023	02/06/2023	04/08/2023	1.65	-	1.65
						5.25	-	5.25
2022	Q4 2022	23/02/2023	02/03/2023	03/03/2023	06/04/2023	1.65	-	1.65
	Q3 2022	10/11/2022	17/11/2022	18/11/2022	12/01/2023	1.65	-	1.65
	Q2 2022	24/08/2022	01/09/2022	02/09/2022	14/10/2022	1.65	-	1.65
	Q1 2022	25/05/2022	01/06/2022	06/06/2022	15/07/2022	1.65	-	1.65
						6.60	-	6.60
2021	Q4 2021	24/02/2022	03/03/2022	04/03/2022	08/04/2022	1.70	-	1.70
	Q3 2021	11/11/2021	18/11/2021	19/11/2021	12/01/2022	1.60	-	1.60
	Q2 2021	26/08/2021	09/09/2021	10/09/2021	15/10/2021	1.60	-	1.60
	Q1 2021	19/05/2021	27/05/2021	28/05/2021	16/07/2021	1.60	-	1.60
						6.50	-	6.50
2020	Q4 2020	25/02/2021	04/03/2021	05/03/2021	09/04/2021	1.50	-	1.50
	Q3 2020	12/11/2020	19/11/2020	20/11/2020	08/01/2021	1.50	-	1.50
	Q2 2020	26/08/2020	03/09/2020	04/09/2020	16/10/2020	1.50	-	1.50
	Q1 2020	21/05/2020	04/06/2020	05/06/2020	17/07/2020	1.90	-	1.90
						6.40	-	6.40
2019	Q4 2019	27/02/2020	05/03/2020	06/03/2020	09/04/2020	2.55	-	2.55
	Q3 2019	14/11/2019	21/11/2019	22/11/2019	19/12/2019	1.90	-	1.90
	Q2 2019	29/08/2019	05/09/2019	06/09/2019	15/10/2019	1.90	-	1.90
	Q1 2019	23/05/2019	06/06/2019	07/06/2019	12/07/2019	1.90	-	1.90
						8.25	-	8.25
2018	Q4 2018	21/02/2019	28/02/2019	01/03/2019	11/04/2019	2.50	-	2.50
	Q3 2018	15/11/2018	22/11/2018	23/11/2018	21/12/2018	1.85	-	1.85
	Q2 2018	31/08/2018	13/09/2018	14/09/2018	15/10/2018	1.85	-	1.85
	Q1 2018	17/05/2018	24/05/2018	25/05/2018	13/07/2018	1.85	-	1.85
						8.05	-	8.05

Q1 1 Jan to 31 Mar

Q2 1 Apr to 30 Jun

Q3 1 Jul to 30 Sep

Q4 1 Oct to 31 Dec

* 1 for 10 share consolidation 29/7/2024

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