



Investor Presentation - Year to 31 December 2017

March 2018

High dividend distribution UK REIT, offering exposure to the regional commercial property market with active management by an experienced Asset Manager

- Headlines
- Financials and Portfolio
- Market Overview and Outlook



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London and Scottish Investments, Asset
Manager to Regional REIT



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Headlines

Strong momentum in achieving key objectives

- Strong returns with a progressive dividend policy – DPS for 2017: 7.85p, up 3% from 2016 and total returns to shareholders since IPO of 19.9%.
- Property Portfolio up 47% to £737.3m as REIT continue to build scale and deliver on commitments made at IPO
- Targeted and opportunistic acquisitions to expand and diversify portfolio, including three major portfolios supported by corporate transactions
- Growing the revenue stream and improving occupancy through active asset management – Contracted Rent Roll up 41% to £61.9m and Rental Income up 22% to £52.3m.
- Portfolio further diversified across the UK, 164 properties (2016: 123), 1,026 tenants (2016: 717), 1,368 units (2016: 941)
- Balance sheet simplified and maturity of debt extended to 6.0 years (from 2.9yr)
- LSI team and presence across the UK strengthened to support ongoing growth of the REIT



Buildings 2 & 3 HBOS Campus, Aylesbury



Columbus House, Coventry



Wardpark Industrial Estate, Cumbernauld

Financials and Portfolio

Portfolio change -
targeted and opportunistic
acquisitions



	Dec 2016	Dec 2017	Change*
Investment Property	£502.4m	£737.3m	£234.9m
Acquisitions before costs	£133.6m	£228.1m	£94.5m
Acquisition Net Initial Yield	8.6%	7.9%	(70bps)
Disposals net	£44.9m	£16.9m	(£28.0m)
Disposal Net Initial Yield	6.8%	6.3%	(50bps)

Portfolio exposure -
reduced exposure to
Scotland by value



Office and Industrial	92.7%	90.6%	(210bps)
Scotland	26.8%	22.4%	(440bps)

Debt -
duration and flexibility
managed



Weighted Average Cost of Debt	3.7%	3.8%	(10bps)
Weighted Average Duration	2.9yr	6.0yr	3.1yrs

Return -
strong returns with a
progressive dividend policy



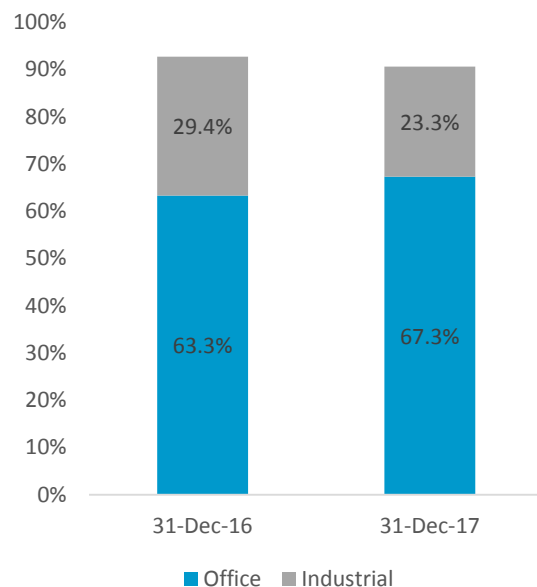
Total Accounting Return since IPO**	13.2%	19.9%	670bps
Total Annual Accounting Return	11.3%	8.8%	(250bps)
Dividends declared	7.65pps	7.85pps	0.20pps

*Rounded to whole numbers

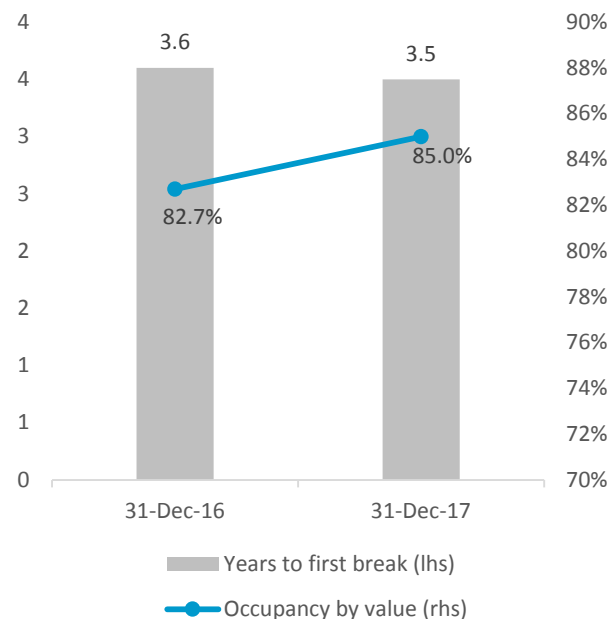
**IPO 6 November 2015 - NAV plus dividend

Property - £737.3m gross investment properties

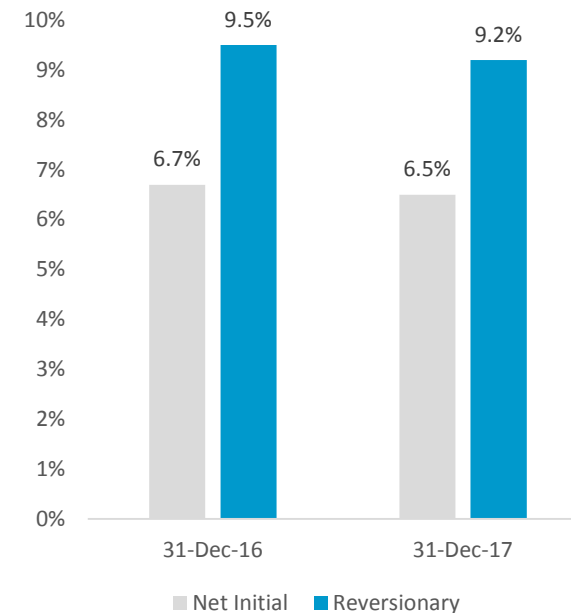
Gross property assets by value (%)*



WAULT to first break (years) & Voids (%)



Valuation yields (%)*



- 8.1% - Retail (31 Dec'16, 7.2%)
- 1.3% - Other (31 Dec'16, 0.1%)
- Contracted rent roll – c. £61.9m (31 Dec'16, £44.0m)

- 5.4 years WAULT to lease expiry (31 Dec'16, 5.2)

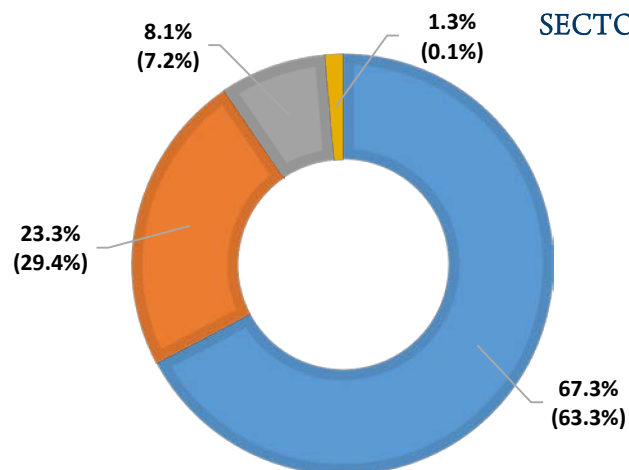
- Equivalent: 8.3% (31 Dec'16, 8.6%)

*Figures based on Cushman & Wakefield and JLL valuations as at 31 December 2017

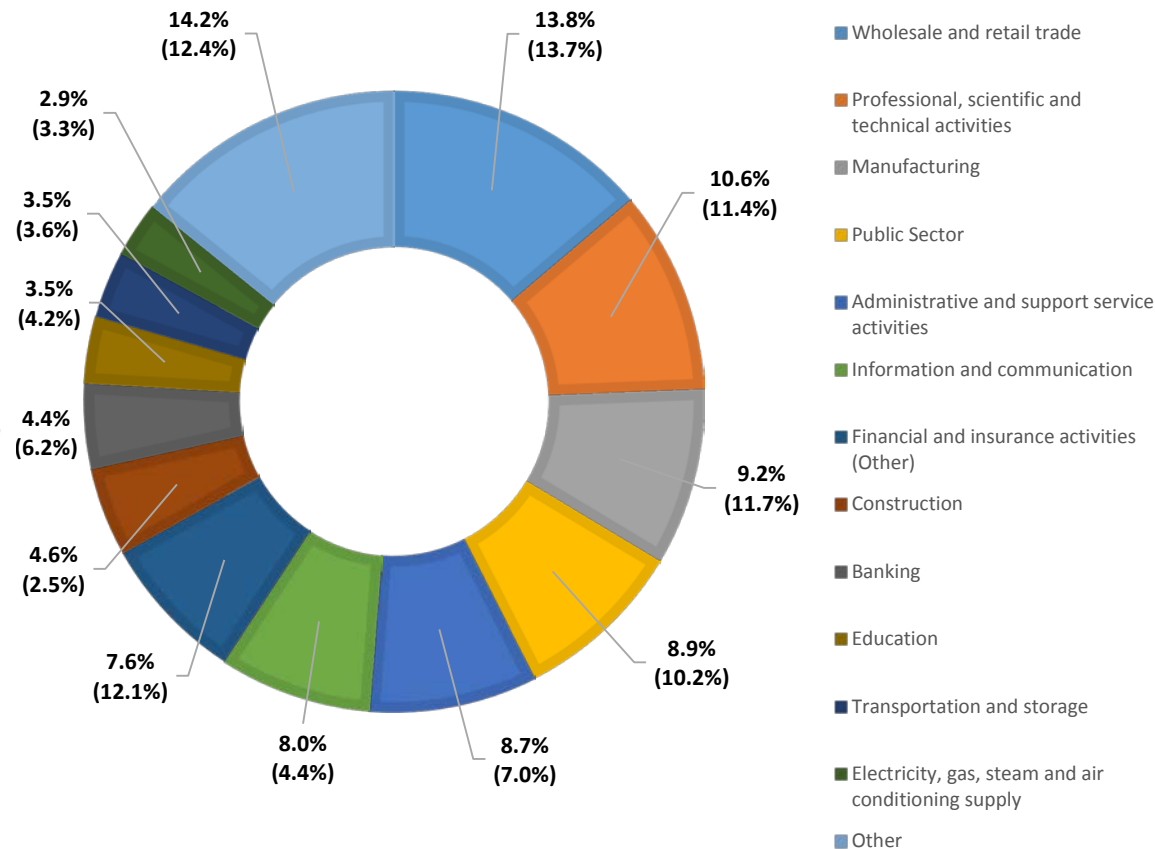
£737.3m Property Portfolio as at 31 December 2017

Diversified office-led portfolio – unrivalled exposure to the UK regional property market (% by value) - and broad base of business activity

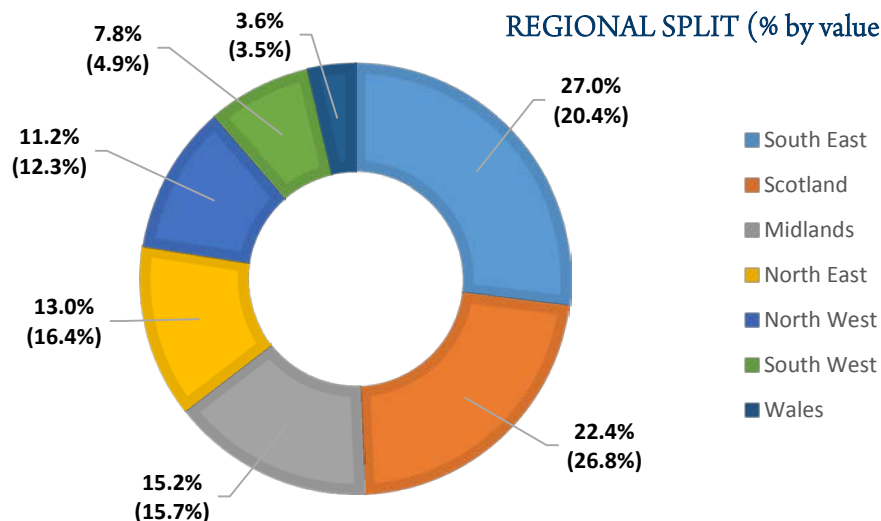
SECTOR SPLIT (% by value)



TENANTS BY SIC CODES (% of gross rent)



REGIONAL SPLIT (% by value)



Charts may not sum due to rounding

	Year ending 31 December 2016	Year ending 31 December 2017
Rental income	£43.0m	£52.3m
EPRA cost ratio	29.6%	29.7%
Adj. EPRA costs ratio (excl. Performance Fee)	29.0%	26.6%
Operating profit before gains/losses on property assets/other investments	£29.9m	£36.4m
EPS (fully diluted)	4.9pps	9.1pps
EPRA EPS (fully diluted)	7.7pps	8.1pps
Dividend declared for the period	7.65pps H2'16: 4.15p	7.85pps H2'17: 4.25pps

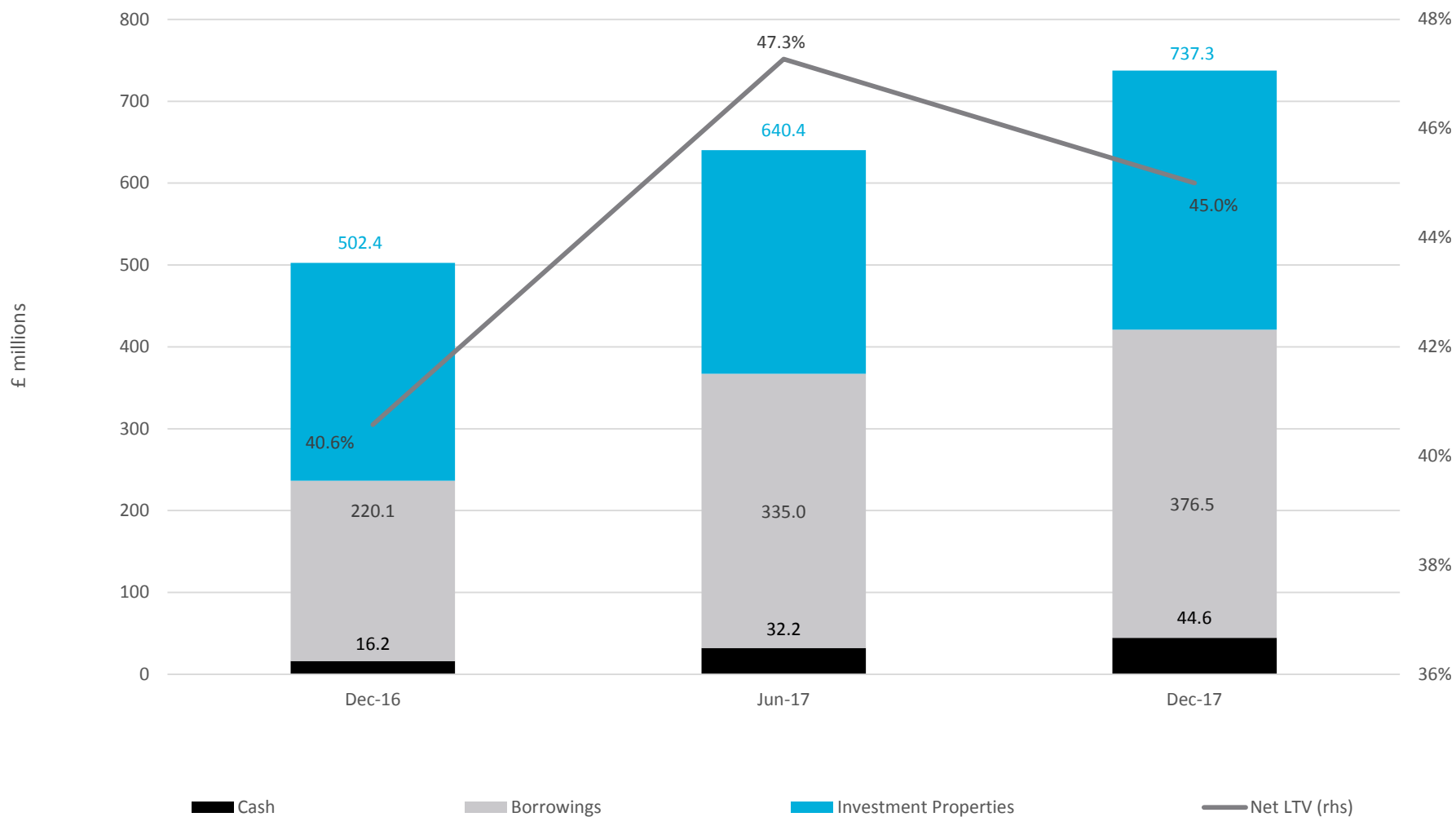
- Rental income momentum building in 2017. Rent roll at the end 2017 on full occupation of £73.8m pa. (2016 : £53.1m pa.)
- EPRA cost ratio 2017 vs 2016 impacted by 2 one-off events. Firstly, the refinancing costs for the 10yr £165m borrowing of (£2.5m), and secondly registering for VAT resulting in a one-off credit of £0.8m in 2017.
- Profit before tax £28.7m (year ending 2016: £13.4m) including change in fair value of investment properties £5.9m (2016: (£6.8m))
- EPRA EPS – diluted 8.1pps paying a fully EPRA covered dividend of 7.85pps, up from 7.7pps in 2016

Financial Position Remains Strong

	As at 31 December 2016	As at 31 December 2017
Gross property asset value	£502.4m	£737.3m
NAV (fully diluted)	106.3pps	105.1pps
EPRA NAV (fully diluted)	106.9pps	105.9pps
Bank borrowings (incl. zero dividend preference shares)*	£220.1m	£376.5m
Weighted average cost of debt (inc. hedging)	3.7%	3.8%
Net Loan-to-value	40.6%	45.0%
Occupancy by value	82.7%	85.0%
Occupancy like-for-like	83.4%	84.1%
Contracted rent roll like-for-like	£43.0m	£44.0m

- Gross investment property value includes +2.60% like-for-like valuation improvement, adjusting for capital expenditure, acquisitions of £228.1m (before costs) and disposals of £16.9m net.
- Adjusted EPRA NAV impacted by £2.5m (0.7pps) for the £165m 10yr refinancing costs and £2.6m (0.7pps) fund raising costs.
- Bank borrowings and Net LTV increased as a result of acquisitions. Post Conygar acquisition in late March 2017 Net LTV was c. 49% and has subsequently been managed down to 45%.
- Occupancy increased by property management initiatives by the experienced Asset Manager.
- Total Returns to Shareholders since IPO of 19.9%.

*Before unamortised loan arrangement fees



Debt - Profile and LTVs as at 31 December 2017

Borrowing rationalised, duration extended, hedging costs reduced, coupled with flexibility and increased headroom

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value**	Annual Interest Rate	Amortisation	Swaps\Caps: Notional Amounts	Swap Rates
ICG Longbow Ltd	£65,000	£65,000	Aug-19	44.6%	5.00% Fixed	None	n/a	
Royal Bank of Scotland	£19,336	£17,376	Dec-20	40.0%	2.00% over 3mth £ LIBOR	Mandatory Prepayment	-	
HSBC	£20,998	£20,998	Dec-21	53.2%	2.15% over 3mth £ LIBOR	Mandatory Prepayment plus qtlly instalments of £100,000	-	
Santander UK	£70,700	£70,700	Nov-22	43.4%	2.15% over 3mth £ LIBOR	Mandatory Prepayment	35,350 35,350	1.605% 1.605%
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	£165,000	£165,000	Dec-27	48.9%	3.28% Fixed	Mandatory Prepayment	n/a	
	£341,034	£339,074						
Zero Dividend Preference Shares	£39,879	£37,388	Jan-19	NA	6.50% Fixed	None	n/a	
	£380,913	£376,462						

* Before unamortised debt issue costs

** Based on Cushman and Wakefield and Jones and Lang LaSalle property valuations

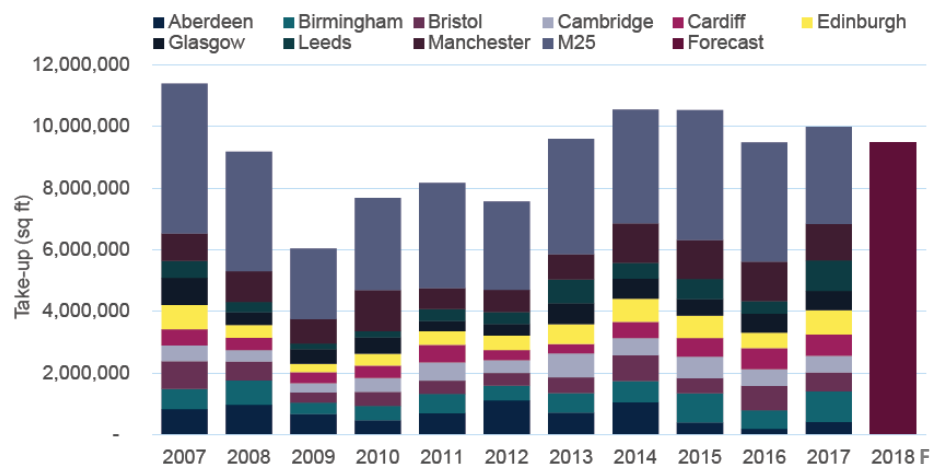
Market Overview and Outlook

1) Opportunity for Regional Offices

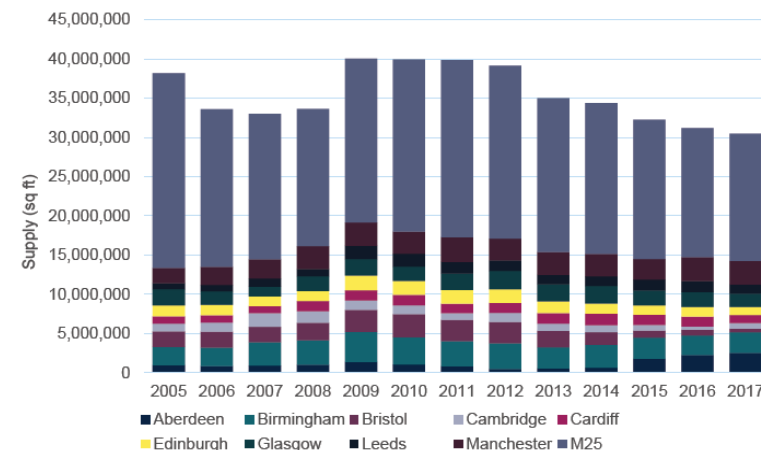
Demand increasing – Supply limited

- Savills estimates that take-up of office space across ten regional office markets reached 10 million sq. ft. in 2017
- Office supply in regional markets remains low, with occupier activity continuing to reduce availability, particularly for grade A offices. Has resulted in an increase in pre-lets signed (developments under construction) in 2017
- According to Cushman & Wakefield, vacancy levels should not see any significant uplift in 2018, particularly within regional cities

Annual take-up by region (sq. ft.)



Availability of office by grade (sq. ft.)



Regional REIT's exposure to key UK regions

Exposure to key UK regions	Office portfolio by value
Birmingham	2.0%
Bristol	3.4%
Edinburgh	2.5%
Glasgow	12.4%
Leeds	8.3%
Manchester	4.6%
Total Big 6 regional office markets	33.2%
Next 9 regions*	9.7%
South East	28.7%
Other	28.5%

Source: In-house analysis based on Cushman & Wakefield & JLL valuation (31 December 2017)

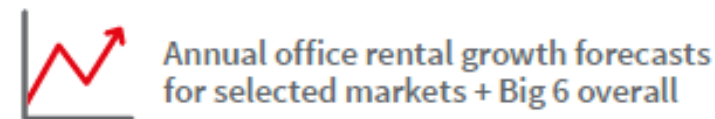
*Next nine regions include: Aberdeen, Cardiff, Coventry, Leicester, Liverpool, Newcastle, Nottingham, Sheffield

2) Opportunity for Regional Offices (continued)

Rental growth accelerating in regional markets

- Research from Savills indicates that prime rental growth in regional markets averaged 3.3% in 2017
- Rental growth in regional office markets is set to continue, with Savills forecasting further rental growth of approximately 1.8% in 2018
- According to JLL:
 - Prime headline rents in the big six markets has increased by an average of 5% over the last two years
 - Development shortfall will drive rental growth with average annual growth over 2017-2021 of 2.2% for the big six markets

With record levels of take-up across numerous regional markets and the ongoing shortage of prime properties set to continue, the Asset Manager anticipates rental growth for good quality secondary properties should remain well supported throughout 2018.



Average 2017-21 (%) (p.a.)

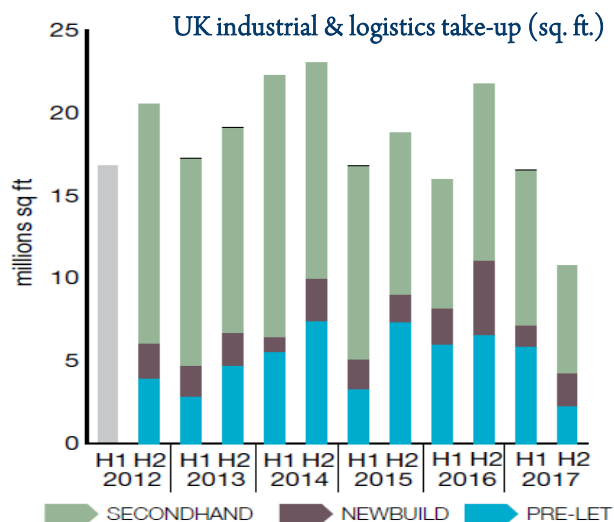
Big 6	2.2
Birmingham	1.8
Bristol	2.7
Edinburgh	2.5
Glasgow	2.0
Leeds	2.1
Manchester	2.2

Source: JLL (November 2017)

3) Opportunity for Regional Industrial

Growing demand and limited supply for multi-sized, multi-let industrial sites

- Take-up in 2017 totalled 26.6 million sq. ft. in 2017, with 6.8 million sq. ft. taken up in the final quarter of 2017 (Cushman & Wakefield)
- Industrial market experienced annual rental value growth in 2017 of 4.9% according to IPD
- JLL research suggests that supply is constraining demand in the industrial market due to very limited supply and continued demand for new speculative development, particularly for units below 100,000 sq. ft..



Regional commercial property - an attractive opportunity

- Investment demand for regional assets remains robust
- Regional economic and business fundamentals remain positive – continued limited supply of office and industrial properties with continuing demand
- Our core markets continue to experience beneficial supply-demand dynamics with elements of our portfolio already witnessing headline rental growth across a number of properties.

RGL income security underpins performance strength

- Focus on asset and property management of portfolio
- Improve occupancy – towards 90% - and improvement from modest rents and capital values
- Experienced and professional asset manager, with a strong reputation in the sector, underpinning business growth
- Continued opportunistic strategy of disposals and acquisitions (but likely to be recycling of proceeds of sales)

Appendix

- Financial and Debt Review
- Property Portfolio
- Overview of Regional REIT and External Management

Financial and Debt Review

Financial - Statement of Comprehensive Income

	Year ended 2016 (£'000)	Year ended 2017 (£'000)	Change*
Rental Income	42,994	52,349	9,355
Non-recoverable property costs	(4,866)	(6,502)	(1,636)
Net rental income	38,128	45,847	7,719
Administrative & other expenses	(8,217)	(9,429)	(1,212)
Operating profit (loss) before gains/losses on property assets/other investments	29,911	36,418	6,507
Gains on the disposal of investment properties	518	1,234	716
Change in fair value of investment properties	(6,751)	5,893	12,644
Operating profit/(loss)	23,678	43,545	19,867
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(10,283)	(14,853)	(4,570)
Profit/(loss) before tax	13,395	28,692	15,297
Income tax expense	23	(1,632)	(1,655)
Profit/(loss) after tax for the period (attributable to equity shareholders)	13,418	27,060	13,642
Earnings/(losses) per share - basic	4.9p	9.1p	4.2p
Earnings/(losses) per share - diluted	4.9p	9.1p	4.2p
EPRA earnings/(losses) per share - basic	7.7p	8.1p	0.4p
EPRA earnings/(losses) per share - diluted	7.7p	8.1p	0.4p

*Rounded to whole numbers

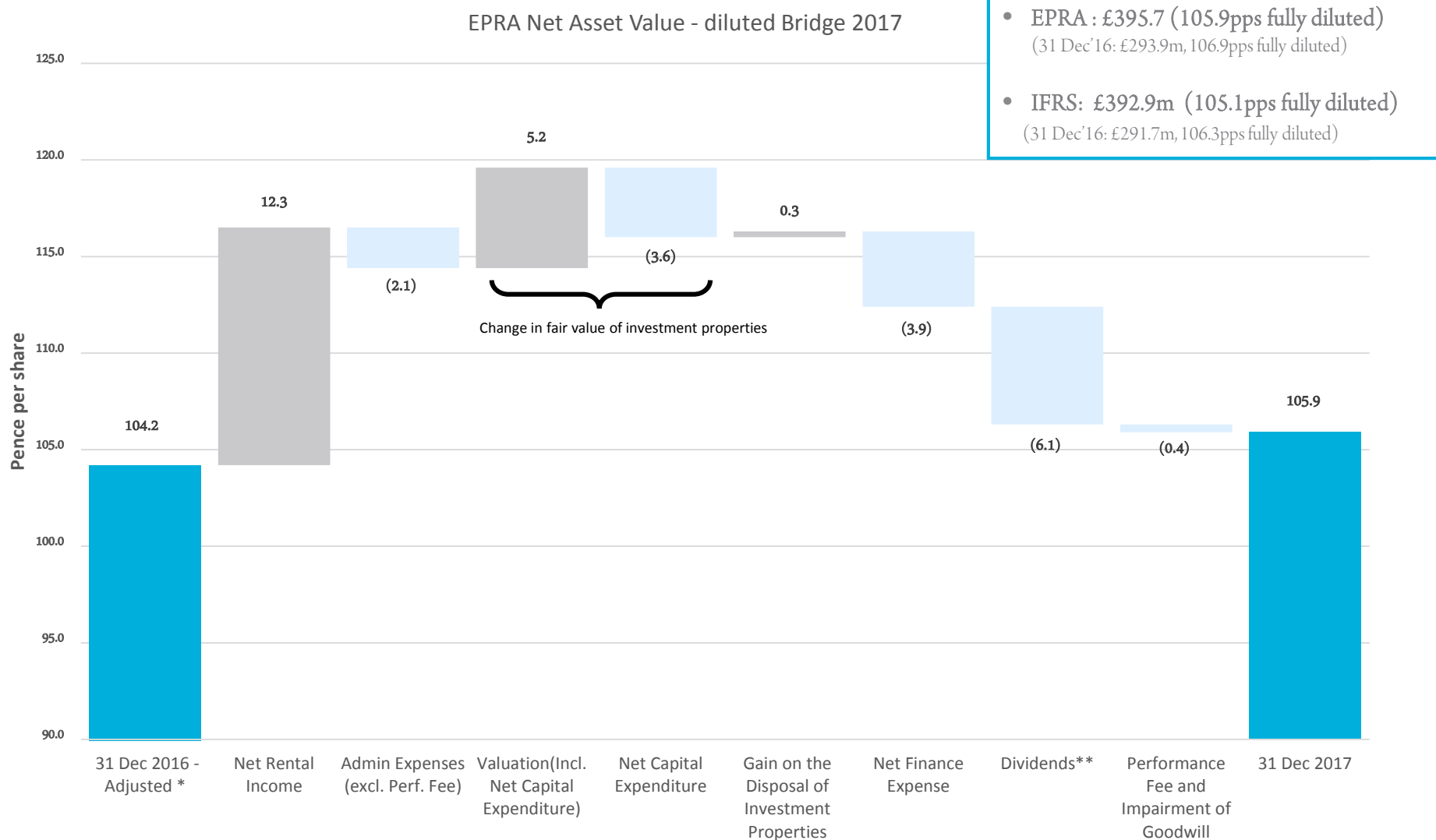
Financial - Statement of Financial Position

	Year- end 2016 (£'000)	Year-end 2017 (£'000)	Change*		Year-end 2016 (£'000)	Year-end 2017 (£'000)	Change*
Assets Non-current Assets				Liabilities Current liabilities			
Investment properties	502,425	737,330	234,905	Bank and loan borrowings – current**	-	(400)	(400)
Goodwill	2,229	1,672	(557)	Other current liabilities	(23,285)	(42,244)	(18,959)
Other non-current assets	1,747	1,926	179				
Current assets				Non-current liabilities			
Other current assets	11,375	21,947	10,572	Bank and loan borrowings - non current	(217,442)	(333,981)	(116,539)
Cash and cash equivalents	16,199	44,640	28,441	Zero dividend preference shares		(37,239)	(37,239)
				Other	(1,513)	(752)	761
Total assets	533,975	807,515	273,540	Total liabilities	(242,240)	(414,616)	(172,376)
				Net assets	291,735	392,899	101,164
				Share capital	274,217	370,318	96,101
				Retained earnings/accumulated (losses)	17,518	22,581	5,063
				Total equity	291,735	392,899	101,164
				Net assets per share - basic	106.4p	105.4p	(1.00)
				Net assets per share - diluted	106.3p	105.1p	(1.20)
				EPRA net assets per share - basic	106.9p	106.1p	(0.80)
				EPRA net assets per share - diluted	106.9p	105.9p	(1.00)

*Rounded to whole numbers

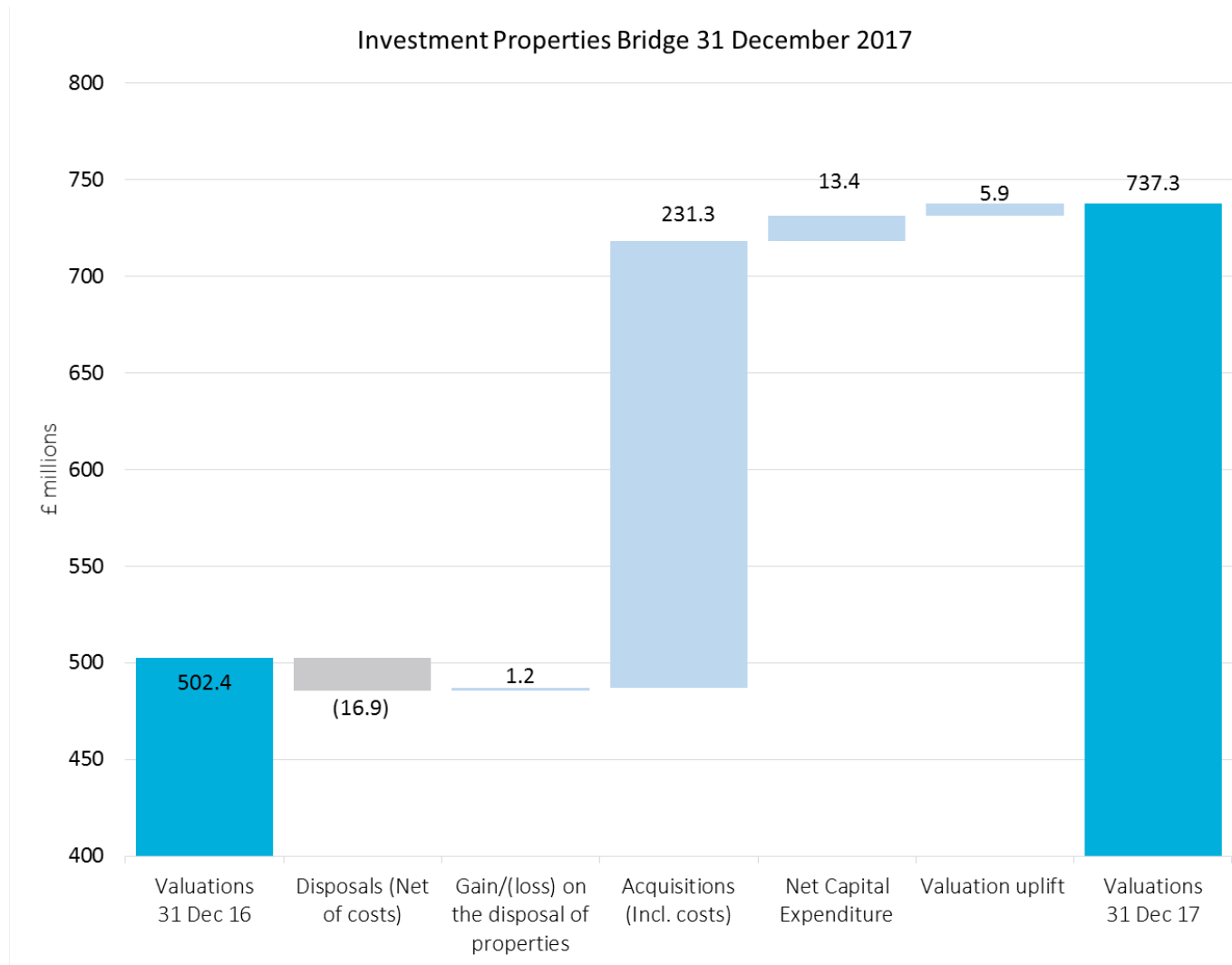
** HSBC Bank Facility Quarterly £100k repayment term

Delivering Returns to Shareholders



*Year ending 2016 adjusted for 26,326,644 and 72,277,228 shares issued in the period

** The 26,326,644 shares issued in March 2017 did not qualify for the dividend of 2.4pence per share declared on 23 February 2017. The 72,277,228 shares issued pursuant to the Capital Raise which completed in December 2017 did not qualify for any dividend paid in 2017 calendar year.



Property Portfolio

High Yielding Portfolio set for UK Regional Market Recovery

Portfolio details at 31 December 2017

	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (by value)	Occupancy (by area)	WAULT to first break	Gross rental income	Net rental income	Average rent £psf	ERV	Capital rate	Yield (%)			
		£m		(mil)	(%)	(%)	(yrs)	£m	£m	£psf	£m	£psf	Net initial	Equivalent	Reversionary	
	Office	95	495.9	67.3%	4.02	83.2%	82.4%	3.1	41.4	34.8	12.50	51.0	123.23	6.5%	8.4%	9.4%
	Industrial	38	171.5	23.3%	4.25	87.9%	86.4%	4.1	14.3	11.9	3.90	16.3	40.33	6.5%	8.1%	8.8%
	Retail	29	60.0	8.1%	0.58	90.5%	88.1%	4.3	5.4	4.6	10.73	5.7	104.26	7.2%	8.1%	8.3%
	Other	2	9.9	1.3%	0.12	94.9%	61.1%	9.6	0.7	0.7	9.54	0.8	80.28	6.6%	7.8%	7.3%
	Total	164	737.3	100.0%	8.98	85.0%	84.3%	3.5	61.9	52.0	8.18	73.8	82.14	6.5%	8.3%	9.2%

	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (by value)	Occupancy (by area)	WAULT to first break	Gross rental income	Net rental income	Average rent £psf	ERV	Capital rate	Yield (%)		
		£m		(mil)	(%)	(%)	(yrs)	£m	£m	£psf	£m	£psf	Net initial	Equivalent	Reversionary
Scotland	45	164.9	22.4%	2.73	85.7%	81.8%	3.5	15.9	13.2	7.13	18.6	60.41	7.5%	9.3%	10.6%
South East	30	198.9	27.0%	1.51	92.5%	92.2%	2.9	16.2	14.6	11.57	17.8	131.30	6.7%	7.3%	8.0%
North East	24	95.6	13.0%	1.41	78.6%	84.3%	3.3	7.2	5.3	6.04	9.6	67.72	5.3%	8.7%	9.5%
Midlands	32	111.9	15.2%	1.33	89.3%	89.5%	3.1	9.9	9.2	8.35	10.2	84.21	7.5%	8.0%	8.3%
North West	18	82.2	11.2%	1.16	79.7%	78.6%	5.5	6.2	4.8	6.84	8.6	71.04	5.4%	8.8%	9.5%
South West	12	57.4	7.8%	0.45	68.5%	73.9%	3.1	4.3	3.4	12.96	6.5	128.88	5.3%	8.4%	10.1%
Wales	3	26.4	3.6%	0.39	89.3%	83.1%	5.8	2.2	1.5	6.91	2.4	68.05	5.4%	7.9%	8.4%
Total	164	737.3	100.0%	8.98	85.0%	84.3%	3.5	61.9	52.0	8.18	73.8	82.14	6.5%	8.3%	9.2%

Top 15 Investments (market value) as at 31 December 2017

Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	Let by area (%)	Let by rental value (%)	Annualised gross rent (£m)	WAULT to first break (years)
Tay House, Bath Street	Office	Barclays Bank Plc, University of Glasgow	32.4	4.4%	157,525	87.4%	87.1%	2.5	3.5
Genesis Business Park, Woking	Office	McCarthy & Stone Retirement Lifestyles Ltd, Wood Group Mustang, Oracle Corporation UK Ltd	24.7	3.3%	99,613	100.0%	100.0%	1.6	3.2
Juniper Park, Southfield industrial Estate, Fenton Way	Industrial	A Share & Sons Ltd, Schenker Ltd, Vanguard Logistics Services Ltd	23.8	3.2%	277,228	98.4%	97.4%	2.0	1.6
Buildings 2 & 3 HBOS Campus, Aylesbury	Office	The Equitable Life Assurance Society, Scottish Widows Limited	23.3	3.2%	146,936	73.9%	76.4%	1.8	4.2
Wardpark Industrial Estate, Cumbernauld	Industrial	Cummins Ltd, Balfour Beatty WorkSmart Ltd, Thomson Pettie Ltd	19.7	2.7%	686,940	89.6%	88.6%	2.3	1.8
Hampshire Corporate Park, Chandlers Ford	Office	The Royal Bank of Scotland Plc, Aviva Health UK Ltd	16.4	2.2%	85,422	99.2%	99.5%	1.4	2.7
One and Two Newstead Court	Office	E.ON UK Plc	15.9	2.2%	146,262	100.0%	100.0%	1.4	2.6
Columbus House, Coventry	Office	TUI Northern Europe Ltd	14.6	2.0%	53,253	100.0%	100.0%	1.4	6.0
Road 4 Winsford Industrial Estate	Industrial	Jiffy Packaging Ltd	14.4	2.0%	246,209	100.0%	100.0%	0.9	16.8
Turnford Place, Cheshunt	Office	Countryside Properties (UK) Ltd, Pulse Healthcare Ltd, Poupart Ltd	14.3	1.9%	59,176	99.5%	100.0%	1.1	3.4
Ashby Park, Ashby De La Zouch	Office	Hill Rom UK Ltd, Ceva Logistics Ltd, Alstom UK Ltd	13.5	1.8%	91,752	96.6%	95.7%	1.0	3.0
The Point, Glasgow	Industrial	The University of Glasgow, Screwfix Direct Ltd, Howden Joinery Properties Ltd	13.4	1.8%	169,190	94.1%	100.0%	1.0	5.7
9 Portland Street, Manchester	Office	New College Manchester Ltd, Mott MacDonald Ltd	12.5	1.7%	54,959	100.0%	96.9%	0.8	3.4
Arena Point, Leeds	Office	The Foundation for Credit Counselling, JD Wetherspoon Plc, Expotel Hotel Reservations Ltd	12.4	1.7%	82,498	88.5%	84.9%	0.7	2.2
1-4 Llansamlet Retail Park, Nantyllyn Rd, Swansea	Retail	Steinhoff UK Group Property Ltd, Wren Living Ltd, A Share & Sons Ltd	12.0	1.6%	71,615	100.0%	100.0%	1.1	5.1
Total			263.3	35.7%	2,428,578	93.5%	93.5%	21.0	3.9

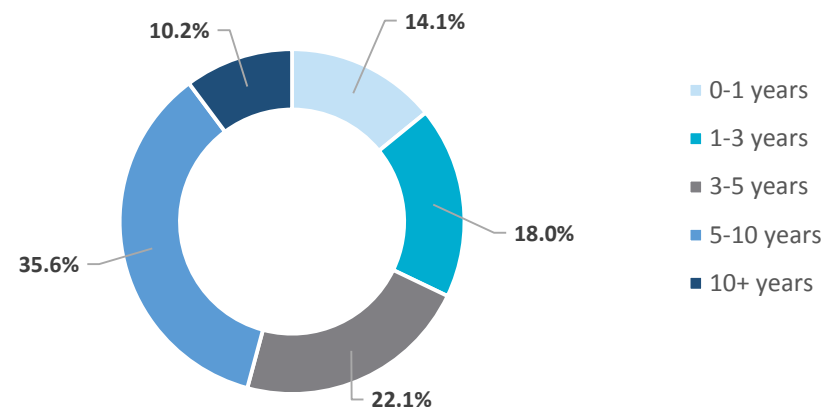
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Stable Income Profile - Lease Expiries as at 31 December 2017

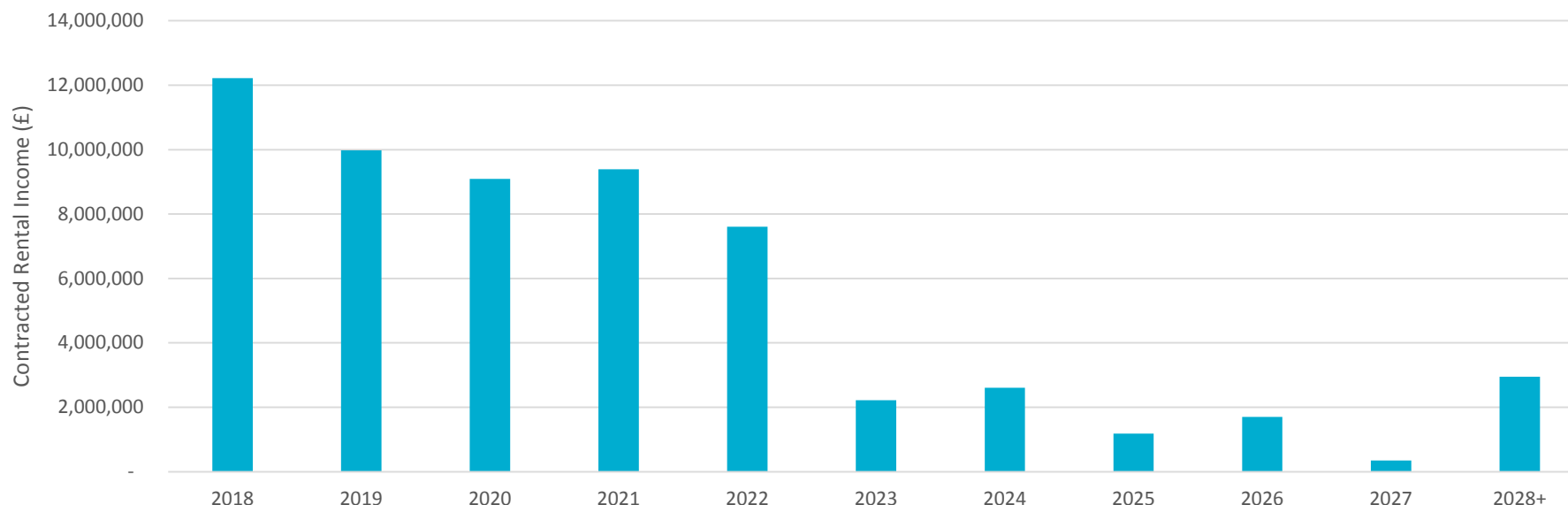
A large number of tenants offers income diversification and security of lease renewals

- Number of units: 1,368
- Number of tenants: 1,026
- Contracted rent roll: £61.9m
- WAULT of 5.4 years
- WAULT to first break of 3.5 years

Lease Expiry Income Profile



Lease Expiry Income Profile to First Break



Top 15 Tenants (share of rental income) as at 31 December 2017

Stable income profile - income security core to management aims

Tenant	Property	Sector	WAULT to first break (Years)	Lettable area (Sq Ft)	% of Gross rental income
Barclays Bank Plc	Tay House, Glasgow	Financial and insurance activities	3.9	78,044	2.6%
E.ON UK Plc	One & Two Newstead Court, Annesley	Electricity, gas, steam and air	2.6	146,262	2.3%
TUI Northern Europe Ltd	Columbus House, Coventry	Professional, scientific and technical	6.0	53,253	2.2%
Scottish Widows Limited	Buildings 3 HBOS Campus, Aylesbury	Financial and insurance activities	3.9	80,103	2.2%
Jiffy Packaging Ltd	Road 4 Winsford Industrial Estate,	Manufacturing	16.8	246,209	1.5%
Sec of State for Communities & Local Govt	Sheldon Court, Solihull Bennett House, Hanley Oakland House, Manchester	Public Sector	0.2	74,886	1.4%
Fluor Limited	Brennan House, Farnborough	Construction	1.4	29,707	1.2%
The Secretary of State for Transport	St Brendans Court, Bristol Festival Court, Glasgow	Public Sector	2.5	55,586	1.1%
A Share & Sons Ltd	1-4 Llansamlet Retail Park, Swansea Juniper Park, Basildon	Wholesale and retail trade	6.4	75,791	1.1%
Lloyds Bank Plc	Victory House, Chatham	Financial and insurance activities	0.4	48,372	1.1%
Aviva Health UK Ltd	Hampshire Corporate Park, Eastleigh	Financial and insurance activities	1.0	42,612	1.1%
The Scottish Ministers c/o Scottish	Calton House, Edinburgh	Public Sector	2.3	51,914	1.0%
Entserv UK	Birchwood Park, Warrington	Information and communication	3.0	50,549	1.0%
Europcar Group UK Ltd	James House, Leicester	Administrative and support service	3.5	66,436	1.0%
The Logic Group Holdings Ltd	Waterfront Business Park, Fleet	Information and communication	3.8	30,342	1.0%
Total			4.1	1,130,066	21.8%

Arena Point, Leeds

- Marketing campaign launched with new name (formerly Tower North Central) and branding. Planning consent for high-level illuminated signage received and installation completed
- Design, specification and tender completed and in respect of foyer refurbishment, creation of basement shower/cycle hub and refurbishment of ground, sixth and seventh floors completed Q3 2017. £1.1m capex investment. Second phase (4th & 5th floors) completed Q1 2018 with third (1st, 2nd & 3rd floors) phases to follow
- Sixth & seventh floors let to Interserve immediately upon completion of refurbishment
- Refurbishment of balance of ground floor completed Q1 2018 and let to Kier for two years
- Planning conditional sale contract of podium area exchanged with Unite Students at £10.5m with 5% non-refundable deposit received Q4 2017. Decision on planning expected Q2 2018



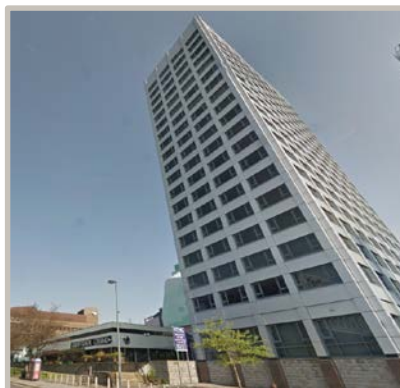
Oakland House, Manchester



Northern Cross, Basingstoke



James House, Leicester



Arena Point, Leeds



Tokenspire Business Park, Beverley

Tokenspire Business Park, Beverley

- Letting success has continued.- estate now 95% let with interest in remaining available space

Market value (£m)	40.0
Sector	Office/Industrial
Annualised gross rental (£m)	3.6
Lettable area (Sq. Ft.)	682,444
Anchor tenants	Europcar Group UK Ltd, BNP Paribas Leasing Solutions Ltd, HSS Hire Service Group Ltd, Please Hold (UK) Ltd, QDOS Entertainment (Pantomimes) Ltd, CVS Ltd
Let by area (%)	91.1%
Let by value (%)	87.6%
WAULT (years) (to first break)	5.4 (3.6)

Case Study – Mixed Use: Rainbow Portfolio

Aylesbury

- Building 2 – concurrent re-letting of first and second floors to Equitable Life completed November 2016 for 10-years subject to tenant break options at £426,360 pa following expiry of the Lloyds Banking Group lease
- Building 2 – coffee shop installed to reception to satisfy requirements of Equitable Life and to promote remaining floors
- Building 2 - dilapidation negotiations ongoing with Lloyds– anticipating significantly improved settlement
- Refurbishment of all floors including Equitable Life space successfully completed Jan 18 - £3.896m spend
- First floor (13,832 sq. ft.) let to Agria Pet Insurance February 18 on 10 year lease at headline rental of £235,000 pa



Buildings 2 & 3, Aylesbury



Juniper Park, Southfield Industrial Estate, Basildon

Phoenix Business Park, Paisley

- Chiron House – all space let to gym operator on 15-year lease (no breaks) at headline rent of £89,950 pa. Development now 91% let

Juniper Park, Basildon

- Lease renewal terms agreed with Schenker in relation to their office space. Schenker will relocate their top floor office to adjoining vacant ground floor unit releasing more marketable office space to market
- Unit 1A (65,603 sq. ft. let to SCS from 1 September 2017 for 10-years with a tenant break at the fifth anniversary, at a headline rent of £328,015 pa
- Terms agreed with Vanguard in respect of Unit 2 (61,079 sq. ft.) for 10-year lease renewal subject to tenant break at fifth anniversary at headline rent of £351,200 pa



The Genesis Centre, Warrington



800 Aztec West, Bristol

Aztec 800, Bristol

- Major £6.6M “back to shell” refurbishment nearing completion in April 2018 into active Bristol market with limited city centre supply. Additional lettable space of 3,337 sq. ft. released as part of refurbishment works by replacement of M & E plant
- Positive occupier lines of enquiry being advanced

Market value (£m)	88.7
Sector	Office/Industrial
Annualised gross rental (£m)	6.7
Lettable area (Sq. Ft.)	1,123,888
Anchor tenants	Scottish Widows Ltd, Schenker Ltd, A Share & Sons Ltd, The Equitable Life Assurance Society, Vanguard Logistics Services Ltd, Weatherford UK Ltd, FMC Technologies
Let by area (%)	73.6%
Let by value (%)	69.5%
WAULT (years) (to first break)	4.0 (2.7)

Case Study – Offices: St James House, Bath

Lease surrender with re-letting and refurbishment of vacant space and active management of tenants providing enhancement to the capital value

Investment Overview

- Modern four story office building located to the south of Bath and within walking distance of city centre
- Let on long lease to the BBC with tenant break option in September 2017. BBC not in occupation

Investment Strategy

- Consent provided to BBC to sublet top two floors
- Surrender of BBC lease agreed at £1.1m in September 2015
- Sub leases of top two floors re-gearred to extend occupation
- Refurbishment undertaken to vacant ground and first floors
- Lettings completed of ground and first floors on 10-year terms with tenant breaks at year 5, at a headline rent of £20 psf – rendering building fully let
- Investment sold August 2017 for £4.6m (6% incl. Purchaser's costs) v December 16 valuation of £3.2m



Sold for (£m)	4.6
Sector	Office
Lettable area (Sq. Ft.)	14,890
Anchor tenants	Carter Jonas Service Company, Savings Champion.co.uk Ltd, 1 PM (UK) Ltd, Aria Networks Ltd
Let by area (%)	100.0%
Let by value (%)	100.0%

Sale of asset in advance of lease event

Investment Overview

- Acquired February 2015 as part of Garnet Portfolio
- Five storey city centre office extending to 29,955 sq. ft.
- Let to Citibase plc as serviced offices until December 2018 at an annual rent of £145,000

Investment Strategy

- Re-gear lease with Citibase
- Sold February 2018 for £2.85m against June 17 half year valuation of £1.75m – uplift of 62.9%

Market value (£m)	2.9
Sector	Office
Annualised gross rental (£m)	0.1
Lettable area (Sq. Ft.)	29,955
Anchor tenants	Citibase Plc
Let by area (%)	100.0%
Let by value (%)	100.0%
WAULT (years) (to first break)	1.0 (1.0)



Early re-letting of vacated floors

Investment Overview

- Acquired May 2016
- Well located, City Centre office investment fully let to Sheffield Hallam University and SDL Plc on acquisition extending to 56,983 sq. ft. with 37 on site car parking spaces and walking distance of Sheffield train station and University campus
- WAULT of 4.2 years with an opportunity to regear the leases and asset manage
- Passing rent of £527,102 per annum equating to a low £9.25 per sq. ft.

Investment Strategy

- Seek to re-gear lease with SDL on expiry in July 2017 or let to Sheffield Hallam in event SDL relocate
- SDL opted to move. Fifth and sixth floors let to Sheffield Hallam from January 2018 until June 2021 in line with their other lease expiries within the building at improved rental tone of £10.75 per sq. ft.
- Opportunity to sell following completion of asset management plan or hold given strength of and improving office location



Market value (£m)	6.2
Sector	Office
Annualised gross rental (£m)	0.6
Lettable area (Sq. Ft.)	56,983
Anchor tenants	Sheffield Hallam University
Let by area (%)	100.0%
Let by value (%)	99.6%
WAULT (years) (to first break)	3.5 (3.5)

Letting to undertenant following head lease expiry

Investment Overview

- Acquired March 2018 as part of Conygar Portfolio
- Modern headquarters office facility arranged over ground and two upper floors extending to 11,679 sq. ft.
- Let to Gleeson Homes (not in occupation) and sub-let to Boeing on lease expiring July 2017. Annual rent £213,768

Investment Strategy

- Re-let to Boeing on expiry of Gleeson lease for 5 years from December 2017 subject to tenant break option on third anniversary at £174,975 in line with ERV



Market value (£m)	2.1
Sector	Office
Annualised gross rental (£m)	0.2
Lettable area (Sq. Ft.)	11,679
Anchor tenants	Boeing Defence UK Ltd
Let by area (%)	100.0%
Let by value (%)	100.0%

Refurbishment of vacant units and re-letting into strong market at significantly improved rental tone

Investment Overview

- Multi-let industrial estate comprising of four units, 15 miles to the south-east of London
- Three units vacant on acquisition by Regional REIT

Investment Strategy

- Dilapidations settled with former tenants of Units A and D
- Comprehensive refurbishment of Units A, B and D advanced to include removal of asbestos – capex of £610,000
- Unit A let from December 2016 on a 10-year lease with a tenant break at year 5. Headline rent £7.28 psf – 141% improvement on previous ERV
- Unit B let to Steeldeck Industries on 10-year lease from October 17 with a tenant break at year 5 at headline rent £6.64 psf – 121% improvement on previous ERV.
- Unit C (9,370 sq. ft.) under offer to Steeldeck Industries for 10-year term with tenant break at year 5 – headline rent £62,250



Market value (£m)	2.6
Sector	Industrial
Annualised gross rental (£m)	0.2
Lettable area (Sq. Ft.)	35,198
Anchor tenants	J M Clark Ltd, Steeldeck Industries Ltd, ACOMS Ltd
Let by area (%)	73.4%
Let by value (%)	74.2%
WAULT (years) (to first break)	9.5 (4.5)

Income improvement by active asset management

Investment Overview

- Multi let trade counter investment located to north of Glasgow City Centre extending to 159,190 sq. ft. providing 8 units ranging from 5,319 sq. ft. to 88,150 sq. ft.
- Tenants include SeeWoo Foods (Glasgow) Limited, Screwfix, Howden Joinery, Glasgow University and Euro Car Parts

Investment Strategy

- Surrender lease of poorly performing Unit 4 (10,000 sq. ft.), split unit and re-let to trade counter users at improved rental tone
- Unit split and re-let to Travis Perkins and Toolstation at improved rental tone of £7 per sq. ft.
- Lease of Unit 8 to Glasgow University re-gearred for 10 years from January 2018 expiry at £7 per sq. ft.
- Rent review of Unit 5 settled at £8 per sq. ft. from January 2018
- Opportunity to sell into strong investment market at premium to current valuation



Market value (£m)	13.4
Sector	Industrial
Annualised gross rental (£m)	1.0
Lettable area (Sq. Ft.)	169,190
Anchor tenants	The University of Glasgow, Screwfix Direct Ltd, Howden Joinery Properties Ltd
Let by area (%)	94.1%
Let by value (%)	100.0%
WAULT (years) (to first break)	9.5 (5.7)

Successful completion of asset management plan

Investment Overview

- Industrial site acquired with the “Empire” portfolio, August 2014
- At acquisition the Estate had occupancy (by area) of 54% and a net rental income of only £76,350 pa, with 11 of the 18 units vacant and with 71% of incumbent tenants holding over on old leases
- Estate suffered from lack of investment and maintenance
- Poor marketing and management resulted in tenants exiting and no new occupiers being attracted

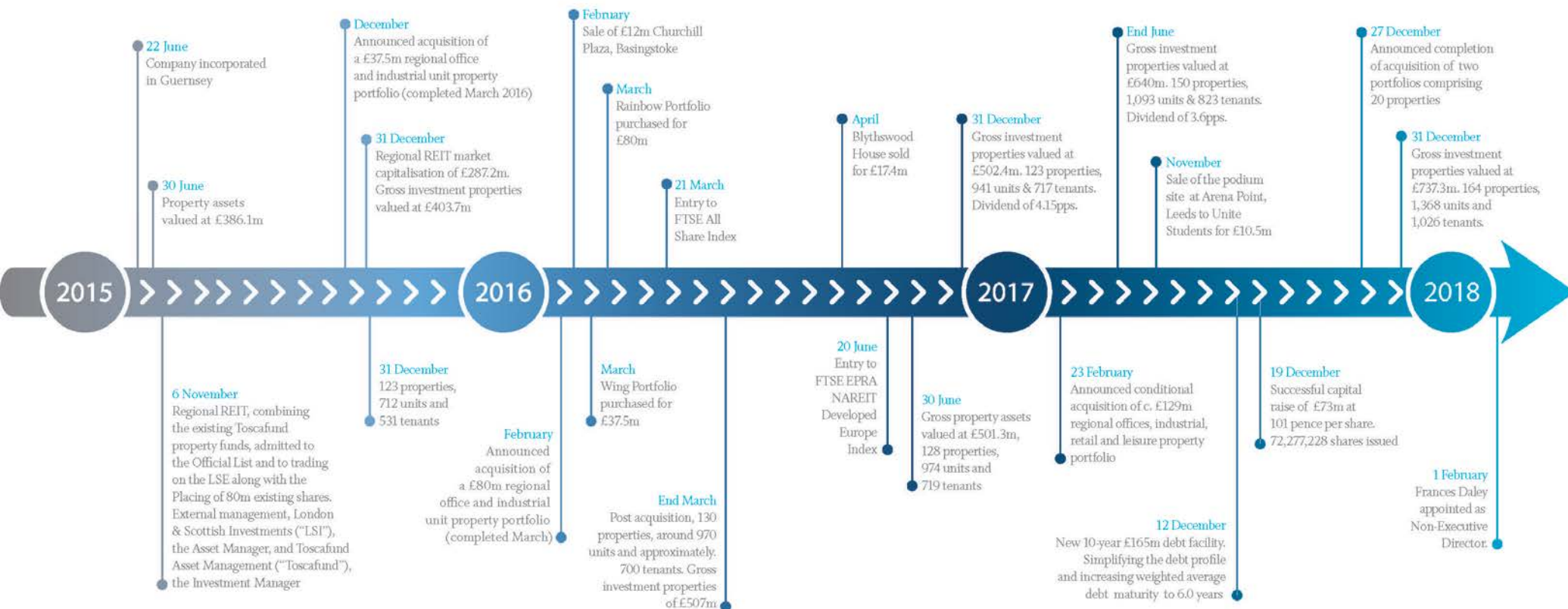
Investment Strategy

- Programme of works advanced included installing a self closing security gate, lining of common gutters, creation of improved concrete hard standings and new estate signage. Vacant units refurbished and appearance of all units enhanced by installation of roller shutters doors and common painting
- Total investment of some £165,000 - common area refurbishment funded by the service charge recovered from tenants
- Initial works started in February 2015 and completed April 2015
- Lease re-gears completed with many incumbent tenants, improving headline rents. Letting agents changed and new marketing campaign launched
- Final vacant unit let in June 2017 producing a total rental income of c. £160,000 pa, typically on 5-year lease terms, an increase of some 115% on the income at acquisition
- Estate sold November 2017 for £2.2m (6%) representing a 39% uplift on December 2016 year end valuation.



Sold for (£m)	2.2
Sector	Industrial
Lettable area (Sq. Ft.)	31,519
Anchor tenants	Cleaning Solutions (NW) Ltd, Independent Machine Services Limited, Riverford on Home Farm Ltd, Fast Response UK Ltd, ABB Windows Ltd
Let by area (%)	100.0%
Let by value (%)	100.0%

Overview of Regional REIT and External Management



- Listed in November 2015; initial portfolio £386m - 128 properties, 512 tenants and 713 units
 - Combination of 2 commercial property investment funds
 - Joint venture between London & Scottish Investments and Toscafund Asset Management
 - Strategy is to take advantage of an over-correction in the commercial property market and strong economic growth prospects for the UK's regions
-
- Invests in a diversified portfolio of good secondary offices and industrial assets in the principal regions of the UK outside of the M25
 - Acquires mis-priced or under-managed, principally income-producing, properties
 - Property management is intensive and granular, close to the tenant, with each property modelled and planned
 - Assets managed by an experienced and established team
-
- Premium listed on the LSE's Main Market and included in the FTSE All Share and EPRA NAREIT Developed Europe indices
 - UK REIT with market capitalisation of c. £372m, governed by an experienced independent Board
 - Aiming for an attractive total return to Shareholders of 10-15%pa; targeting net LTV ratio of c. 40%

Term	<p>Initial period: Fixed for 5-years with 12-month notice period (ie, notice period will run from end of year 5 for 12 months)</p> <p>Thereafter: 3-years with 12-month minimum notice period (ie, notice has to be given before the end of year 2)</p>
Management Fees	<p>1.1% of EPRA NAV up to £500m; 0.9% on EPRA NAV over £500m. Payable quarterly in arrears (split 50:50 between LSI and Toscafund)</p> <p>4% of gross rental income payable quarterly in arrears (LSI only)</p>
Performance fee:	<p>15% of the Total Return (EPRA NAV growth plus dividends declared) over an 8% annual Hurdle Rate, subject to a high-water mark (split 50:50 between LSI and Toscafund)</p> <p>Initial period: First calculation from Admission (6/11/15) to 31/12/18; paid 50% in cash and 50% in shares (at the then market price) locked in for 1-year</p> <p>Thereafter: Incentive fee calculated annually; paid one-third in cash, one-third in shares locked in for 1 year and one-third in shares locked in for 2-years</p>
Management lock-ins	<p>Management holdings at IPO were locked in for 1-year. Shares received in lieu of performance up to 30 June 2015 were locked-in for 180 days</p>
Internalisation	<p>Commitment to no internalisation for first 5-years or until EPRA net assets above £750m; then subject to independent shareholders' vote</p>

Highly experienced management with strict investment criteria and a hands-on approach

London & Scottish Investments – Asset Manager

- A long established property investment management company
- Senior management collectively have 150+ years of property experience and an in-depth knowledge of construction and development
- Offices in Glasgow, Manchester, Leeds and London
- Employs 57 people as at 31 December 2017, including: 22 property managers, 13 finance and 4 support staff (mid-March 2017, 49 people)
- Targeting an attractive 10-15% annual total return for Shareholders
- Net LTV target of 40% (maximum 50%)
- To expand portfolio via regional office and industrial acquisitions
- No single property to exceed 10% (20% in special circumstances) of Gross Asset Value
- Minimum value of single acquisition (unless part of a portfolio) is £5m

Management approach – to improve asset quality by applying forensic attention to detail of tenants and assets

- Lease renewals and rent reviews
- Minimising voids via aggressive marketing of vacant space
- Enhancing the tenant mix and covenant strength
- Refurbishments, extensions, changes of use, etc, to exploit potential
- Recycling of capital out of the legacy portfolio to focus on selected core markets

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