Regional REIT

THE OFFICE SPECIALISTS

Investor Presentation

Annual Results 2021

Reliable High Yielding Portfolio - Positioned for Growth

Introduction

- Overview and Portfolio
- Appendix

Stephen Inglis
Chief Executive Officer

Derek McDonald
Managing Director

Simon Marriott
Investment Director

Offices held at London and Scottish Property Investment Management, Asset Manager to Regional REIT

A year of growth – Delivering a strong yield of 7.4%

Performance	Total Shareholder Return • Since IPO* +47.6% • 2021 +22.4% • Annualised +6.5%	FTSE EPRA NAREIT UK Index → +21.9% → 28.9% → +3.3%
Dividend	• Dividend 6.5p (2020: 6.4p) • Yield c. 7.4%**	→ Progressive dividend policy → Continues to be fully covered 102% (2020: 102%)
Earnings	• EPRA EPS 6.6p (2020: 6.5p)	→ Robust earnings
Key Initiatives	• Return to work tailwind • Maintaining Income • Portfolio positioning for the long-term	→ Very strong FY rent collection† 99.2%‡ and growing (2020: 95.9%)
EPRA NTA	• £501.4m (97.2p) (2020: £425.6m; 98.6p)	→ £236m Portfolio acquisition costs of some £15.0m not fully reflected in the valuation
Portfolio	£906.1m (2020: £732.4m) • CAPEX £6.8m • NIY 5.6% • Like-for-like +110bps	Highly geographically diversified → 168 properties; offices 138 → 1,077 tenants; offices 966 → Regional offices located across the main UK conurbations
Debt and Cash	LTV • 42.4% (2020: 40.8%) Cash • £56.1m (2020: £67.4m)	→ As expected LTV increase due to significant acquisition. Asset management plans progressing to bring back to long term target of 40%

Newburn & Gateway House, Newcastle

Regional REIT

*IPO 06.11.2015 – NAV plus dividend reinvested **Share price as at 28.03.2022 88.0p

† Quarterly rental invoices include contractual rent for the proceeding quarter ‡ 97.9% Actual rent collected; monthly rents 0.2%, deals agreed 1.1% as at 18 March 2022

Significant portfolio growth – Focused on income

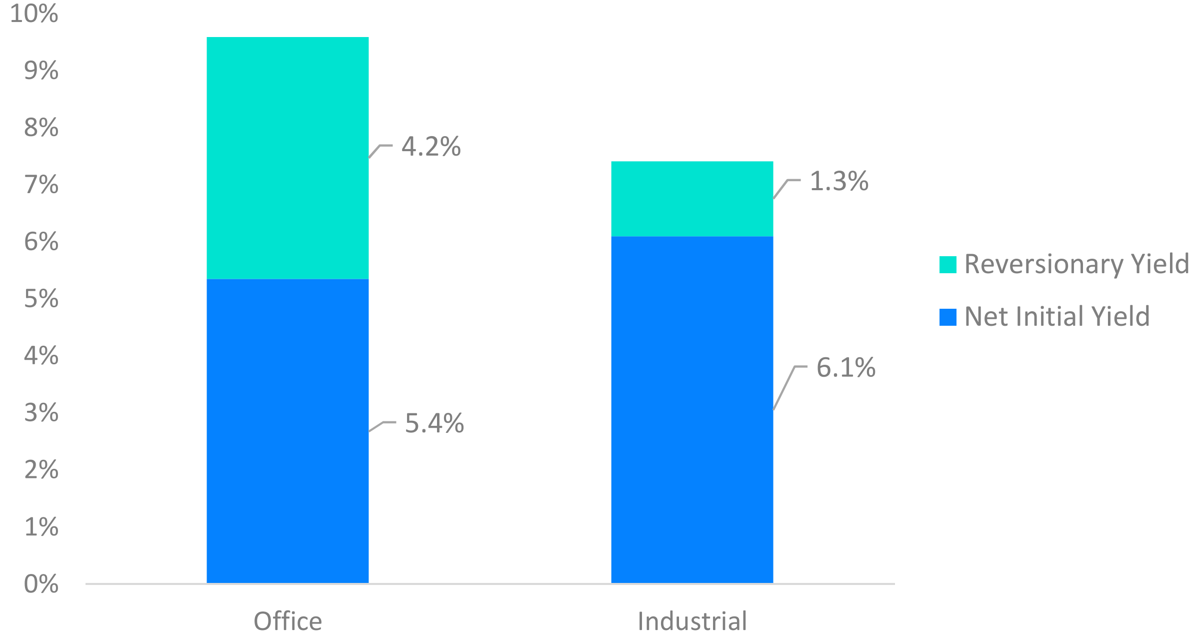
Proactive property asset management

- £236m acquisition – NIY 7.8%; reversionary yield 11.0%
- EPRA Occupancy (by ERV) 81.8% (Dec'20: 89.4%)
- Lettings 55; £2.5m gross rent roll
- Expiries FY 2021: 69.6% of units remain let (c. 59% by rent roll)

→ Focus on regional properties outside M25

→ Offices 89.8% (by value)
  - 64.9% - Business Parks
  - 29.0% - Central Business Districts
  - 6.1% - Edge of town

→ Industrial 5.1% (by value) (2020: 11.1%)



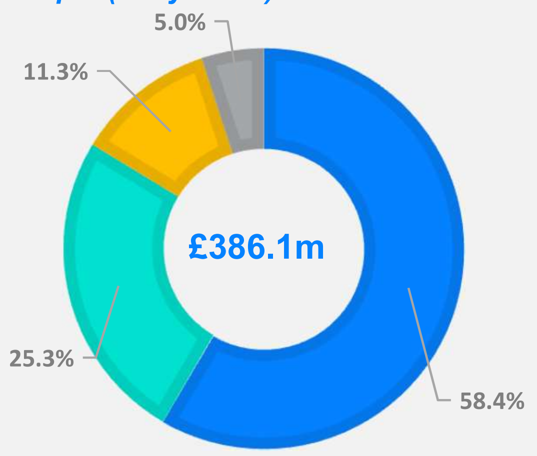
The spread between net initial yield and reversionary yield highlights the significant potential within the portfolio for asset management initiatives to capture ERV in the medium term

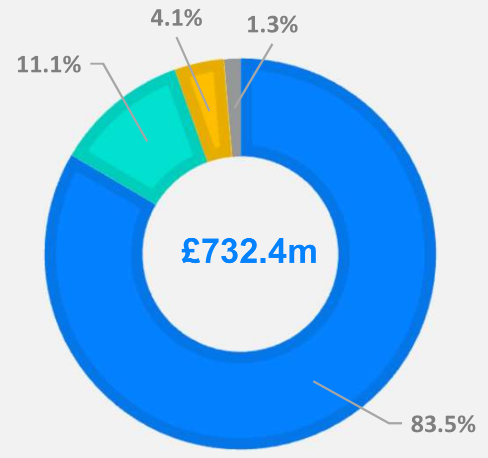
Regional REIT

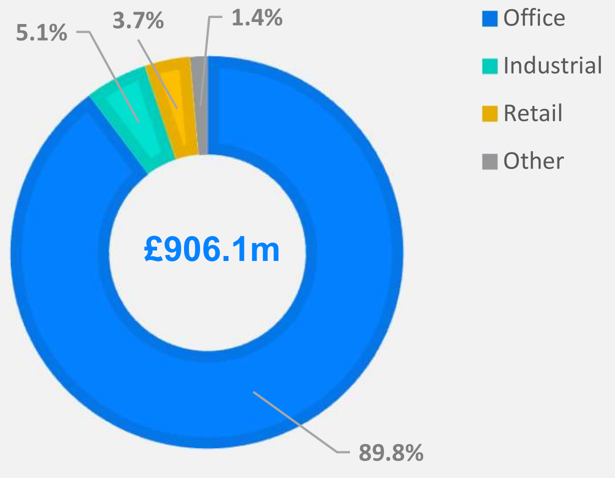
£906.1m Property Portfolio

IPO – November 2015	31 December 2020	Current Position

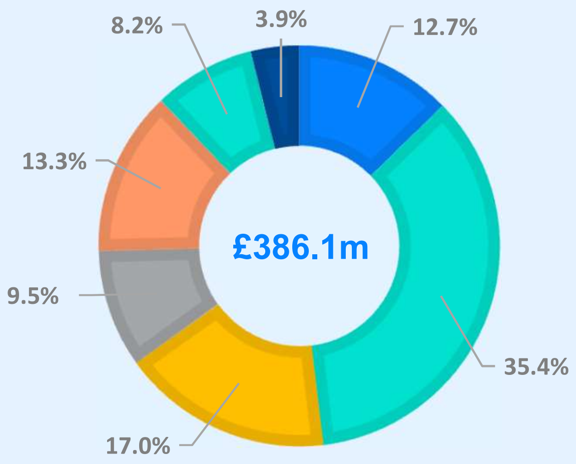
Sector Split (% by value)

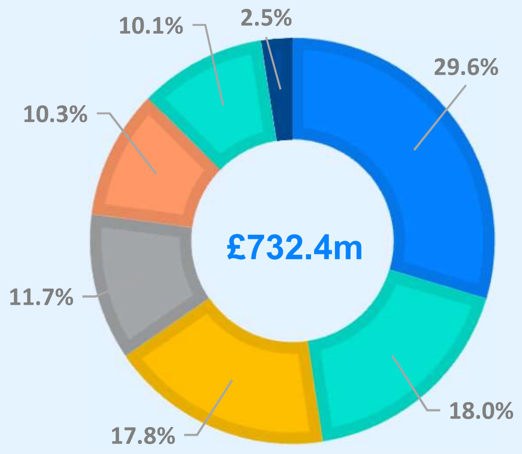


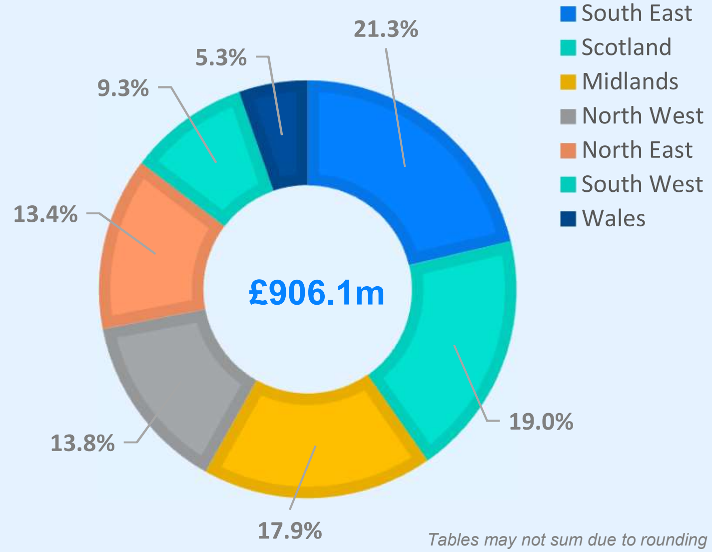




Regional Split (% by value)



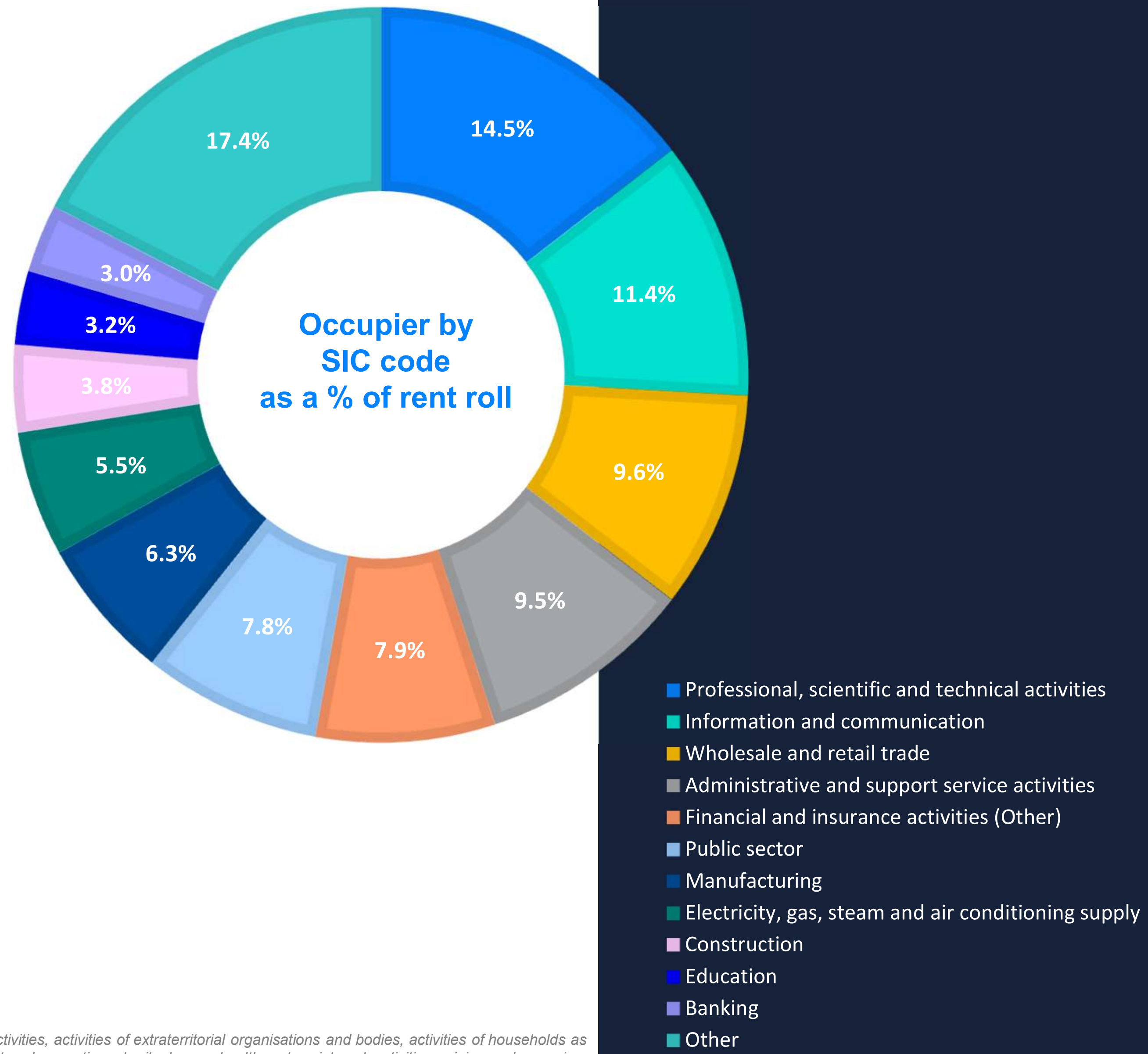




Tables may not sum due to rounding

Increased de-risking through diversification – Occupier Base

- Diversified income - large tenant mix across £906.1m of assets
- Spread of assets – 168 properties
- 1,077 tenants across 1,511 units
- Broad spread of tenants businesses
- A broad geographic spread
- The largest occupier represents only 2.5% of rent roll
- Top 15 tenants represent 22.7% of the Group's gross rent roll
- Largest single property accounts for only 3.0% of portfolio by value



Other - Accommodation and food service activities, activities of extraterritorial organisations and bodies, activities of households as employers; undifferentiated goods, arts, entertainment and recreation, charity, human health and social work activities, mining and quarrying, not specified, other service activities, public administration and defence; compulsory social security, real estate activities, registered society, residential, sole trader, transportation and storage, water supply, sewerage, waste management and remediation activities.

Significant acquisition of Property Portfolio

Consideration Price

£236m acquisition from Squarestone Growth LLP satisfied by:
- £83.1m by the issuance of 84,230,000 Regional REIT new ordinary shares at 98.6 pence per share*
- £76.7m of existing cash resources
- £76.2m of additional borrowings

Properties

31 properties located entirely outside of the M25
- 27 office assets
- 2 industrial assets
- 1 residential asset
- 1 retail asset

Complimentary tenants by SIC
- 208 tenants
- EPRA Occupancy (by ERV) 78.4%

LTV

- 42.4% - with a plan to reduce back to 40.0% in the next 12 to 18 months


Eagle Court Birmingham


Newburn & Gateway House, Newcastle


The Royals, Manchester

Manchester Green, Manchester

Acquisition Price
£236m

Rental Income
£21.9m

Initial Yield
7.8%

Reversionary Yield
11.0%

EPRA Occupancy (by ERV)
78.4%

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**Being the EPRA Net Tangible Asset Value per share as at 31 December 2020*

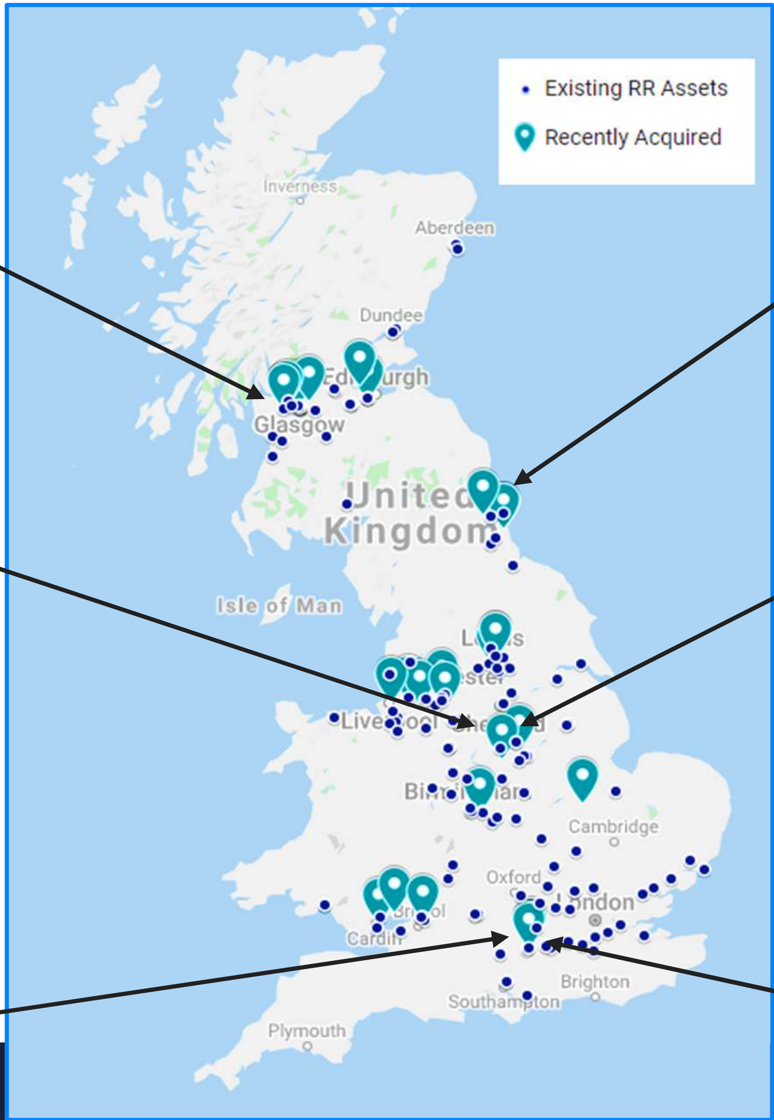
Significant acquisition of Property Assets

Current Regional REIT assets plus the 31 recently acquired assets

Lightyear, Glasgow

Hudson House, Derby

Origin, Bracknell



Newburn & Gateway House, Newcastle

Aspect House, Nottingham

Cromwell Place, Basingstoke

Regional REIT – Specialised Office Platform

Specialised Expert Management Team	Asset Management Team • Hugely experienced senior management team, managing assets over the past 30 years, including previous downturns • 2008-12 increased income across the portfolio	74 Staff (fully recruited)* → Proven operational platform → Unique vertically integrated manager → Granular property management → Multiple touch points with our customers
Strategy – Office focus	De-risked through diversification • Occupier • Geography • Business Sector • WAULT	Large number of income streams → Across the regions → Across 168 properties post acquisition → Across 1,077 tenants post acquisition
Disciplined Debt Management	Following principles: • Long duration • Flexibility • Significant covenant headroom	Robust balance sheet focused on cash management → Significant cash
Shareholder Commitment	Quarterly uninterrupted dividend	Regular high yielding distributions

The LSPIM Team

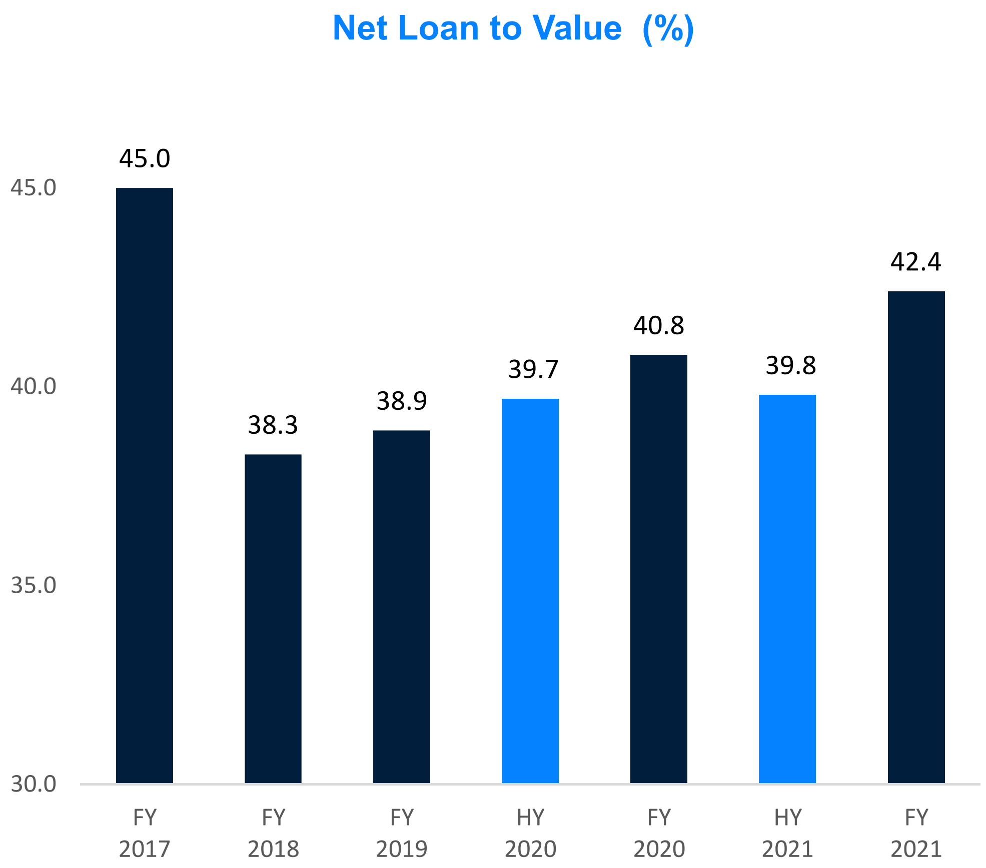

Buchanan Gate, Stepps, Glasgow

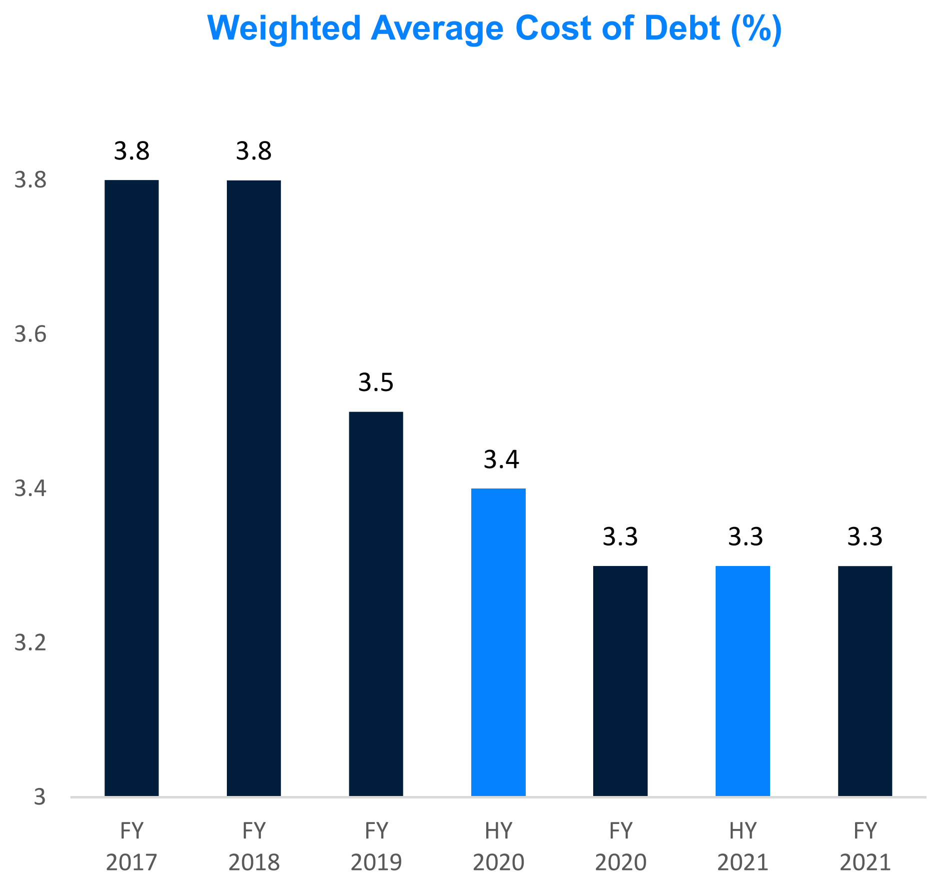

Mere Grange, St Helens

Regional REIT

*As at 18 March 2021

Debt Metrics - Cost of Debt at a Record Low





ESG - Committed to Responsible Management

Environment

- Targeting EPC B rating for all properties by 2030
- Undertaking a portfolio wide updated EPC audit, following which individual EPC property plans will be revised and implemented
- 2021 EPC Ratings

Rating	Rated Area
A-B	9.92%
C-E	83.40%
Other	6.68%

- Independent environmental report required for all potential acquisitions
- Ongoing CAPEX programmes consider the choice of materials and equipment to mitigate impact and enhanced EPC rating
- All sites visited regularly with evident environmental issues or ideas reported to the board

Target

- 100% renewable sourced energy across the portfolio by 2023
- 100% multi-let sites to have EV points by 2025
- Extending on site photovoltaics (PV) solar power installation
- Eliminate waste to landfill (achieved in 2021)
- Reduce water consumption – primarily this will be through the use of water saving equipment, rainwater harvesting, and best practice
- Increase energy utility data coverage
- Include green lease clauses in lease agreements which will allow the increased collection of data
- ESG issues to be raised with all tenants at least annually

Sustainability Benchmarks

- GRESB - awarded one green star for the first submission
- 2022 GRESB submission work currently in progress
- Working towards EPRA sBPR
- Continue to engage with accredited bodies to ensure all data is taken into consideration

ESG – Responsible Management

Social

Working with the community

- Continue to work with not-for-profit organisations which are making an impact in the communities we operate
- The IM and AM have implemented staff well-being initiatives
- LSPIM certified as a ‘Great Place to Work’ (GPTW)
- We remain at the forefront of COVID-19 health and safety guidelines
- Assisted occupiers with implementing COVID-19 measures
- Committed to promoting diversity in the workplace
- Committed to making a positive difference in society with charitable donations; IM and AM match funding for good causes and encouraging staff to be active in their local communities

Great Place To Work. Certified JUN 2021-JUN 2022 UK

Governance

- 66% of the Board are independent directors; 25% of the independent directors female
- Audit, Management Engagement and Remuneration, and the Nomination Committee 100% independent
- Committed to establishing and maintaining high standards of corporate governance in line with best practice
- Compliance with higher standard of governance in accordance with the Premium Segment of the Main Market
- Fully AIC compliant

Summary & Outlook

Good progress achieved in 2021

Pivot of strategy to all office portfolio

- Increased offices (by value) to 89.8% (2020: 83.5%) of the portfolio
- Plans in progress to reduce none-core holdings

Yield growth

- Increased quarterly dividend from 6.4p to 6.5p (fully covered)
- Remains one of the highest in the sector

Continued focused strategy

- Recycling assets promptly into higher yielding properties with favourable asset management opportunities
- Disposed of £76.9 (net of costs)
- Acquired £236m (before costs)
- More of the same in 2022 to maximise the reversionary yield potential in the regional office market

ESG

- Improved ESG credentials (GRESB green star awarded) and confirmed ESG objectives
- Improved disclosure

The Lighthouse, Manchester


800 Aztec West, Bristol


Columbus House, Coventry

Outlook – Dividend & Rent Collection & Experience

Dividend

- Continues to be one of the highest yielding REITS
- Uninterrupted high dividend (2020: 6.4pps) (2021: 6.5p) 2022 consensus forecast: 6.7p
- Committed to paying regular quarterly dividends to our shareholders

Rent

- Rent Collection remains strong
- Inflationary uplifts achieved with renewals rates - at ERV or higher often above passing rent

Experienced Management Team

- Highly rated and experienced management team that has navigated previous economic cycles/ events
- Fully integrated management platform well suited to managing in turbulent/uncertain times

The future of the office

- Tailwind of the return to the office
- Majority of employers and employees recognise the importance of the office, though the configuration may change
- Some of the advantages iterated by occupiers include:
  - Controls
  - Culture/ Community/Creativity/value add/Productivity
  - Collaborative working
  - Security
  - Training
  - Mental health and wellbeing of individuals
  - Practical challenges in WFH
  - Division of work and life
  - Social interaction

Outlook - Occupation

- Outlook remains positive
- Robust and growing levels of rent
- Opportunity to buy assets well
  - Granular due diligence identifying opportunities and ensuring underwritten by alternative use
  - Opportunities include, but are not limited to:
    - Renewals at ERV (inflation uplifts embedded)
    - Reconfiguring and refurbishing to meet local demand
    - Executing detailed asset business plans to take advantage of regulations EG EPC ratings
    - Letting acquired vacancy
    - Acquiring the necessary repurposing plans resulting in increased value
  - Though supply in the regions remains limited, we continue to track potential properties with strong reversionary yield potential
- **A compelling de-risked asset backed proposition with a strong yield underpinned by long term capital value appreciation**

Appendix

- Financial Information
- Property Portfolio
- Portfolio Activity
- Performance
- Glossary

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Financial Information

Delivering on Strategy

Portfolio – Active management

	Dec 2020	Dec 2021	Change
Investment Property	£732.4m	**£906.1m**	+£173.7m
Acquisitions before costs	£42.4m	**£236.0m**	+£193.6m
Acquisition Net Initial Yield	9.8%	**7.8%**	(200bpps)
Disposals net of costs	£53.4m	**£76.9m**	+£23.5m
Disposal Net Initial Yield	5.6%	**6.5%**	+90bpps
CAPEX	£8.8m	**£6.8m**	(£2.0m)

Portfolio diversification

Office	83.5%	**89.8%**	+630bpps
Scotland*	17.3%	**19.0%**	+170bps

Debt
Proactive and defensive approach

Weighted Average Cost of Debt	3.3%	**3.3%**	-
Weighted Average Duration	6.4yrs	**5.5yrs**	(0.9yr)
Fixed and hedged	101.1%	**101.6%**	+50bps

Return
Continued robust returns with a high yielding uninterrupted quarterly dividend

Total Accounting Return since IPO**	36.3%	**41.2%**	+490bps
Total EPRA Annual Accounting Return	6.2%	**5.8%**	(40bps)
Dividends declared	6.4p	**6.5p**	+0.10p

** Long term exposure target to Scotland of 15%   **IPO 06.11.2015 – NAV plus dividend*

Financial – Statement of Comprehensive Income

	Year-end 2020 (£'000)	Year-end 2021 (£'000)	Change (£'000)
Rental and property income	75,941	**79,899**	3,958
Property costs	(22,662)	**(24,075)**	(1,413)
Net rental and property income	**53,279**	**55,824**	**2,545**
Administrative & other expenses	(11,329)	**(10,583)**	746
Operating profit (loss) before gains/(losses) on property assets/other investments	**41,950**	**45,241**	**3,291**
Gains on the disposal of investment properties & right of use asset	(1,073)	**846**	1,919
Change in fair value of investment properties & of right of use asset	(54,988)	**(8,502)**	46,486
Operating profit/(loss)	**(14,111)**	**37,585**	**51,696**
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(17,090)	**(8,813)**	8,277
Profit/(loss) before tax	**(31,201)**	**28,772**	**59,973**
Taxation	203	**(15)**	(218)
Profit/(loss) after tax for the period (attributable to equity shareholders)	**(30,998)**	**28,757**	**59,755**
Earnings/(losses) per share - basic	(7.2p)	**6.3p**	13.5p
Earnings/(losses) per share - diluted	(7.2p)	**6.3p**	13.5p
EPRA earnings/(losses) per share - basic	**6.5p**	**6.6p**	**0.1p**
EPRA earnings/(losses) per share - diluted	**6.5p**	**6.6p**	**0.1p**

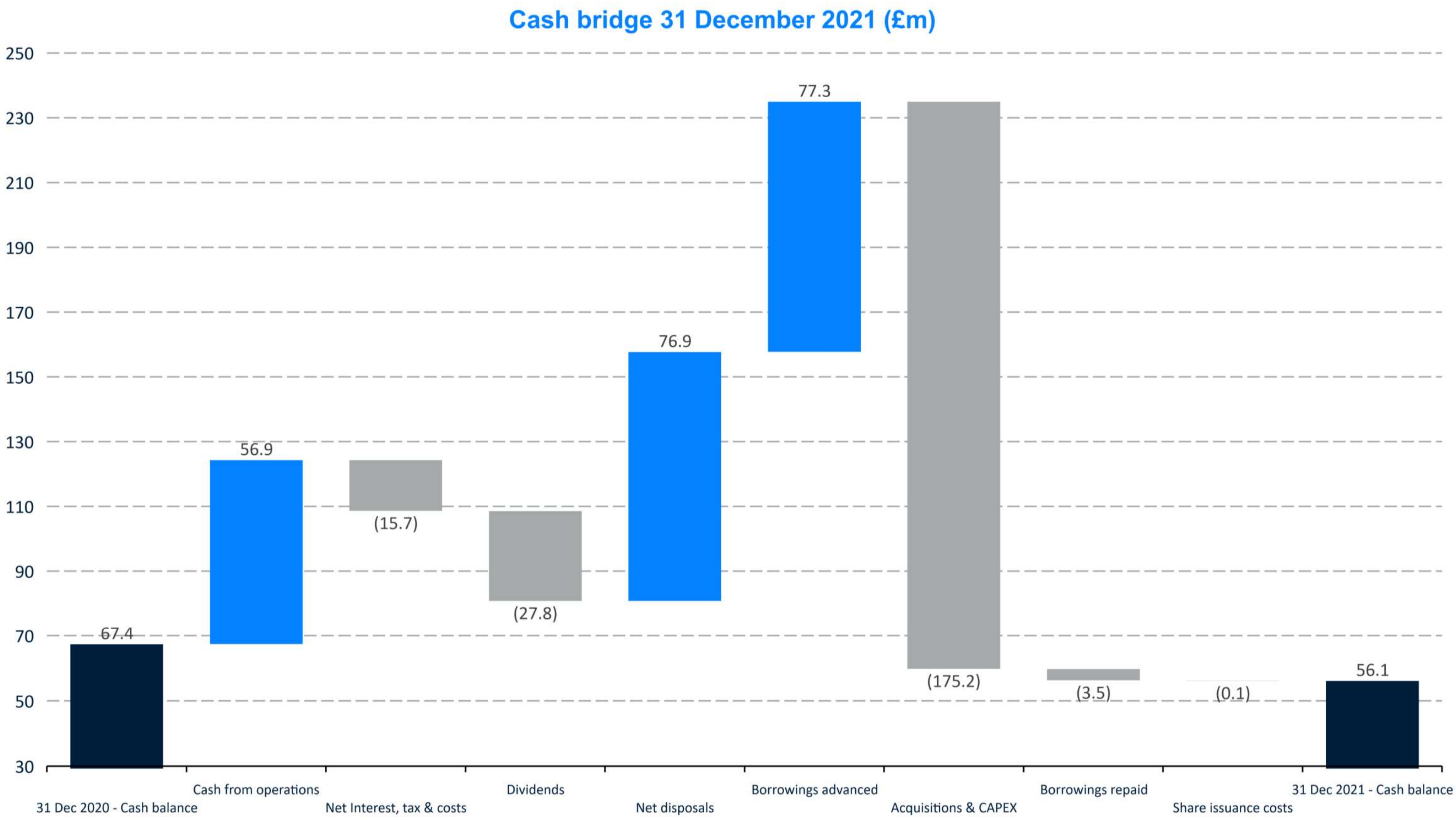
Financial – Statement of Financial Position

	Year-end Dec 2020 (£'000)	Year-end Dec 2021 (£'000)	Change
Assets Non-current Assets			
Investment properties	732,380	**906,149**	173,769
Right of use assets	16,156	**16,482**	326
Other non-current assets	1,011	**2,525**	1,514
Current assets			
Current assets	33,690	**29,404**	(4,286)
Cash and cash equivalents	67,373	**56,128**	(11,245)
Total assets	**850,610**	**1,010,688**	**160,078**

	Year-end Dec 2020 (£'000)	Year-end Dec 2021 (£'000	Change
Liabilities Current liabilities			
Current liabilities	(49,083)	**(58,422)**	(9,339)
Non-current liabilities			
Bank and loan borrowings - non current	(360,133)	**(433,070)**	(72,937)
Lease liabilities	(16,473)	**(16,795)**	(322)
Financial Instruments	(4,339)	**-**	4,339
Total liabilities	**(430,028)**	**(508,287)**	**(78,259)**
Net assets	**420,582**	**502,401**	**81,819**
Share capital	430,819	**513,762**	82,943
Retained earnings/accumulated (losses)	(10,237)	**(11,361)**	(1,124)
Total equity	**420,582**	**502,401**	**81,819**
Net assets per share – basic	97.5p	**97.4p**	(0.1p)
Net assets per share – diluted	97.5p	**97.4p**	(0.1p)
EPRA net tangible value per share – basic*	**98.6p**	**97.2p**	**(1.4p)**
EPRA net tangible value assets per share – diluted*	**98.6p**	**97.2p**	**(1.4p)**

**EPRA Net Reinstatement Value(NRV): 31 December 2021 97.2p (31 December 2020: 98.6p); Net Disposal Value(NDV): 31 December 2021 96.4p (31 December 2020: 93.7p)*

Cash Flow – Ample Liquidity



Income and Cost Focused

	Year ending 31 Dec 2020	Year ending 31 Dec 2021	Change*
Net rental and property income	£53.3m	**£55.8m**	+£2.5m
Operating profit before gains/losses on property assets/other investments	£42.0m	**£45.2m**	+£3.2m
IFRS EPS (weighted average number of shares)	(7.2p)	**6.3p**	+13.5p
EPRA EPS (weighted average number of shares)	6.5p	**6.6p**	+0.1p
EPRA cost ratio (incl. direct vacancy costs)	32.4%	**31.2%**	(120bps)
EPRA cost ratio (excl. direct vacancy costs)	19.6%	**16.8%**	(280bps)
Dividend declared for the period	6.4p	**6.5p**	0.1p

**Rounded to whole numbers* ***Excluding service charge income and other similar items*

- Rental income continues to remain robust. If the portfolio was fully occupied per Cushman & Wakefield's view of market rents the Rent roll at 31 Dec 2021 would be £94.6m pa. (31 Dec 2020: £76.6m)**.
- The EPRA cost ratio (incl. direct vacancy costs) decreased ostensibly due to an increase in the rental income relative to the level of management fees being paid.
- Profit before tax 31 Dec 2021 £28.8m (31 Dec 2020: loss £31.2m); including gain on the disposal of investment properties £0.7m (31 Dec 2020: £1.1m) and loss in the change in fair value of investment properties of £8.3m (31 Dec 2020: loss £54.8m).
- EPRA EPS (weighted average number of shares) – 30 Dec 2021: 6.6p (31 Dec 2020: 6.5p) paying a FY 2021 dividend 6.5p (FY 2020: 6.4p)

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Financial Position Remains Strong, Flexible and Defensive

	Year ending 31 December 2020	Year ending 31 December 2021	Change
Investment Property	£732.4m	**£906.1m**	+£173.7m
IFRS NAV (fully diluted)	97.5p	**97.4p**	(0.1p)
EPRA NTA* (fully diluted)	98.6p	**97.2p**	(1.4p)
Borrowings (incl. retail eligible bond)	£366.2m	**£439.9m**	+£73.7m
Weighted average cost of debt (incl. hedging)	3.3%	**3.3%**	-
Net Loan-to-value	40.8%	**42.4%**	+160bps
EPRA Occupancy	89.4%	**81.8%**	(760bps)
EPRA Occupancy like-for-like	89.5%	**82.4%**	(710bps)
Rent roll like-for-like	£58.5m	**£51.1m**	(£7.4m)

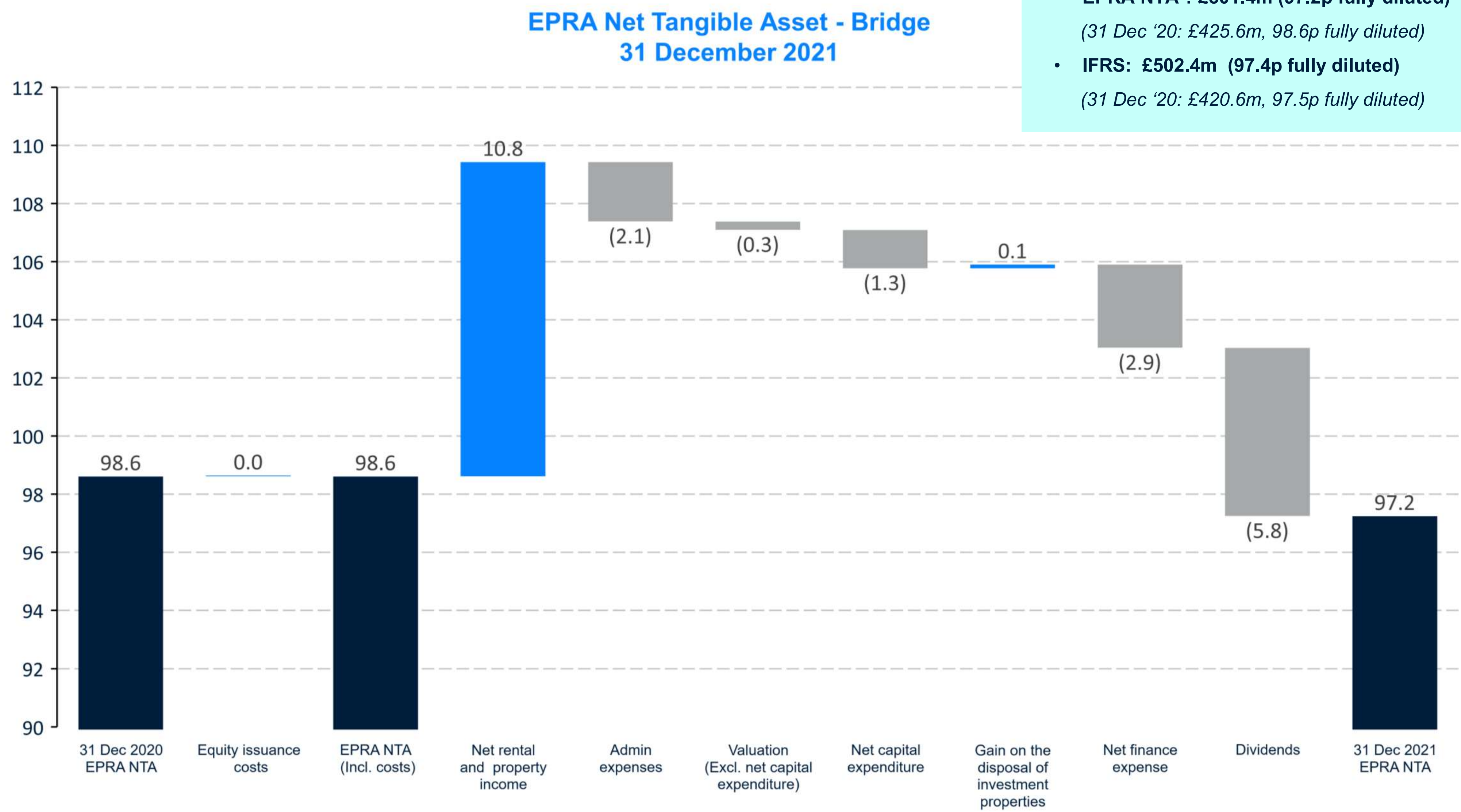
**EPRA Net Reinstatement Value(NRV): 31 December 2021 97.2p (31 December 2020: 98.6p); Net Disposal Value(NDV): 31 December 2021 96.4p (31 December 2020: 93.7p)*

- Investment properties on a like-for-like valuation increase of 1.1%, adjusting for capital expenditure of £6.8m and disposals of £76.9m (after costs)
- Borrowings increased by a net £73.7m, due to the increase in the portfolio.
- EPRA Occupancy of 81.8%, with planned refurbishment programmes impacting ERV amounting to £6.1m
- Total accounting returns to shareholders since IPO of 41.2%, and annualised total accounting rate of return 5.8%; target 10%+ pa. FTSE EPRA NAREIT UK Index equivalent of 21.9% and 3.3%, respectively.

Regional REIT

Positioned to Unlock Shareholder Value over the Long Term

- **EPRA NTA*: £501.4m (97.2p fully diluted)**
  (31 Dec '20: £425.6m, 98.6p fully diluted)
- **IFRS: £502.4m (97.4p fully diluted)**
  (31 Dec '20: £420.6m, 97.5p fully diluted)



** EPRA Net Reinstatement Value(NRV): 31 December 2021 97.2p (31 December 2020: 98.6p); Net Disposal Value(NDV): 31 December 2021 96.4p (31 December 2020: 93.7p)*
Table may not sum due to rounding.

Debt Facilities – Defensive Strategy

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value** %	Annual Interest Rate %	
Royal Bank of Scotland, Bank of Scotland & Barclays	128,000	127,220	Aug-26	43.4	2.40	Over 3mth £ Sonia
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	165,000	Dec-27	46.4	3.28	Fixed
Scottish Widows Ltd	36,000	36,000	Dec-28	38.7	3.37	Fixed
Santander UK	65,870	61,717	Jun-29	39.0	2.20	Over 3mth £ LIBOR moving to SONIA 1/1/22
	394,870	**389,937**				
Retail Eligible Bond	50,000	50,000	Aug-24	NA	4.50	Fixed
	444,870	**439,937**				

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

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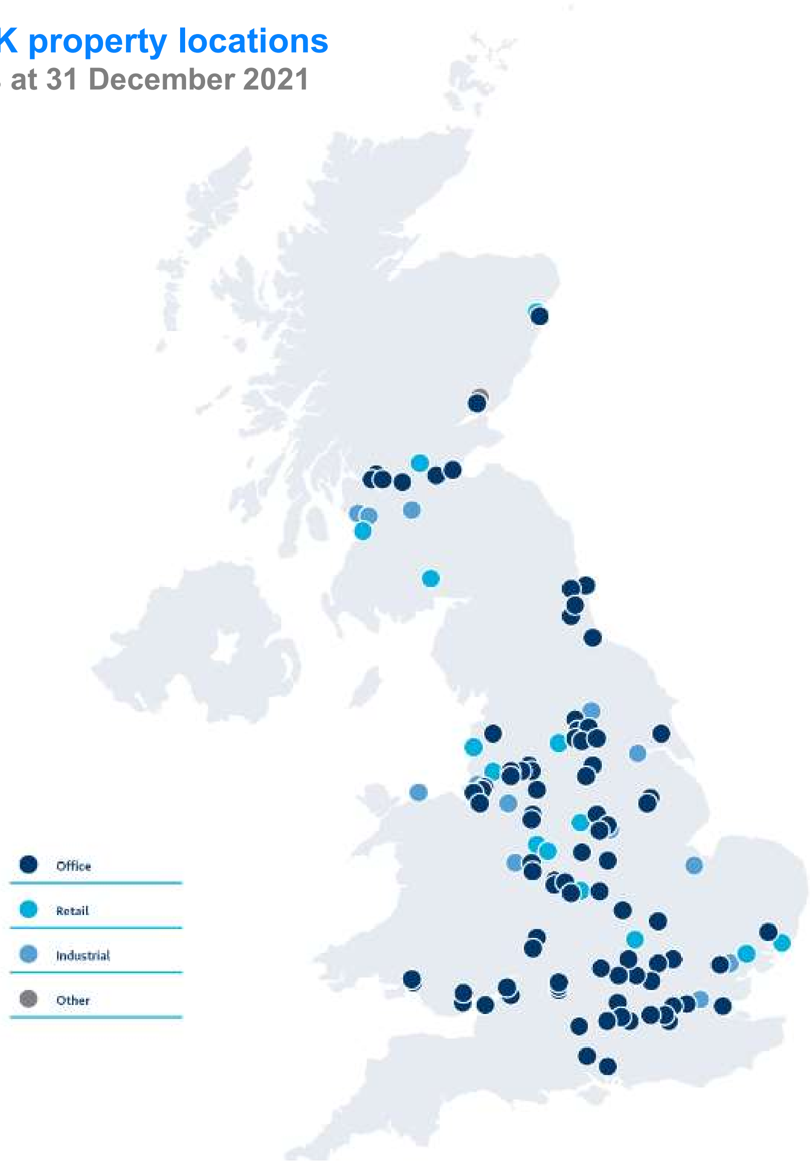
Property Portfolio

Overview – Specialised Platform and Geographically Diverse Portfolio

UK property locations
as at 31 December 2021



Portfolio details
as at 31 December 2021

Sector	Properties	Valuation (£m)	% by valuation	Capital Values (£psf)
Office	138	813.4	89.8	134.77
Industrial	7	46.4	5.1	66.18
Retail	20	33.9	3.7	78.14
Other	3	12.5	1.4	129.27
Total	**168**	**906.1**	**100.0**	**124.70**

Blue Chip Tenants

Diversified Income Stream

Portfolio details at 31 December 2021

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (mil)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Yield (%)		
											Net initial	Equivalent	Reversionary
Office	138	813.4	89.8	6.0	80.8	2.6	63.9	14.07	86.3	134.77	5.4	8.8	9.6
Industrial	7	46.4	5.1	0.7	90.7	7.2	3.3	5.10	3.6	66.18	6.1	7.5	7.4
Retail	20	33.9	3.7	0.4	92.6	3.6	3.9	9.99	3.8	78.14	9.3	9.7	9.8
Other	3	12.5	1.4	0.1	92.7	13.0	1.0	12.66	0.9	129.27	6.6	8.0	7.5
Total	**168**	**906.1**	**100.0**	**7.3**	**81.8**	**3.0**	**72.1**	**12.75**	**94.6**	**124.70**	**5.6**	**8.7**	**9.4**

Region	Properties	Valuation (£m)	% by valuation	Sq. ft. (mil)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Yield (%)		
											Net initial	Equivalent	Reversionary
Scotland	44	172.1	19.0	1.7	84.7	3.9	15.5	11.80	19.6	102.62	6.0	9.4	10.2
South East	33	192.9	21.3	1.4	72.9	2.6	12.7	15.08	20.8	140.41	4.2	8.5	9.5
North East	23	121.4	13.4	1.0	83.9	3.0	9.6	11.86	11.8	126.36	6.0	9.2	9.2
Midlands	26	161.8	17.9	1.3	79.1	2.9	13.1	12.60	16.2	124.57	4.9	8.5	9.7
North West	20	125.2	13.8	1.0	80.0	2.7	9.8	12.55	13.3	131.35	6.0	9.2	9.1
South West	15	84.6	9.3	0.5	94.1	2.0	7.0	16.35	8.4	164.45	6.0	8.2	9.1
Wales	7	48.2	5.3	0.5	94.6	4.2	4.4	9.98	4.4	98.57	8.2	8.3	8.5
Total	**168**	**906.1**	**100.0**	**7.3**	**81.8**	**3.0**	**72.1**	**12.75**	**94.6**	**124.70**	**5.6**	**8.7**	**9.4**

Table may not sum due to rounding.

Top 15 Occupiers (Share of Rental Income)

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq Ft)	Annualised gross rent (£m)	% of Gross rental income
Virgin Media Ltd	Eagle Court, Coventry Road, Birmingham Genesis Business Park, Woking Southgate Park, Peterborough	Information and communication	1.8	112,147	1.8	2.5
NHS	Aspect House, Bennerley Road, Nottingham Capitol Park, Leeds Lightyear - Glasgow Airport, Glasgow Park House, Bristol St James Court, Bristol Wren House, Chelmsford	Public sector	1.9	103,240	1.7	2.3
TUI Northern Europe Ltd	Columbus House, Coventry	Professional, scientific and technical activities	2.0	53,253	1.4	1.9
Secretary of State for Communities & Local Government	1 Burgage Square, Merchant Square, Wakefield Albert Edward House, Preston Bennett House, Stoke-On-Trent Norfolk House, Birmingham Oakland House, Manchester Waterside Business Park, Swansea	Public sector	2.7	128,335	1.3	1.8
The Scottish Ministers	Calton House, Edinburgh Quadrant House, Dundee Templeton On The Green, Glasgow	Public sector	1.7	106,511	1.3	1.8
Bank Of Scotland Plc	Dundas House, Rosyth High Street/Bank Street, Dumfries	Banking	0.8	83,060	1.3	1.7
EDF Energy Ltd	Endeavour House, Sunderland	Electricity, gas, steam and air conditioning supply	1.7	77,565	1.0	1.4
E.ON UK Plc	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	3.3	99,142	0.9	1.3
John Menzies Plc	2 Lochside Avenue, Edinburgh	Professional, scientific and technical activities	1.6	43,780	0.9	1.2
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.6	41,743	0.9	1.2
James Howden & Company Ltd	Howden Site, Renfrew	Manufacturing	9.9	204,414	0.8	1.1
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	3.8	58,167	0.8	1.1
Hermes European Logistics Ltd	Capitol Park, Leeds	Transportation and storage	2.0	37,372	0.8	1.1
Aviva Central Services UK Ltd	Hampshire Corporate Park, Eastleigh	Other service activities	2.9	42,612	0.8	1.1
Matalan Retail Ltd	Loreny Industrial Estate, Kilmarnock Newport Retail Park, Newport	Wholesale and retail trade	6.9	75,038	0.8	1.1
Total			**2.7**	**1,266,379**	**16.4**	**22.7**

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Top 15 Investments (Market Value)

Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
300 Bath Street, Glasgow	Office	University of Glasgow, Glasgow Tay House Centre Ltd, Eaton Ltd	27.2	3.0	156,853	99.8	1.2	1.7	2.9
Buildings 2 & 3, Bear Brook Office Park, Aylesbury	Office	Utmost Life and Pensions Ltd, Agria Pet Insurance Ltd	22.8	2.5	140,791	90.8	0.9	1.3	3.6
Genesis Business Park, Woking	Office	Nuvias (UK & Ireland) Ltd, Fernox Ltd, McCarthy & Stone Retirement Lifestyles Ltd, Walk The Walk Worldwide	22.7	2.5	98,151	81.3	1.4	1.9	2.2
Capitol Park, Leeds	Office	Hermes European Logistics Ltd, NHS Shared Business Services Ltd	21.5	2.4	98,340	100.0	1.8	2.5	1.7
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd, Coleshill Retail Ltd	21.4	2.4	132,979	77.8	1.8	2.5	1.4
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, Edvance SAS	19.0	2.1	73,292	100.0	1.5	2.1	1.6
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd	18.9	2.1	106,133	75.9	1.3	1.8	3.4
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, Worldwide Clinical Trials Ltd, Heart Internet Ltd	18.9	2.1	215,330	100.0	1.8	2.5	5.4
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Utilita Energy Ltd, Digital Wholesale Solutions Ltd	18.7	2.1	85,422	99.8	1.3	1.8	2.1
Norfolk House, Smallbrook Queensway, Birmingham	Office	Accenture (UK) Ltd, Secretary of State for Communities & Local Government	18.0	2.0	114,982	49.0	0.8	1.1	2.3
Portland Street, Manchester	Office	Darwin Loan Solutions Ltd, New College Manchester Ltd, Mott MacDonald Ltd	15.2	1.7	55,787	98.7	0.9	1.3	2.7
One & Two Newstead Court, Nottingham	Office	E.ON UK Plc	14.5	1.6	146,262	67.8	0.9	1.3	3.3
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Noah Beers Ltd	13.6	1.5	142,512	90.7	1.2	1.7	4.1
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Hill Rom UK Ltd, Brush Electrical Machines Ltd	13.5	1.5	91,034	92.8	1.1	1.6	3.9
The Lighthouse, Salford Quays, Manchester	Office	Pearson Education Ltd, Engie Regeneration Ltd, Assemble Technology Ltd	13.3	1.5	64,275	56.7	0.7	1.0	2.7
Total			**279.1**	**30.8**	**1,722,143**	**84.3**	**18.8**	**26.1**	**2.9**

FY 2021 Portfolio Highlights

Major lettings and renewals successfully secured across the regions

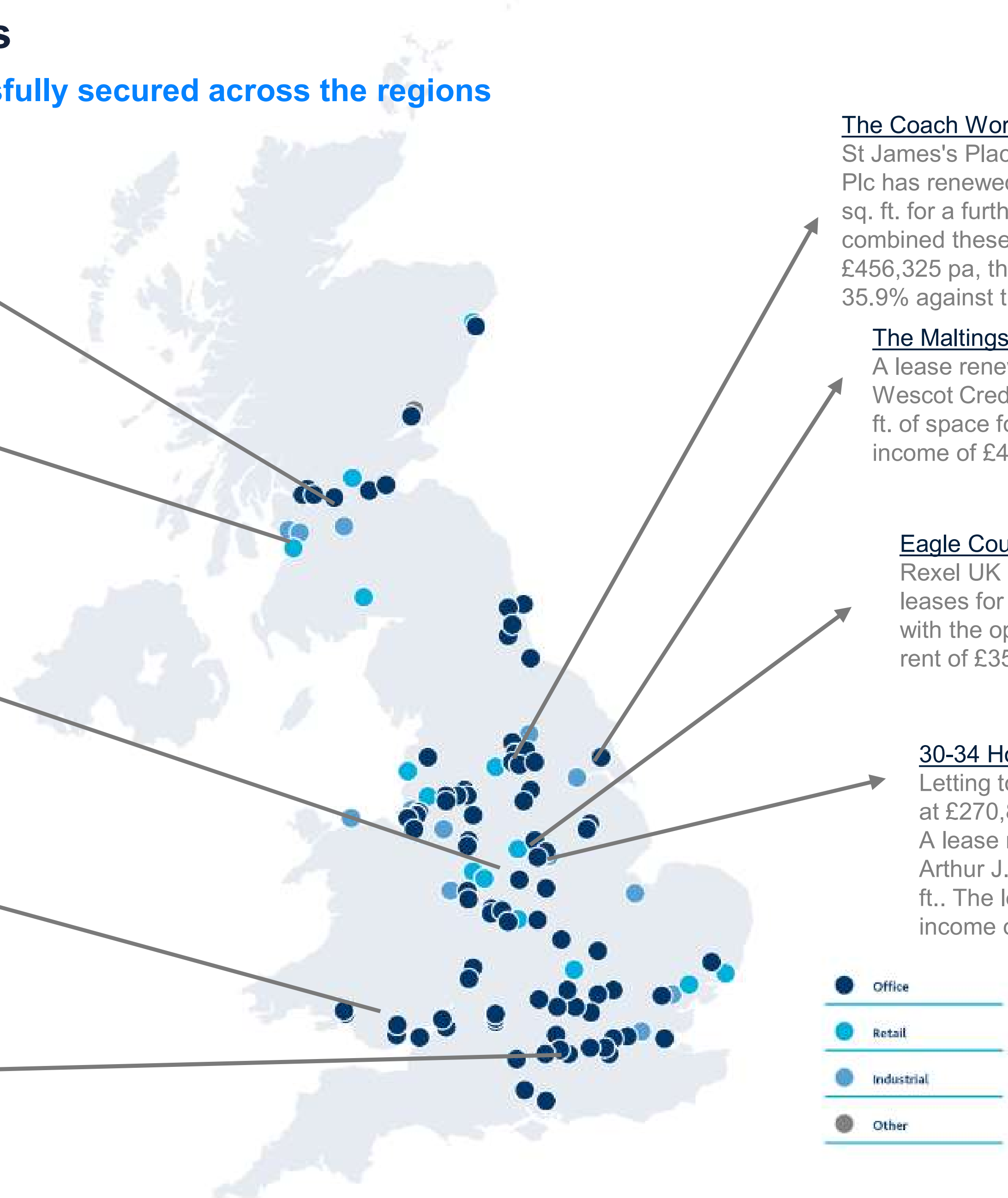
Howdens, Old Govan Road, Glasgow
Term extended to existing tenant (James Howden & Company Ltd.) by a further 10 years to 2031 for 204,414 sq. ft. at a rental income of £762,615 pa

Loreny Industrial Estate, Kilmarnock
Matalan Retail Ltd. renewed its lease for a further five years, to April 2031, at a rental income of £407,484 pa (£11.97/ sq. ft.) on 34,040 sq. ft.

Ashby Business Park, Ashby De La Zouch
A lease agreement has been signed with Ceva Logistics Ltd. to renew an existing lease for a further five years at a rent of £405,132 pa, representing an uplift of 13.5% from the previous rent.

1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea
15,000 sq. ft. of space has been let to NCF Furnishings Ltd. at a rent of £180,000 pa (£12.00/ sq. ft.) for a period of ten years with the option to break in 2027

Waterfront Business Park, Fleet
Barclays Execution Services Ltd. (19,361 sq. ft.) has renewed its lease for a further ten years, to September 2031, with the option to break in 2024. The lease will provide a rental income of £348,500 pa (£18.00/ sq. ft.).



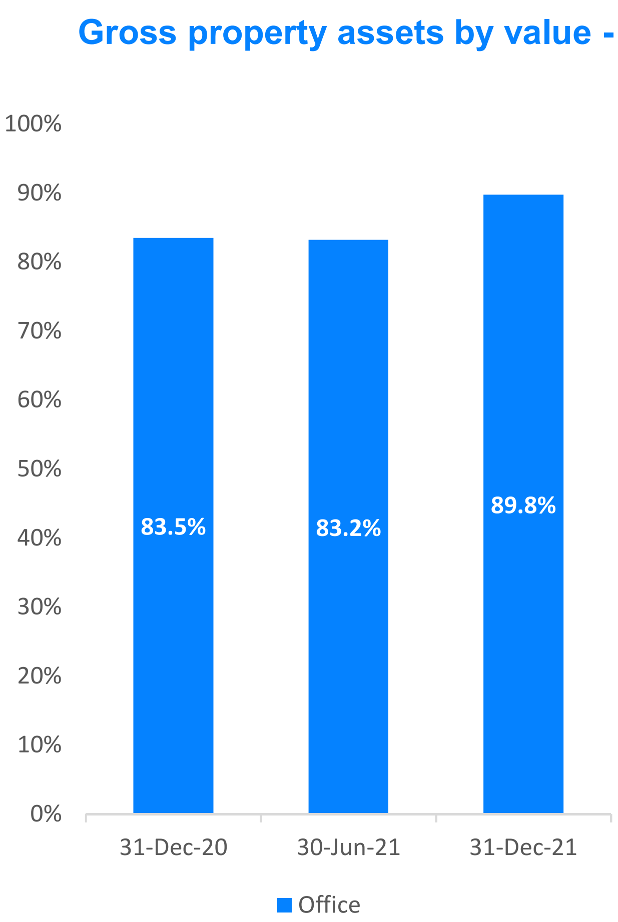
The Coach Works, Leeds
St James's Place Wealth Management Group Plc has renewed three leases totalling 18,253 sq. ft. for a further three years. When combined these leases provide a rent of £456,325 pa, this represents an increase of 35.9% against the previous rental income.

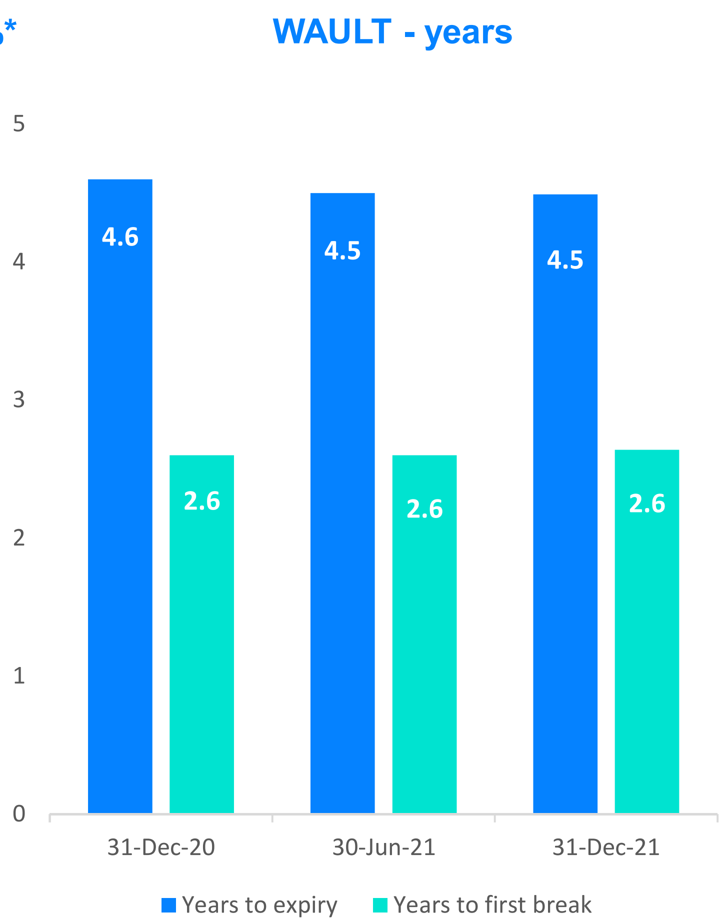
The Maltings, Jarratt Street, Hull
A lease renewal has been signed with Wescot Credit Services Ltd. for 32,650 sq. ft. of space for a further 10 years at a rental income of £449,000 pa.

Eagle Court, Coventry Road, Birmingham
Rexel UK Ltd. (20,182 sq. ft.) renewed three leases for a further five years and six months with the option to break in 2023, at a combined rent of £356,660 pa (£17.67/ sq. ft.).

30-34 Hounds Gate, Nottingham
Letting to Ensek Ltd. on a 10-year lease at £270,865 pa for 15,278 sq. ft.
A lease renewal has been signed with Arthur J. Gallagher (UK) Ltd for 7,788 sq. ft.. The lease is for five years at a rental income of £114,735.

Geographically Diversified Office Led Portfolio Focused on the UK Regions





Figures based on Cushman & Wakefield valuations

Investment Property Activity – Proactive Strategy

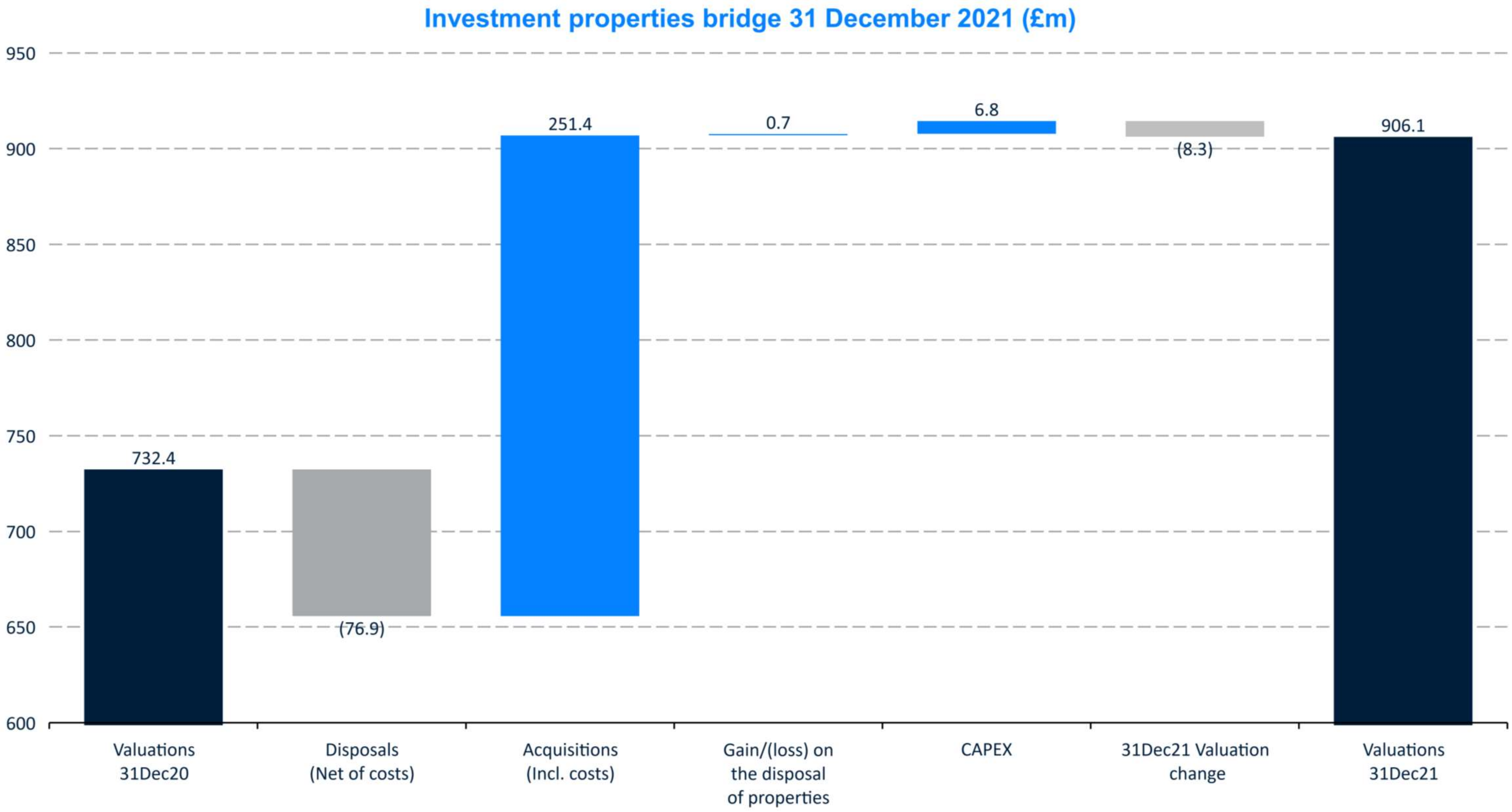


Table may not sum due to rounding.

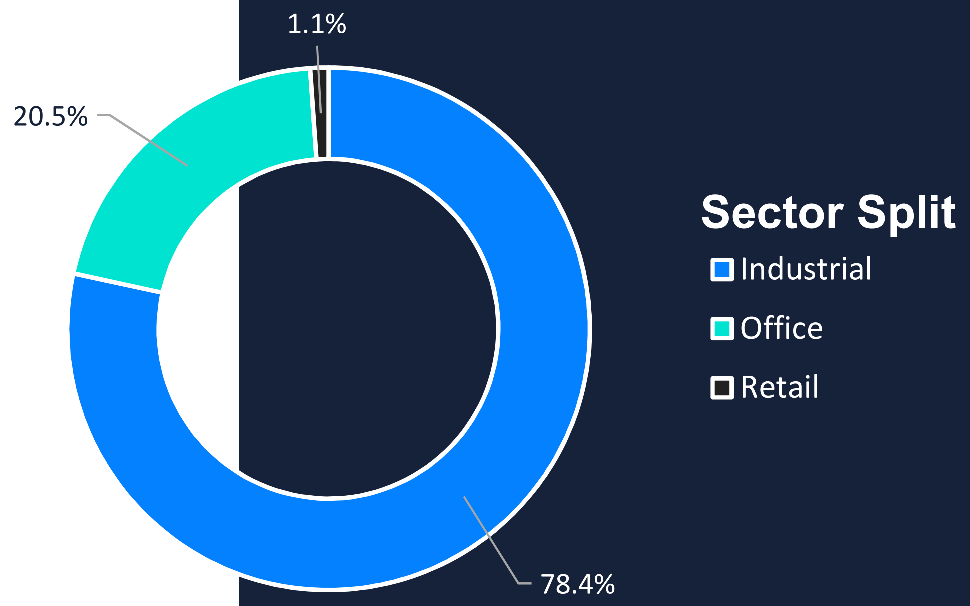
Portfolio Activity

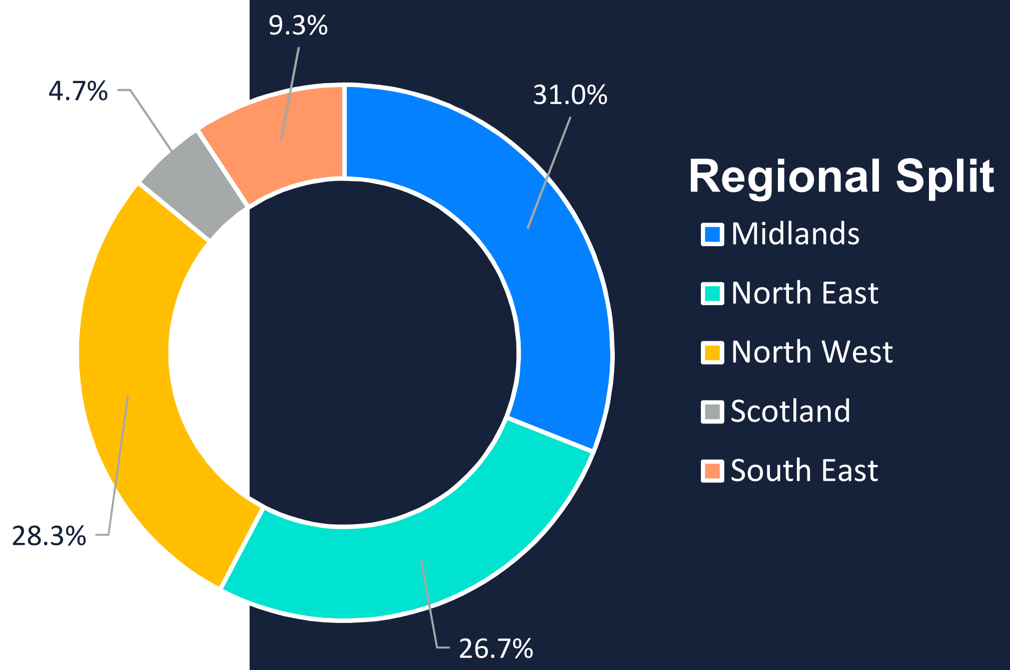
- Disposals
- Acquisitions
- Asset management Initiatives (CAPEX)

Disposals

Summary – Disposals during 2021

- Disposals totalled **£79.6m** (before costs) reflecting an uplift against valuation (Dec 20) of 8.3%
- Reflecting an **average net initial yield of 6.5% (6.6% excluding vacant assets).**
- **16** assets and 3 part sales in total during FY 2021





Disposal of £45m Industrial Portfolio

Disposal of 7 industrial assets in August 2021 for £45.0m.

The sale price reflects a net initial yield of 6.75% and is 7.5% above the valuation as at 31 December 2020.

After capital expenditure, the sale represents an uplift of 18.0% from the acquisition price.

In line with the Company's stated strategy to exit the industrial sector in preference for higher yielding regional office investments, this disposal marks the sale of 62% (by value) of the Company's industrial holdings held as at 31 December 2020.

During the Company's ownership of the seven industrial properties (801,787 sq. ft.) located in Bromborough, Erith, Nottingham, Scunthorpe, Telford, Winsford and Wisbech, several asset management initiatives have been actioned to increase value. These initiatives included a series of renovations and the subdivision of some of the larger units, which assisted in improving occupancy rates, rental income and in turn, capital values.

Acquisition Price	£33.3m
Valuation Dec 20	£41.9m
Sale Price (before costs)	£45.0m
Net Initial Yield	6.8%
Uplift against acquisition price	18.0% (after capex)

Arena Point, Leeds

Acquired in March 2016 as part of the Wing portfolio.

Disposal of asset for £10.65m, representing a substantial uplift of 15.8% against the 31 December 2020 valuation.

The purchaser intends to demolish the 19-storey office block (76,176 sq. ft.) to make way for a 43-storey tower, providing accommodation for 705 students.

The £10.65m disposal represents the final part of the long term business plan for this asset, which the Company acquired with the adjacent two-storey casino and pub, known as the Podium Buildings, in March 2016 for £10.5m.

In July 2018, the Podium Buildings were sold to Unite Students for £12.2m for development into what is now the 16 and 27-storey towers at White Rose View. The final disposal of Arena Point has now secured profits after all costs for the site of some £9.3m, producing a geared internal rate of return of 24.6%.

Acquisition Price	£10.5m
Valuation Dec 20	£9.2m
ERV (Dec 20)	£1.1m
Sale Price (before costs)	£10.7m
Uplift against Dec 20 Valuation	15.8%

Marston Business Park, Tockwith, Wetherby

Acquired in 2014 as part of the Empire portfolio.

The 171,155 sq. ft. multi-let industrial, warehouse, and office park was purchased for £6.5m.

Over the period of ownership of this property, several asset management initiatives have been instigated, including the recently obtained planning consent for six individual plots totalling a floor area of some 170,000 sq. ft. on 11.62 acres.

Marston Business Park was sold in June for £8.6m.

After capital expenditure, this disposal reflects a 36.5% uplift from the acquisition price and is a 4.9% premium to the 31 December 2020 valuation, with a net initial yield of 7.2%.

Acquisition Price	£6.5m
Valuation Dec 20	£8.2m
ERV (Dec 20)	£0.7m
Sale Price (before costs)	£8.6m
Uplift against acquisition price	36.5% (after capex)

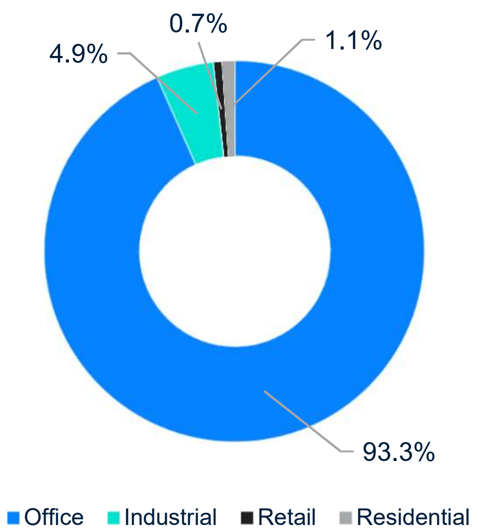
Acquisitions

Acquisition of £236m of Property Assets

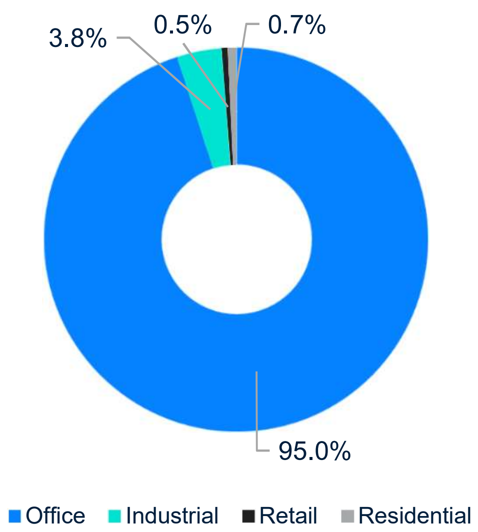
Portfolio Summary

- Diversified income – 208 tenants across 31 properties
- The portfolio is well spread across major UK cities
- Geographic spread by value: England (78.2%), Scotland (17.1%), Wales (4.7%)
- EPRA occupancy (by ERV) of 78.4%
  - EPRA occupancy (by ERV) for office assets of 77.5%

Sector Split (% by value)



Sector Split (% by contracted rent)



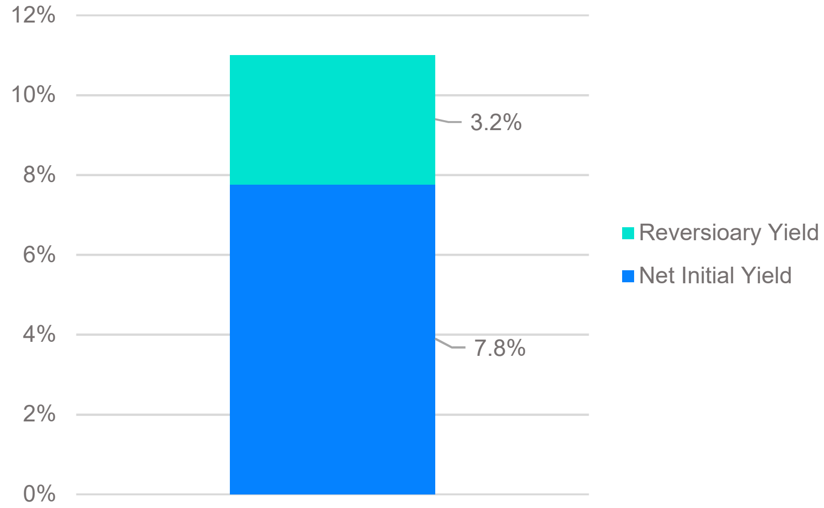
Acquisition of £236m of Property Assets

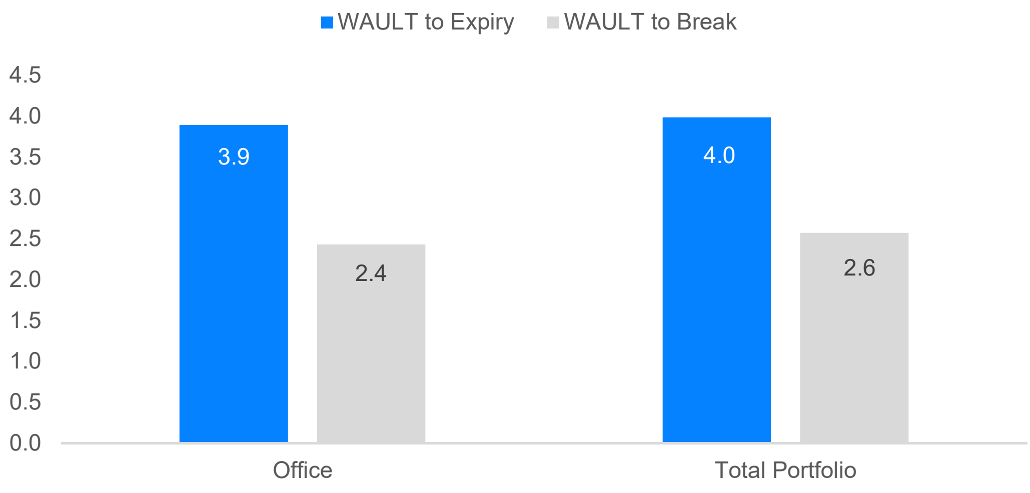
Diverse Tenant Mix

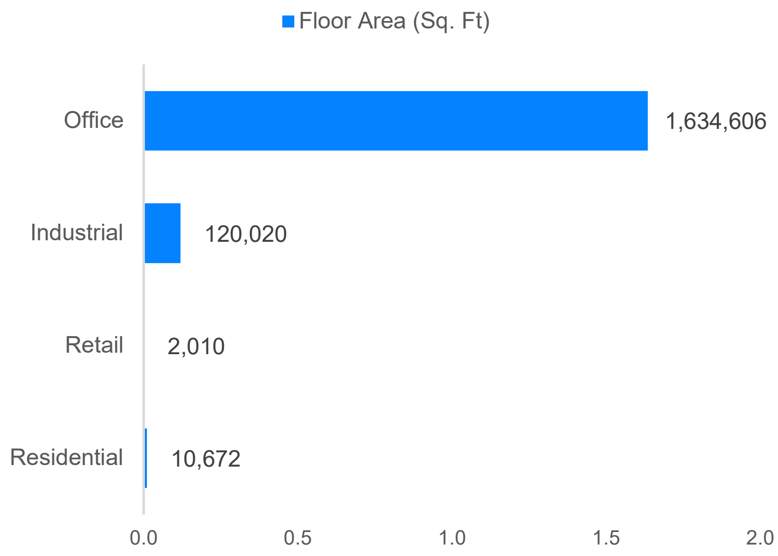
- 192 tenants across the portfolio's 27 office assets
- 3 tenants across the portfolio's 2 industrial assets
- 12 tenants in one residential asset
- Single tenant in retail unit

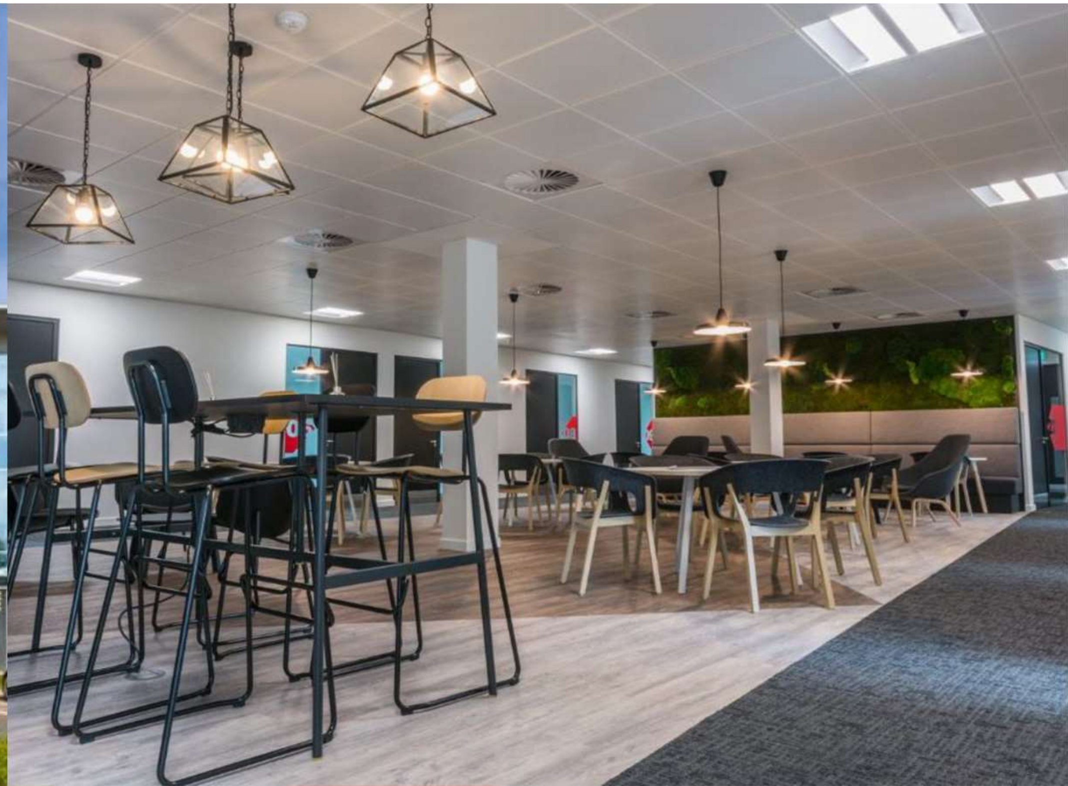
Income Growth Opportunities

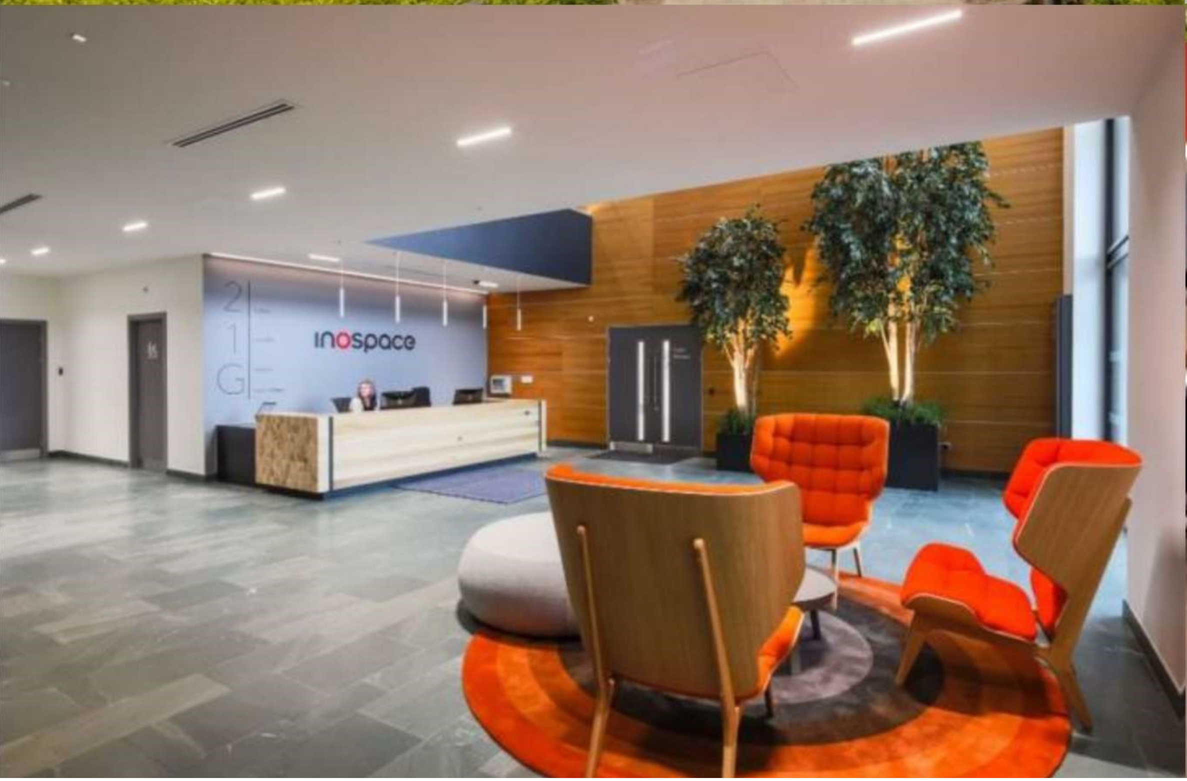
- EPRA Occupancy of 78.4%
- The Portfolio's weighted average unexpired lease term to expiry is 4.0 years; WAULT to first break is 2.6 years; office WAULT 3.9 years and WAULT to first break 2.4 years











Lightyear – Glasgow Airport, Glasgow


Eagle Court, Birmingham

Newburn & Gateway House, Newcastle

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Asset Management Initiatives (CAPEX)

The Coach Works, Leeds

Acquired in 2013.

Constructed in the early 1990's, the asset consists of steel frame, brick construction office buildings providing 41,666 sq. ft. of space across 2 buildings.

The building is well located in the city centre being a four minute walk from Leeds Central Station and sits in the heart of Leeds creative quarter with a very good parking allocation for a city centre asset. The building is let in part to St James Place Wealth Management and was formerly known as Halsbury House and Harcourt House.

Tenants vacated over half of the office space and as per the business plan, the opportunity was taken to completely refurbish the vacant office areas and common parts.

An extensive refurbishment project was undertaken to reposition the property in the market with the asset rebranded to 'The Coachworks' in reference to the heritage of the location.

Prior to the works the EPC rating was category C. Following the works, the refurbished elements have improved to a B rating.

Notwithstanding current market conditions, the levels of interest are encouraging with the space well received with 3,304 sq. ft. immediately let following completion.

Before

After

Acquisition Price	£6.1m
Valuation Dec 21	£12.0m
ERV (Dec 21)	£1.1m
Floor Area	41,121 sq. ft.
Gross Rent Roll	£0.5m
Capex	£2.5m

The Coach Works, Leeds

Comprehensive refurbishment of multiple floors, across two buildings, including common areas, toilets and the creation of new showering facilities. The scope included the following key environment and energy efficiency improvements:

- The refurbishment of opening windows to enhance the free movement of fresh air/ventilation.
- Replacement of ground floor windows to secure by design standard.
- Installation of new market leading VRF fan coil ducted air conditioning system, incorporating heat recovery and energy efficient pre heat of fresh air, with local volume control. The system can provide up to 20% more fresh air supply and extract than conventional systems.
- Significant roof insulation upgrade to Coach Works 1.
- Full rewire of all refurbished spaces to include energy efficient cabling and fittings.
- Renewal of all office area, common area and emergency lighting with modern high efficiency LED fittings. State of the art feature LED lighting installation to beams; with full colour spectrum control.
- Removal of old water heating installations and replacement with efficient point of use equipment.
- Replacement of external doors; incorporating fully thermally broken composition and draught sealing. Access control, to enhance security and safety.
- New facilities including toilets, showers and break out zones to both buildings. Booths were installed off reception in CW2.
- The lift installation was comprehensively refurbished to include a new efficient power unit, with related controller, and all new safety equipment throughout.
- Following refurbishing the buildings resulting in the EPC improving from C to a B rating.


COACH WORKS
CW2


COACH WORKS


COACH
WORKS


COACH
WORKS


AVAILABLE 3
AVAILABLE 1
ST JAMES'S PLACE 2
AVAILABLE G

30-34 Hounds Gate, Nottingham

Acquired in May 2016.

30/34 Hounds Gate comprises an attractive converted former Victorian mill with original frontage. The property has been extended at the rear under a part pitched and part flat roof with glazed curtain wall side elevations to provide large open plan floor plates.

Agreement for lease signed with Ensek Limited with Ensek Holdings Limited as Guarantor. Lease commencement 18th Feb 2021. Agreement was conditional on extensive refurbishment works to 15,478 sq. ft. of office space (Cat A), reception and common areas and repositioned the building in the market.

Practical Completion of these works in February 2021. Total works costing £795,000 ex VAT.

New 10 year lease with 6 year break. Rent £270,825 pa headline subject to 8 months rent free from lease commencement.

Currently in the process of instructing an updated EPC.

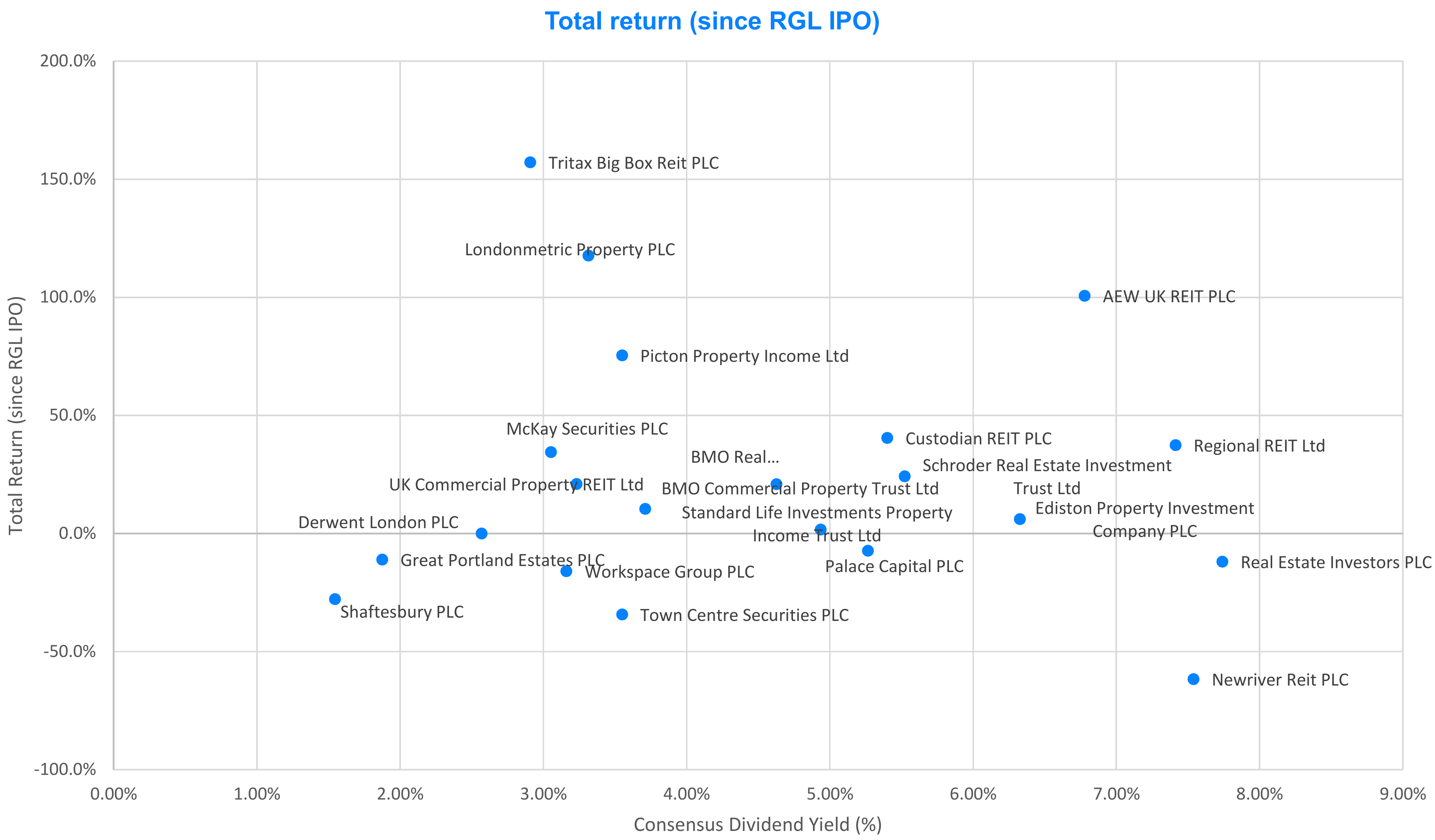
Before

After

Acquisition Price	£4.3m
Valuation Dec 21	£4.9m
ERV (Dec 21)	£0.5m
Floor Area	34,583 sq. ft.
Gross Rent Roll	£0.4m
Capex	£0.8m

Performance

Dividends and Performance



Source: Thomson Reuters 18 March 2022

Consensus Dividend Yield

	Consensus dividend yield (share price)	Consensus dividend yield (NAV)
Regional REIT Ltd	7.41%	6.67%
Town Centre Securities PLC	3.55%	1.81%
Newriver Reit PLC	7.54%	4.92%
Workspace Group PLC	3.16%	2.19%
Derwent London PLC	2.57%	1.96%
Shaftesbury PLC	1.55%	1.43%
McKay Securities PLC	3.05%	2.55%
Custodian REIT PLC	5.40%	4.80%
Great Portland Estates PLC	1.88%	1.58%
Tritax Big Box Reit PLC	2.91%	3.04%
Palace Capital PLC	5.27%	3.50%
Real Estate Investors PLC	7.74%	5.20%
Londonmetric Property PLC	3.32%	4.00%
AEW UK REIT PLC	6.78%	7.00%
Ediston Property Investment Company PLC	6.33%	5.57%
BMO Commercial Property Trust Ltd	3.71%	3.45%
BMO Real Estate Investments Ltd	4.63%	3.92%
Picton Property Income Ltd	3.55%	3.04%
Schroder Real Estate Investment Trust Ltd	5.52%	4.69%
Standard Life Investments Property Income Trust Ltd	4.94%	4.50%
UK Commercial Property REIT Ltd	3.23%	2.55%

Source: Thomson Reuters 18 March 2022

Cost Focused

EPRA cost ratio incl. direct costs	
Town Centre Securities PLC	64%
Newriver REIT PLC	55%
McKay Securities PLC	35%
Real Estate Investors PLC	34%
Regional REIT Ltd	**31%**
AEW UK REIT PLC	29%
Warehouse REIT	27%
Picton Property Income Ltd	25%
Custodian REIT PLC	22%
Urban Logistics REIT	20%
Ediston Property Investment Company PLC	17%
Average(Excl. RGL)	**33%**

EPRA cost ratio excl. direct costs	
Newriver REIT PLC	49%
McKay Securities PLC	27%
Town Centre Securities PLC	23%
Real Estate Investors PLC	21%
AEW UK REIT PLC	19%
Warehouse REIT	18%
Regional REIT Ltd	**17%**
Urban Logistics REIT	17%
Picton Property Income Ltd	14%
Custodian REIT PLC	13%
Ediston Property Investment Company PLC	11%
Average(Excl. RGL)	**21%**

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Glossary

Glossary – 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.

EPRA Performance Measure	Definition	31 Dec 2020	31 Dec 2021
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.	£425,611,000 98.6p	**£501,400,000** **97.2p**
EPRA Net Reinstatement Value (EPRA NRV)	EPRA Net Asset Value Measure assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£425,611,000 98.6p	**£501,400,000** **97.2p**
EPRA Net Disposal Value (EPRA NDV)	EPRA Net Asset Value Measure represents the shareholder's 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.	£404,365,000 93.7p	**£497,312,000** **96.4p**

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