

Investor Presentation

Half year to 30 June 2021



The Regional Office Specialist
Strong Progress Transforming the Portfolio

Overview

Portfolio

Appendix

Stephen Inglis
Chief Executive Officer



Derek McDonald
Managing Director



Simon Marriott
Investment Director



H1 2021 Income Focused

Performance

Total EPRA Accounting Return

- Since IPO* +39.9%
- Annualised +6.1%

FTSE EPRA NAREIT UK Index

- +4.7%
- +0.8%

Dividend

- Dividend 3.2p
- Yield c. 7.5%**

→ Targeting a FY 2021 6.5p dividend to continue our uninterrupted high yielding distribution for our shareholders

Earnings

EPRA EPS 3.0p (June '20: 2.6p)

→ 3.2p dividend

Key Initiatives

Maintaining Income

→ Very strong H1 rent collection[†] 99.0%[‡] and growing

EPRA NTA

£427.7m (99.1p) (Dec'20 £425.6m; 98.6p)

→ Combination of sales proceeds & unrealised revaluation

Portfolio

£729.1m (Dec'20: £732.4m)

- CAPEX £4.3m
- NIY 6.7%
- Like-for-like +40bps

Very highly geographically diversified

- 151 properties; offices 115
- 847 tenants; offices 716
- Regional office located across the main UK conurbations

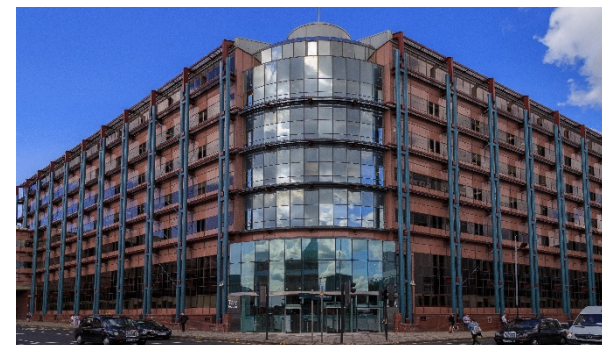
Debt and Cash

LTV

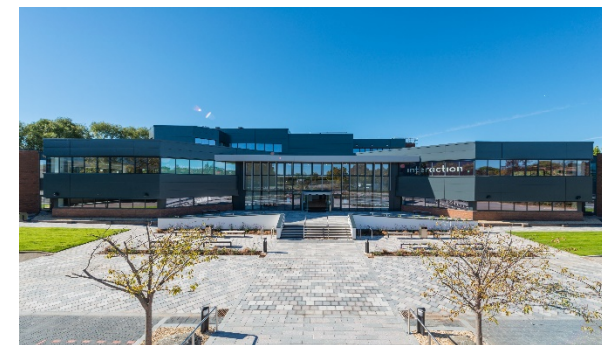
- 39.8% (Dec'20: 40.8%)

Cash

- £75.3m (Dec'20: £67.4m)



300 Bath Street, Glasgow



800 Aztec West, Bristol



Columbus House, Coventry

H1 2021 Portfolio Highlights – Income Focused

Proactive property asset management

Portfolio

- EPRA Occupancy (by ERV) 85.7% (Dec'20: 89.4%)
- Lettings 25; £1.3m gross rent roll
- Expiries H1 2021: 70.0% of units remain let (c. 60% by rent roll)

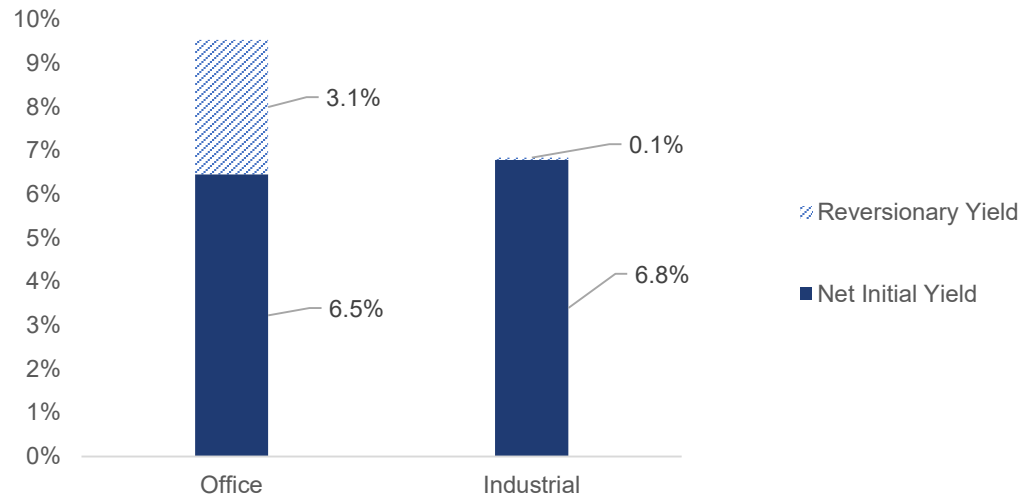
→ Focus on regional properties outside M25

→ Offices 83.2% (by value)

- 58.9% - Business Parks
- 34.9% - Central Business Districts
- 6.2% - Edge of town

→ Industrial 11.3%(by value)

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:



Templeton on the Green, Glasgow



Ashby Business Park, Ashby De La Zouch



Salamander Quay, Harefield

Acquisition of £236m of Property Assets

Consideration Price

£236.0m to be satisfied by three components

- £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

Yield

- Net Initial: 7.8%
- Reversionary: 11.0%

Properties

31 properties located entirely outside of the M25

- 27 office assets
- 2 industrial assets
- 1 residential asset
- 1 retail asset

WACD & WAD (Post Acquisition)

- 3.3% – a slight improvement on 30 June 2021
- 5.8years

LTV (Post Acquisition)

- 43.8% - with a clear plan to reduce back to 40.0% in the next 12 to 18 months



Acquisition Price

Rental Income

Net Initial Yield

Reversionary Yield

EPRA Occupancy (by ERV)

£236m

£21.9m

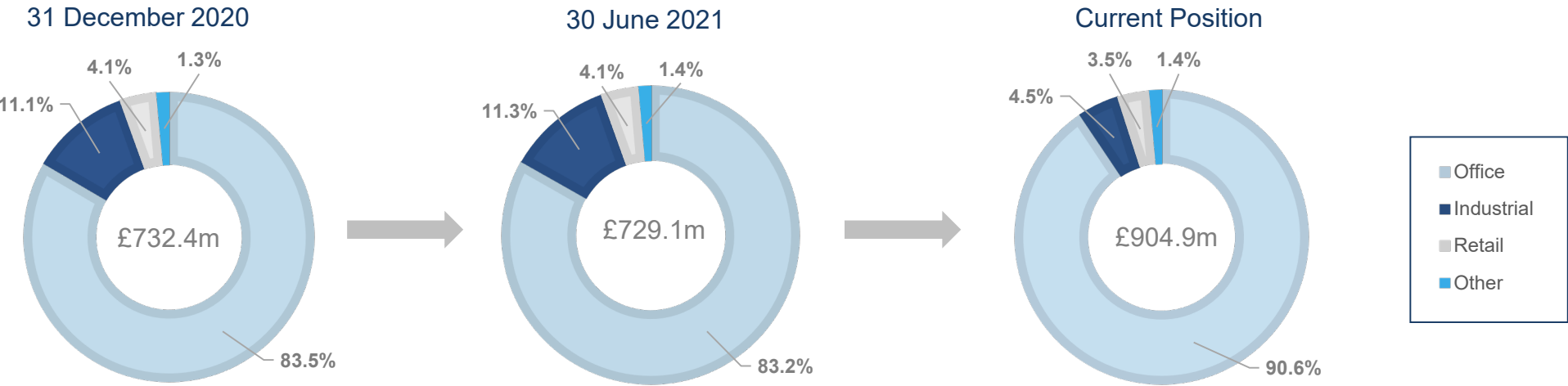
7.8%

11.0%

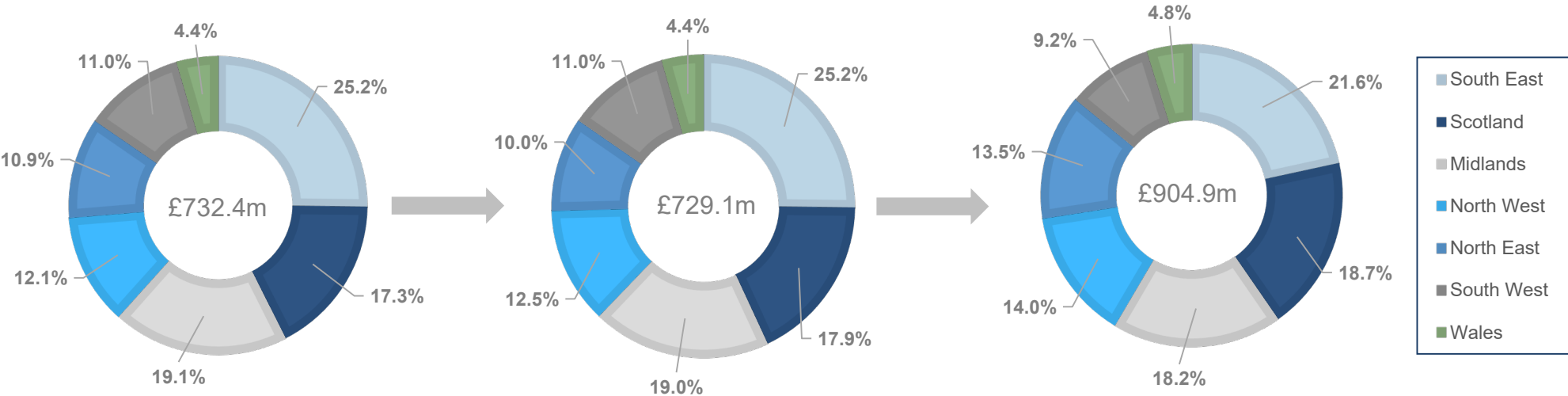
78.4%

£904.9m Property Portfolio

Sector Split (% by value)



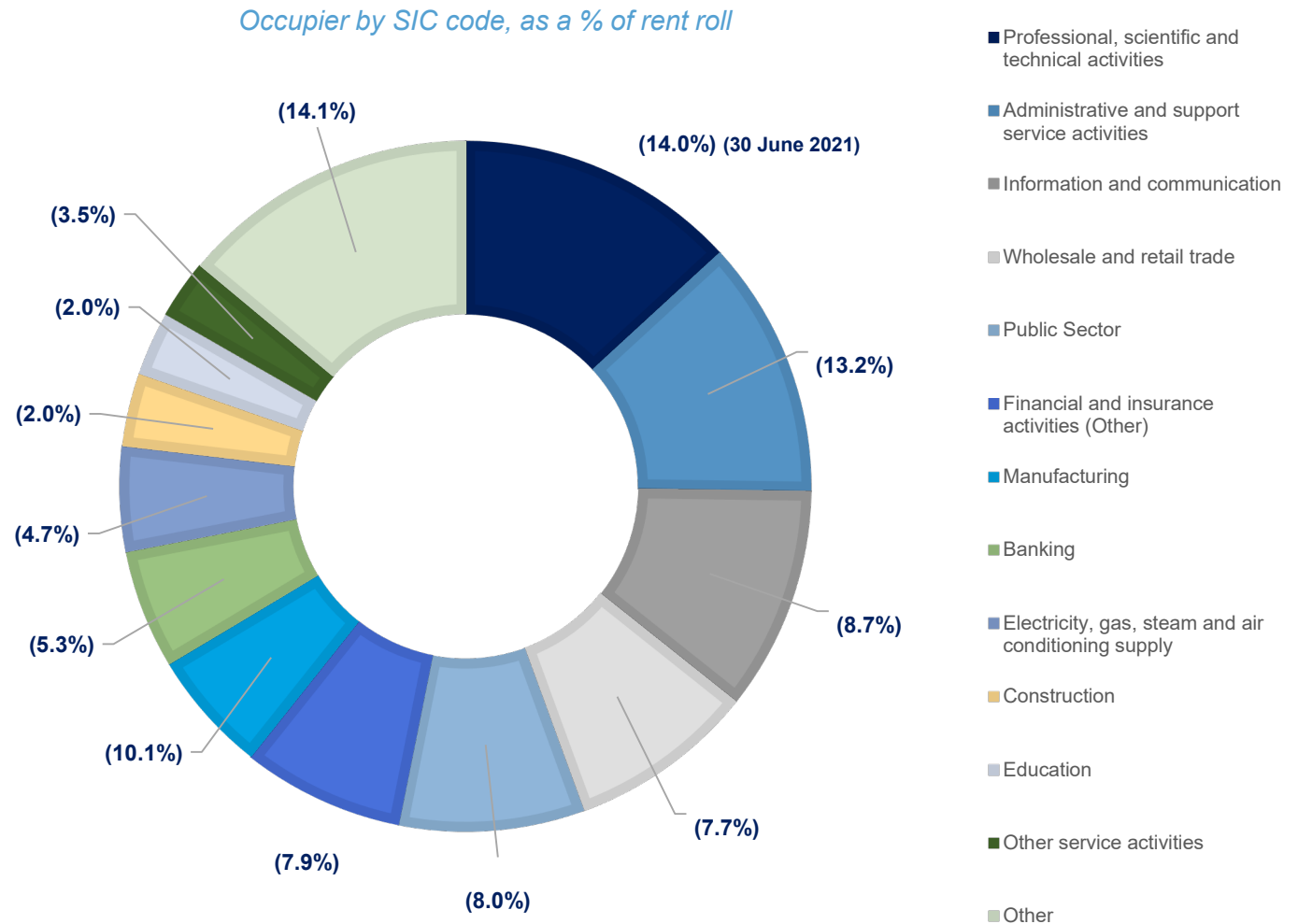
Regional Split (% by value)



Highly Diversified Portfolio

Diversified Occupier Base

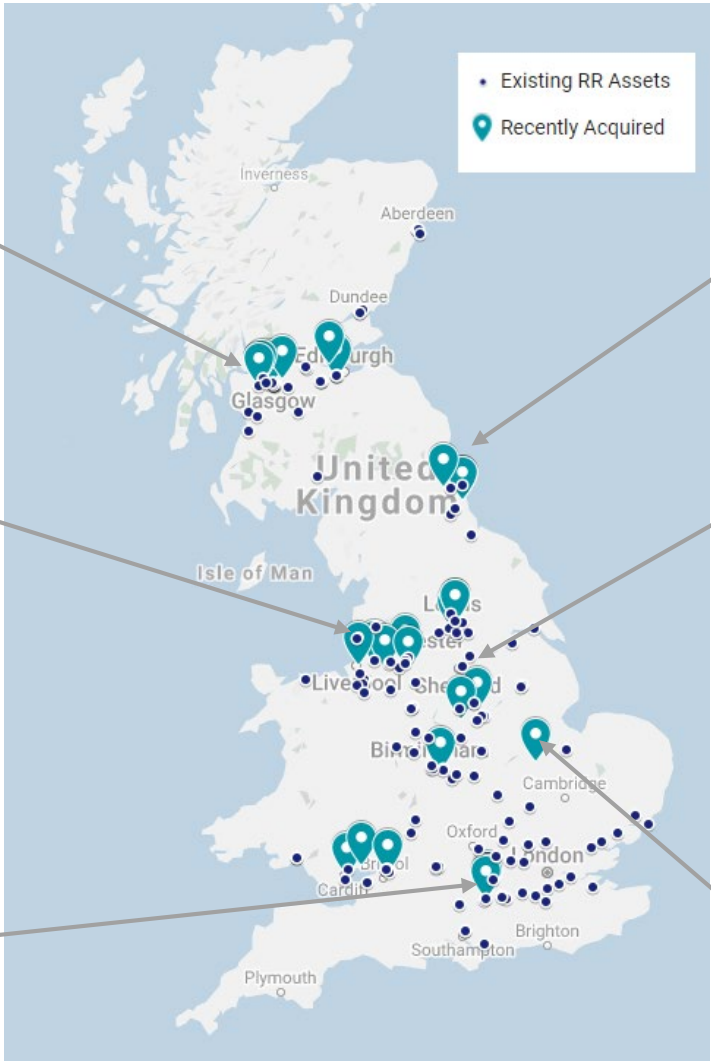
- Diversified income - large tenant mix across £904.9m of assets
- Spread of assets – 171 properties
- Acquisition of new portfolio will increase the number of public sector tenants. Public sector tenants now account for 8.7% of rent roll when compared to 8.0% as at 30 June 2021



Tables may not sum due to rounding.

Acquisition of £236m of Property Assets

The map below highlights current Regional REIT assets plus the 31 recently acquired assets



Portfolio Overview After Disposals and Acquisitions

	30-Jun-21			Acquisitions			Disposals*			Current Position		
Sector	Properties	Valuation (£m)	% by valuation	Properties	Valuation (£m)	% by valuation	Properties	Valuation (£m)	% by valuation	Properties	Valuation (£m)	% by valuation
Office	114	607.0	83.2%	27	222.2	93.3%	1	9.1	14.5%	140	820.1	90.6%
Industrial	15	82.6	11.3%	2	11.7	4.9%	10	53.2	85.5%	7	41.1	4.5%
Retail	20	29.7	4.1%	1	1.6	0.7%	0	0.0	0.0%	21	31.3	3.5%
Other	2	9.9	1.4%	1	2.6	1.1%	0	0.0	0.0%	3	12.5	1.4%
Total	151	729.1	100.0%	31	238.0	100.0%	11	62.2	100.0%	171	904.9	100.0%



Milburn House, Newcastle



Origin, Bracknell



Cedar House, Ill Acre, Stockton On Tees

Regional REIT – Pivot to Office

Strategy – Office focus

De-risked through diversification

- Occupier
- Geography
- Business Sector
- WAULT

Large number of income streams

- Across the regions
- Across 171 properties post acquisition
- Across 904 tenants post acquisition



Lochside Avenue, Edinburgh

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

62 Staff

- Proven operational platform
- Unique vertically integrated manager
- Granular property management
- Multiple touch points with our customers



The LSPIM Team

Disciplined Debt Management

Following principles:

- Long duration
- Flexibility
- Significant covenant headroom

Robust balance sheet focused on cash management

- Significant cash



Global Reach, Cardiff

Shareholder Commitment

Quarterly uninterrupted dividend

Regular high yielding distributions

Environment

- Independent environmental report required for all potential acquisitions
- Target EPC B rating for all properties
- 70% of the portfolio EPC rated D and above; including post 30 June 2021 transaction activity EPC rated D and above marginally increases the rating
- CAPEX programmes consider the choice of materials and equipment to mitigate impact and enhanced EPC rating
- On-going risk assessment of current and future tenants and buildings by on-site inspections; all sites visited regularly with evident environmental issues or ideas reported to the board
- Currently 100% green energy used across the portfolio
- Number of EV points across the combined portfolio continues to increase

GRESB

- First return submitted and adhering to structured best practice
- Continually re-assessing and updating initiatives to reflect an ever changing world

MSCI & Other Sustainability Benchmarks

- Actively pursuing discussions with MSCI and the other rating bodies to educate and inform them on structure and activities being undertaken so far overlooked by these organisations

Social

- The IM and AM implement staff well-being initiatives
- LSPIM certified as a 'Great Place to Work' (GPTW).



→ GPTW is one of the world's leading authorities in helping employers to create high-performing workplaces where employees feel trusted and valued. Founded in 1992, it has surveyed more than 100 million employees. Business leaders around the world have adopted the Institute's models and methodology as a valuable way to measure and create great workplaces. Today it operates in over 50 countries. Great Place to Work came to the UK in 2000.

- We are 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, match funding for good causes and encouraging staff to be active in their local communities

Governance

- Committed to establishing and maintaining high standards of corporate governance in line with best practice
- Fully AIC compliant
- EPRA Gold maintained
- 66% of the Board are independent directors; 25% of the independent directors female

Summary

Portfolio Management



	Jun 2021	Dec 2020	Change
Investment Property	£729.1m	£732.4m	(£3.3m)
Acquisitions before costs	£0.6m	£42.4m	(£41.8m)
Acquisition Net Initial Yield	0.0%	9.8%	(980bps)
Disposals net	£10.8m	£53.4m	(£42.6m)
Disposal Net Initial Yield	5.9%	5.6%	+30bps
CAPEX	£4.3m	£8.8m	(£4.5m)

Portfolio Diversification



Office	83.2%	83.5%	(30bps)
Scotland*	17.9%	17.3%	+60bps

Debt Proactive and conservative approach



Weighted Average Cost of Debt	3.3%	3.3%	-
Weighted Average Duration	6.0yrs	6.4yrs	(0.4yr)

Return Continued robust returns with a high yielding uninterrupted quarterly dividend



Total Accounting Return since IPO**	39.9%	36.3%	+360bps
Total EPRA Annual Accounting Return	6.1%	6.2%	(10bps)
Dividends declared	3.2p	3.4p	(0.20p)

Appendix

Financial Information

Property Portfolio

Portfolio Activity

Performance

Glossary

Financial Information

Financial – Statement of Comprehensive Income

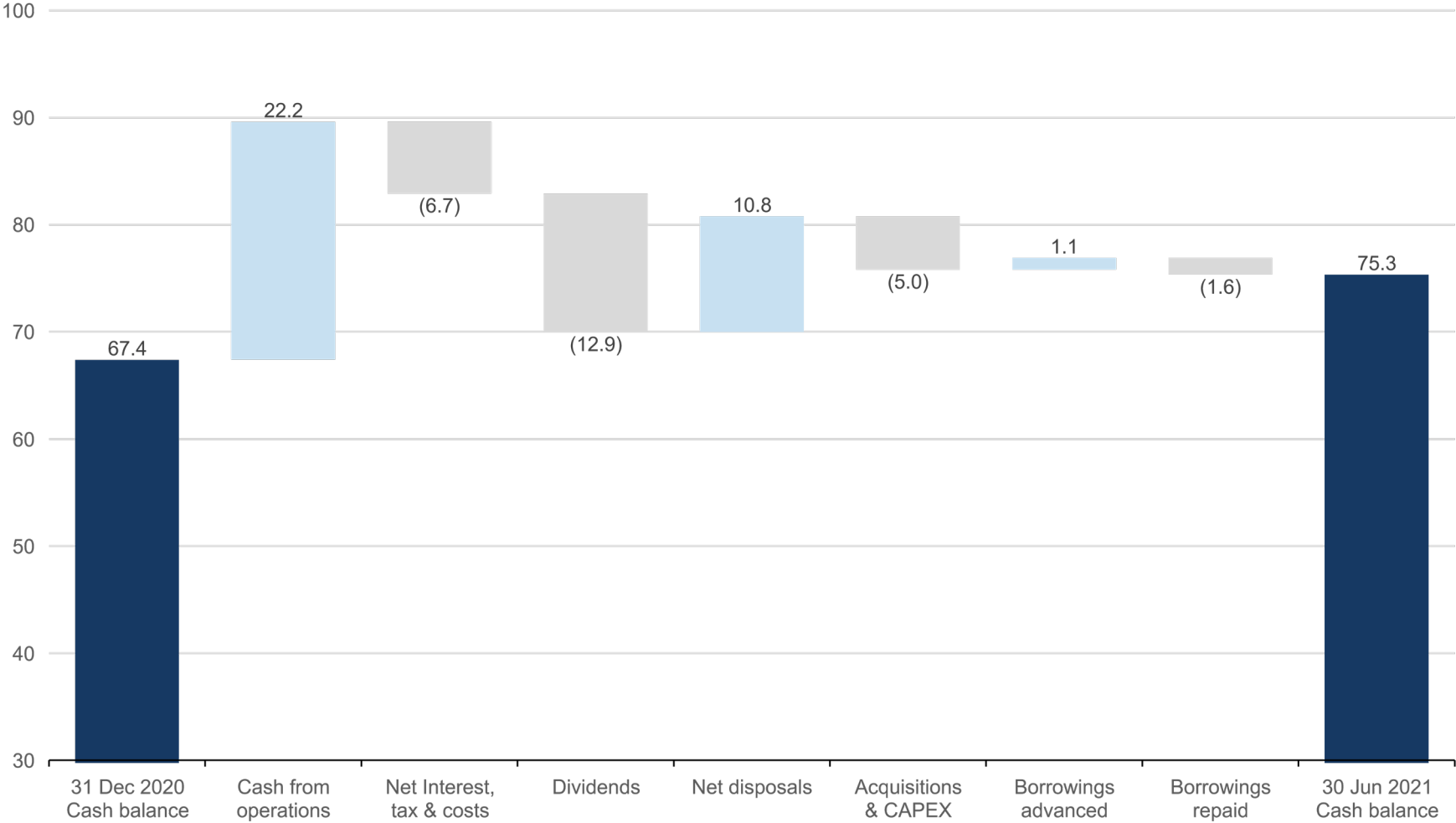
	Half year-end 2020 (£'000)	Half year-end 2021 (£'000)	Change (£'000)
Rental and property income	36,964	36,335	(629)
Property costs	(12,886)	(10,966)	1,920
Net rental and property income	24,078	25,369	1,291
Administrative & other expenses	(5,945)	(5,477)	468
Operating profit (loss) before gains/(losses) on property assets/other investments	18,133	19,892	1,759
Gains on the disposal of investment properties & right of use asset	(1,965)	587	2,552
Change in fair value of investment properties & of right of use asset	(33,316)	1,888	35,204
Operating profit/(loss)	(17,148)	22,367	39,515
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(9,878)	(4,354)	5,524
Profit/(loss) before tax	(27,026)	18,013	45,039
Taxation	65	-	(65)
Profit/(loss) after tax for the period (attributable to equity shareholders)	(26,961)	18,013	44,974
Earnings/(losses) per share - basic	(6.2p)	4.2p	10.4p
Earnings/(losses) per share - diluted	(6.2p)	4.2p	10.4p
EPRA earnings/(losses) per share - basic	2.6p	3.0p	0.4p
EPRA earnings/(losses) per share - diluted	2.6p	3.0p	0.4p

Financial – Statement of Financial Position

	Year-end Dec 2020 (£'000)	Half year-end Jun 2021 (£'000)	Change
Assets Non-current Assets			
Investment properties	732,380	729,115	(3,265)
Right of use assets	16,156	15,956	(200)
Other non-current assets	1,011	915	(96)
Current assets			
Other current assets	33,690	30,819	(2,871)
Cash and cash equivalents	67,373	75,331	7,958
Total assets	850,610	852,136	1,526
Liabilities Current liabilities			
Other current liabilities	(49,083)	(48,887)	196
Non-current liabilities			
Bank and loan borrowings - non current	(360,133)	(359,906)	227
Lease liabilities	(16,473)	(16,349)	124
Financial Instruments	(4,339)	(1,776)	2,563
Total liabilities	(430,028)	(426,918)	3,110
Net assets	420,582	425,218	4,636
Share capital	430,819	430,819	-
Retained earnings/accumulated (losses)	(10,237)	(5,601)	4,636
Total equity	420,582	425,218	4,636
Net assets per share – basic	97.5p	98.5p	1.0p
Net assets per share – diluted	97.5p	98.5p	1.0p
EPRA net tangible value per share – basic*	98.6p	99.1p	0.5p
EPRA net tangible value assets per share – diluted*	98.6p	99.1p	0.5p

Cash Flow – Ample Liquidity

Cash bridge 30 June 2021



Tables may not sum due to rounding.

Generating Diversified Stable Income

	Half year ending 30 June 2020	Half year ending 30 Jun 2021	Change*
Net rental and property income	£29.4m	£29.5m	+£0.1m
Operating profit before gains/losses on property assets/other investments	£18.1m	£19.9m	+£1.8m
IFRS EPS (fully diluted)	(6.2p)	4.2p	+10.4p
EPRA EPS (fully diluted)	2.6p	3.0p	+0.4p
EPRA cost ratio (incl. direct vacancy costs)	38.4%	32.6%	(580bps)
Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee)	21.4%	19.9%	(150bps)
Dividend declared for the period	3.4p	3.2p	(0.2)p

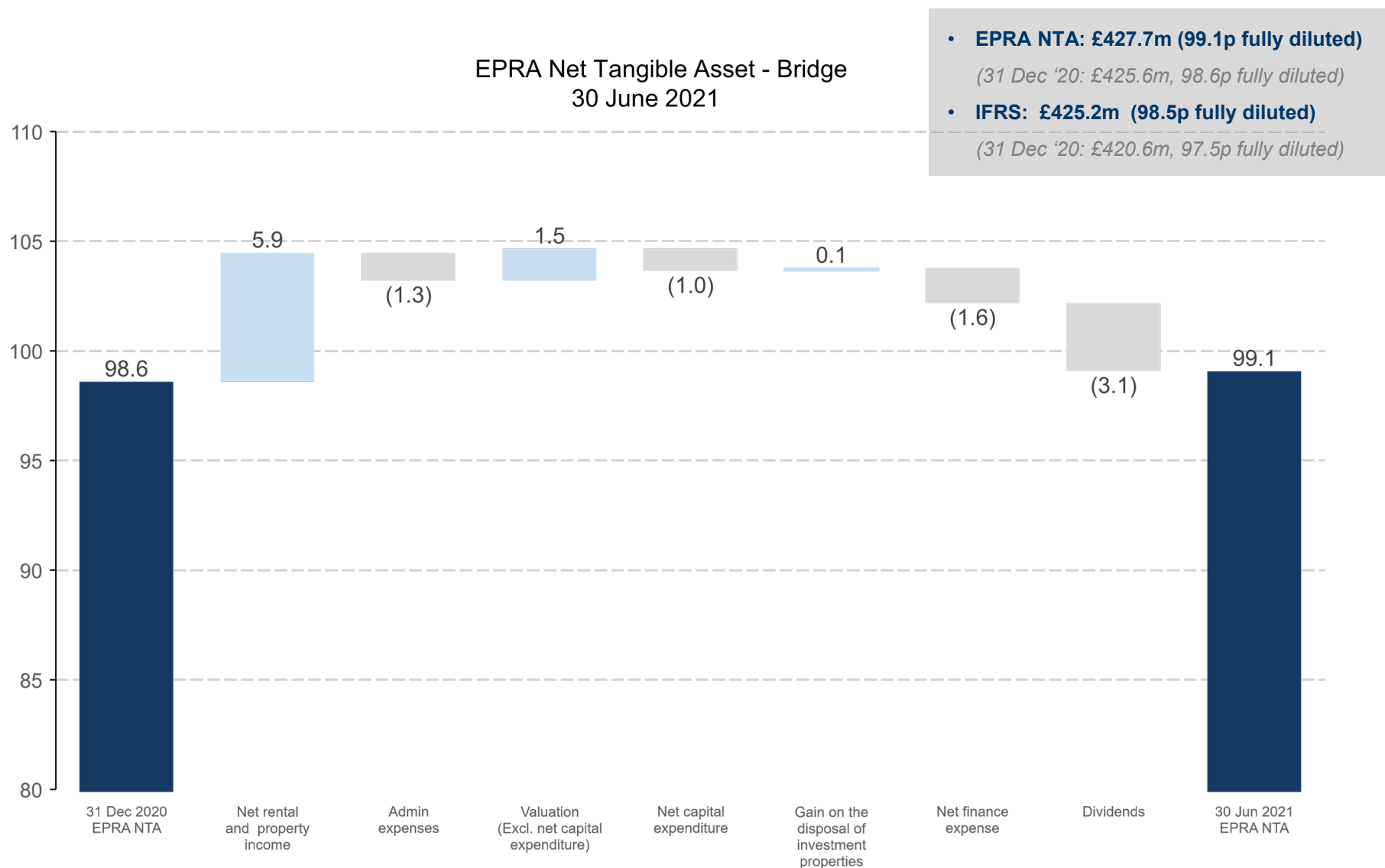
- Rental income continues to remain robust. If the portfolio was fully occupied per Cushman & Wakefield's view of market rents the Rent roll at 30 June 2021 would be £75.1m pa. (30 June 2020: £75.2m; 31 December 2020: £76.6m)**.
- The EPRA cost ratio (incl. direct vacancy costs) decreased ostensibly due to an decrease in non-recoverable property costs.
- Profit before tax 30 Jun 2021 £18.0m (30 June 2020: loss £27.0m; 31 December 2020: loss £31.2m); including gain on the disposal of investment properties £0.6m (30 June 2020: loss £2.0m; 31 December 2020: £1.1m) and change in fair value of investment properties of £2.0m (30 June 2020: loss £33.2m; 31 December 2020: loss £54.8m)).
- EPRA EPS (fully diluted) – 30 June 2021: 3.0p (30 June 2020: 2.6p; 31 December 2020: 6.5p) paying a HY 2021 dividend 3.2p (HY 2020: 3.4p; FY 2020: 6.4p)

Financial Position Remains Strong, Flexible and Defensive

	Year ending 31 December 2020	Half year ending 30 June 2021	Change
Investment Property	£732.4m	£729.1m	(£3.3m)
IFRS NAV (fully diluted)	97.5p	98.5p	+1.0p
EPRA NTA* (fully diluted)	98.6p	99.1p	+0.5p
Borrowings (incl. retail eligible bond)	£366.2m	£365.7m	(£0.5m)
Weighted average cost of debt (incl. hedging)	3.3%	3.3%	-
Net Loan-to-value	40.8%	39.8%	(100bps)
EPRA Occupancy	89.4%	85.7%	(370bps)
EPRA Occupancy like-for-like	89.4%	85.7%	(370bps)
Rent roll like-for-like	£63.5m	£61.1m	(£2.4m)

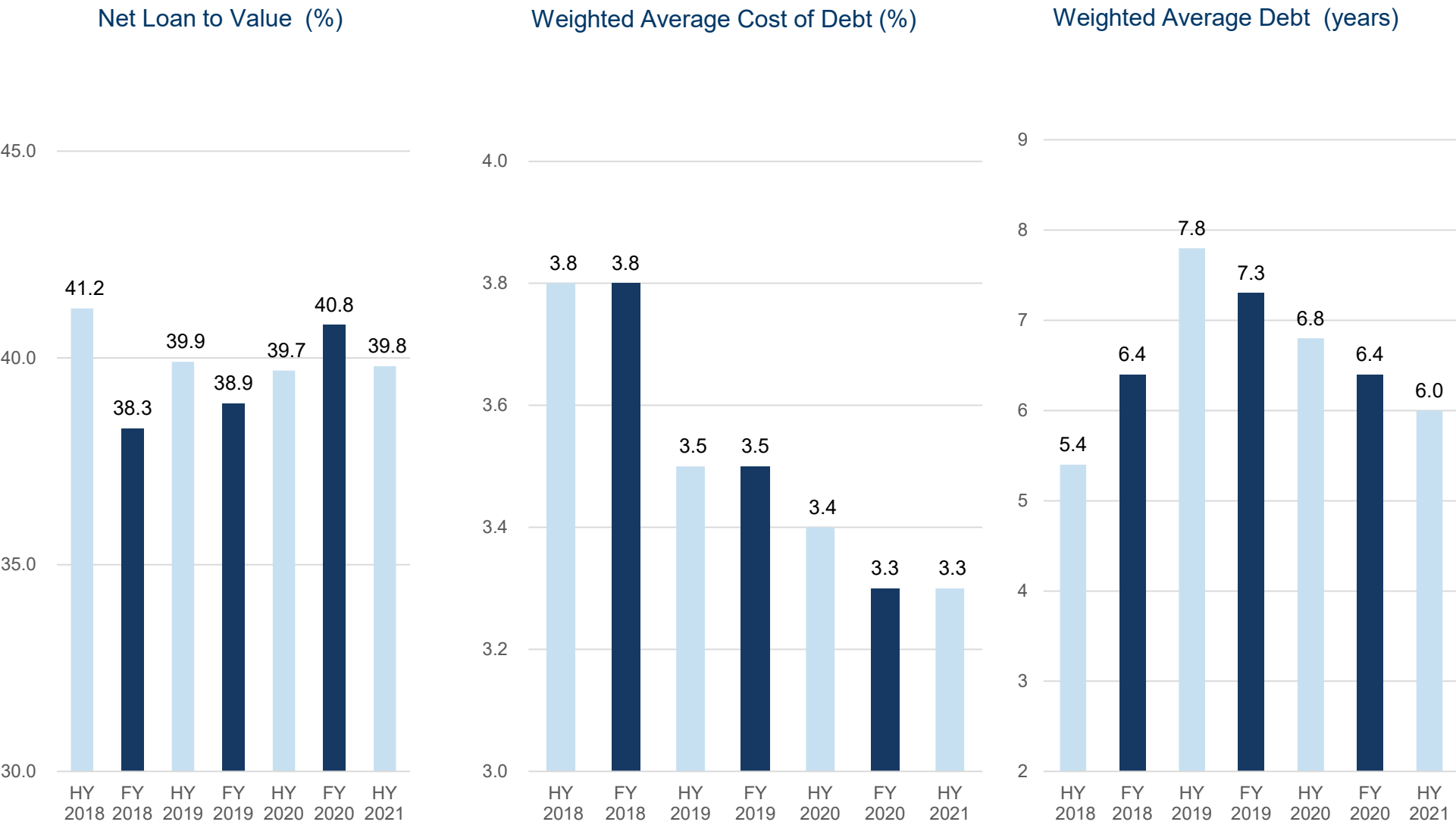
- Investment properties on a like-for-like valuation increase of 0.4%, adjusting for capital expenditure of £4.3m and disposals of £10.8m (after costs)
- Borrowings decreased by net £0.5m
- EPRA Occupancy of 85.7%, with planned refurbishment programmes impacting ERV amounting to £3.6m
- Total accounting returns to shareholders since IPO of 39.9%, and annualised total accounting rate of return 6.1%; target 10%+. FTSE EPRA NAREIT UK Index equivalent of 4.7% and 0.8%, respectively.

Positioned to Unlock Shareholder Value over the Long Term



Tables may not sum due to rounding.

Debt Metrics - Cost of Debt at a Record Low



Debt Facilities – Defensive Strategy

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value** %	Annual Interest Rate %	
Royal Bank of Scotland	55,000	51,024	Jun-25	40.3	2.15	Over 3mth £ LIBOR
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	165,000	Dec-27	46.6	3.28	Fixed
Scottish Widows Ltd	36,000	36,000	Dec-28	40.9	3.37	Fixed
Santander UK	65,870	63,686	Jun-29	38.1	2.20	Over 3mth £ LIBOR
	321,870	315,710				
Retail Eligible Bond	50,000	50,000	Aug-24	NA	4.50	Fixed
	371,870	365,710				

Property Portfolio

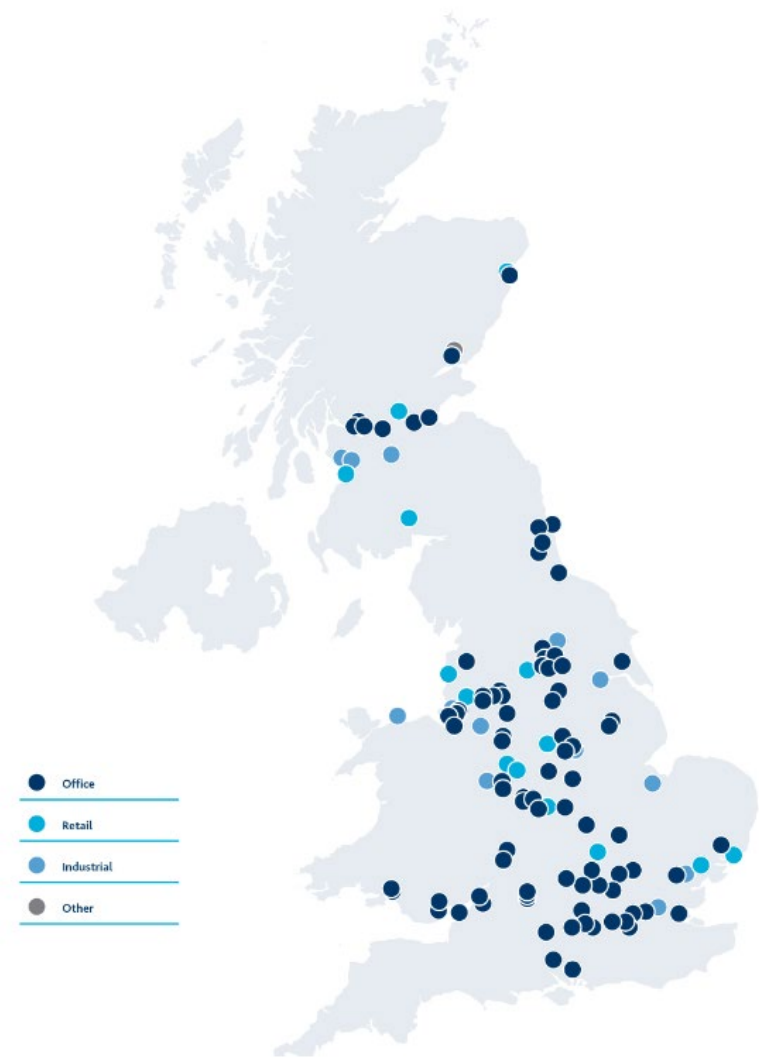


Overview – Specialised Platform and Diverse Assets

UK property locations as at 30 June 2021

Portfolio details as at 30 June 2021

Sector	Properties	Valuation (£m)	% by valuation	Capital Values (£psf)
Office	114	607.0	83.2	132.23
Industrial	15	82.6	11.3	49.57
Retail	20	29.7	4.1	66.77
Other	2	9.9	1.4	115.03
Total	151	729.1	100.0	107.43



Diversified Income Stream

Portfolio details at 30 June 2021

Sector	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV	Capital rate	Yield (%)		
		(£m)		(mil)	(%)	(yrs)	(£m)	(£psf)	(£m)	(£psf)	Net initial	Equivalent	Reversionary
Office	114	607.0	83.2	4.6	84.3	2.6	50.4	13.78	63.9	132.23	6.3	8.8	9.5
Industrial	15	82.6	11.3	1.7	94.3	6.7	6.0	4.06	6.7	49.57	6.8	7.6	6.8
Retail	20	29.7	4.1	0.4	93.5	3.4	3.8	9.47	3.8	66.77	10.6	10.7	11.0
Other	2	9.9	1.4	0.1	89.0	14.3	0.9	12.82	0.8	115.03	6.6	8.3	7.8
Total	151	729.1	100.0	6.8	85.7	3.2	61.1	10.91	75.1	107.43	6.5	8.8	9.3

Region	Properties	Valuation	% by valuation	Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV	Capital rate	Yield (%)		
		(£m)		(mil)	(%)	(yrs)	(£m)	(£psf)	(£m)	(£psf)	Net initial	Equivalent	Reversionary
Scotland	39	130.2	17.9	1.5	84.5	3.8	12.5	10.29	15.0	87.34	7.7	9.9	10.3
South East	31	183.8	25.2	1.3	86.8	2.2	14.3	13.31	18.4	139.28	5.7	8.1	8.9
North East	19	73.1	10.0	0.6	73.5	3.0	5.8	11.92	7.6	113.96	5.8	9.3	9.8
Midlands	27	138.7	19.0	1.5	86.2	3.5	11.8	9.14	13.5	94.82	6.5	8.3	8.8
North West	16	90.9	12.5	1.0	85.4	4.4	6.6	8.67	9.2	92.75	6.1	9.0	9.3
South West	14	80.3	11.0	0.5	94.2	2.2	6.9	16.02	8.1	161.42	6.9	8.3	9.1
Wales	5	32.1	4.4	0.4	93.0	4.1	3.2	9.29	3.3	81.30	9.1	8.8	9.3
Total	151	729.1	100.0	6.8	85.7	3.2	61.1	10.91	75.1	107.43	6.5	8.8	9.3

Top 15 Occupiers (Share of Rental Income)

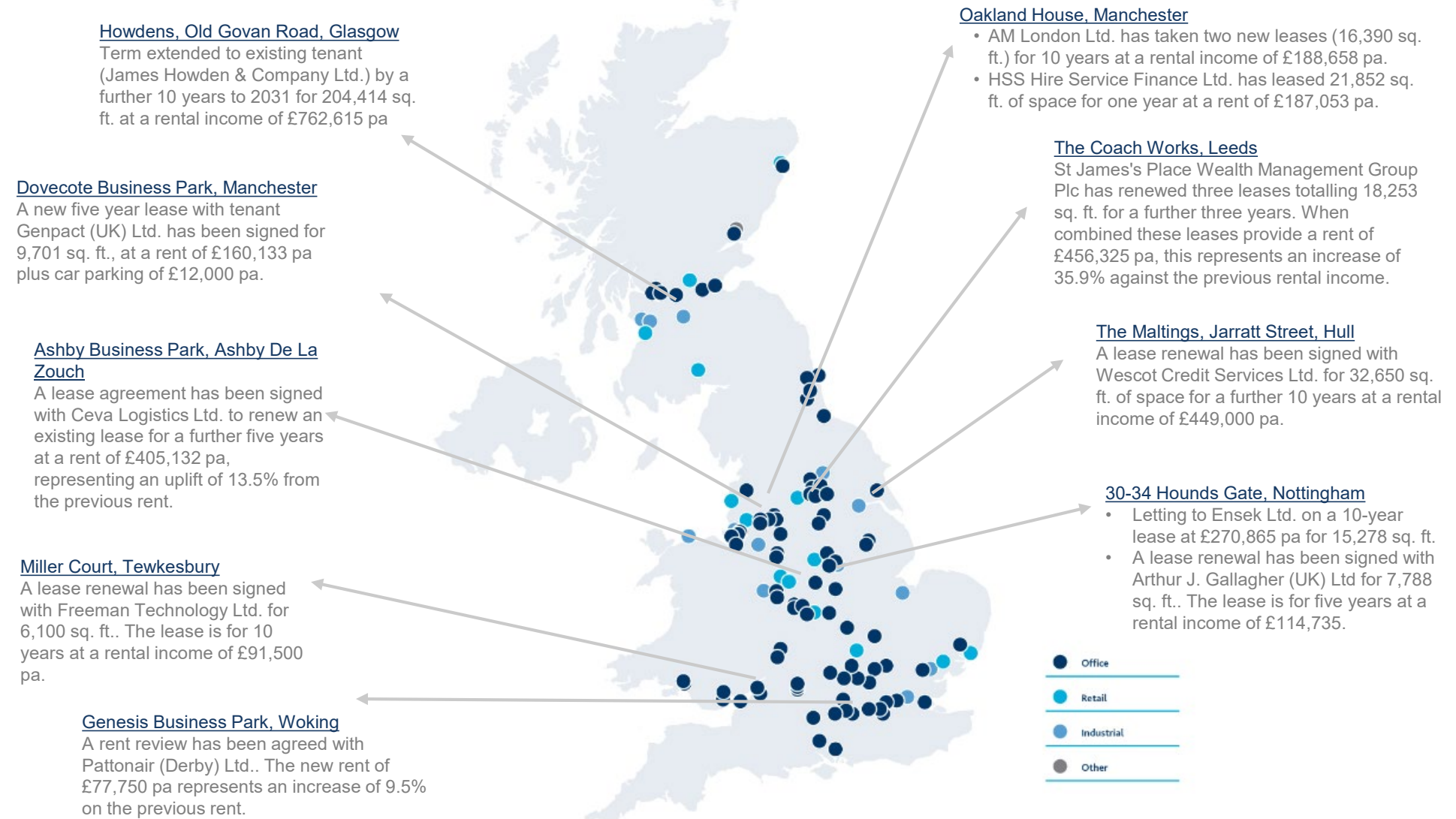
Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq Ft)	Annualised gross rent (£m)	% of Gross rental income
Barclays Execution Services Ltd	Tay House, Glasgow Waterfront Business Park, Fleet	Administrative and support service activities	0.4	108,386	2.2	3.7
Secretary of State for Communities & Local Government	1 Burgage Square, Wakefield Albert Edward House, Preston Bennett House, Stoke-On-Trent Norfolk House, Birmingham Oakland House, Manchester Waterside Business Park, Swansea	Public sector	2.1	164,819	2.0	3.2
Bank Of Scotland Plc	Buildings 3, Bear Brook Office Park, Aylesbury High Street/Bank Street, Dumfries	Banking	1.0	92,978	1.5	2.4
TUI Northern Europe Ltd (Shell Energy)	Columbus House, Coventry	Professional, scientific and technical activities	2.5	53,253	1.4	2.3
The Scottish Ministers	Calton House, Edinburgh Quadrant House, Dundee Templeton on the Green, Glasgow	Public sector	2.2	106,511	1.3	2.1
Jiffy Packaging Ltd	Road 4 Winsford Industrial Estate, Winsford	Manufacturing	13.2	246,209	1.0	1.7
E.ON UK Plc	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	3.8	99,142	0.9	1.5
Edvance SAS	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.9	41,285	0.9	1.5
John Menzies Plc	2 Lochside Avenue, Edinburgh	Professional, scientific and technical activities	2.1	43,780	0.9	1.4
The Royal Bank Of Scotland Plc	Cyan Building, Rotherham	Banking	0.0	67,458	0.9	1.4
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	4.3	58,167	0.8	1.4
Aviva Central Services UK Ltd	Hampshire Corporate Park, Chilworth House, Eastleigh	Other service activities	3.4	42,612	0.8	1.3
James Howden & Company Ltd	Howden Site, Renfrew	Manufacturing	10.4	204,414	0.8	1.2
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	14.3	41,542	0.7	1.2
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	2.5	32,007	0.6	1.0
Total			3.6	1,402,563	16.7	27.3

Top 15 Investments (Market Value)

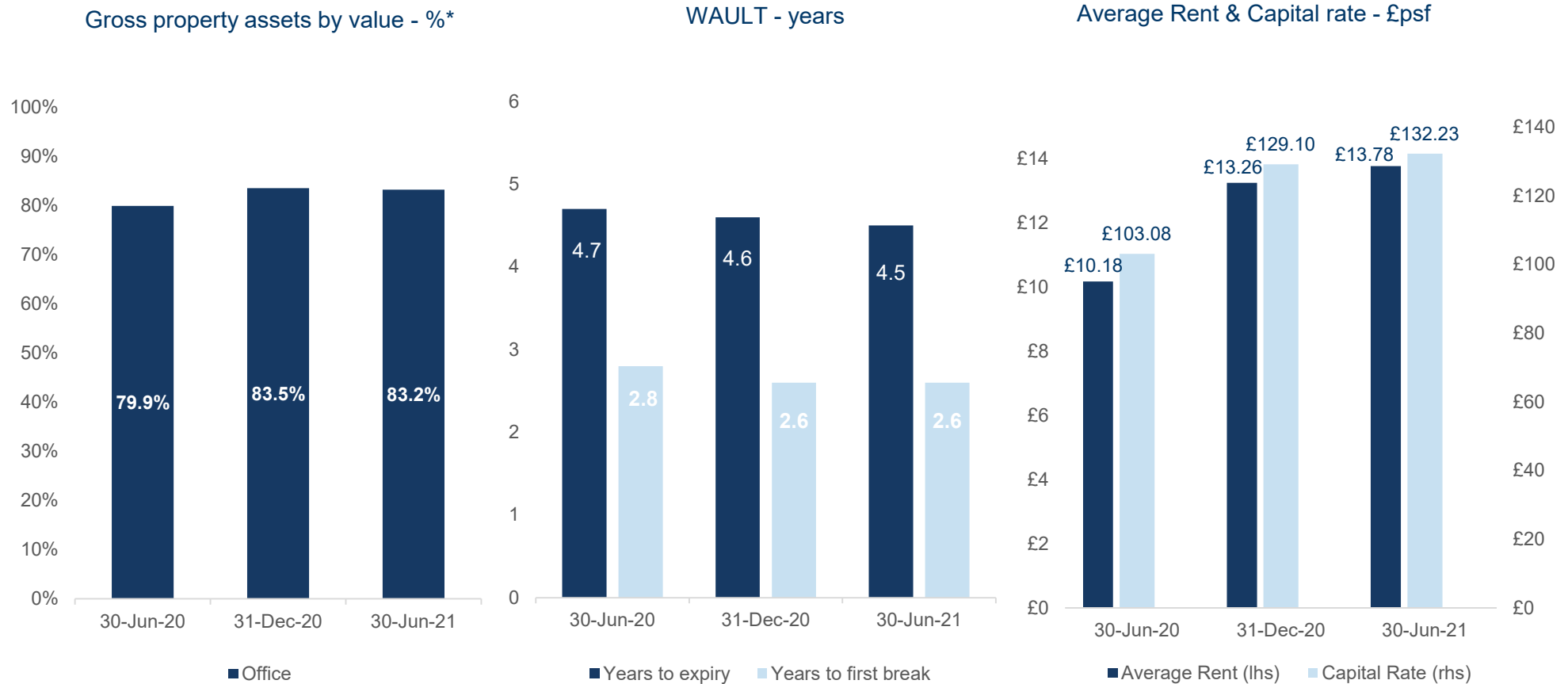
Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
Tay House, Glasgow	Office	Barclays Execution Services Ltd, University of Glasgow	27.0	3.7	156,853	94.3	2.7	4.4	1.5
Genesis Business Park, Woking	Office	Nuvias (UK & Ireland) Ltd, Fernox Ltd, McCarthy & Stone Retirement Lifestyles Ltd, Walk The Walk Worldwide	23.8	3.3	98,359	80.7	1.3	2.2	2.7
Buildings 2 & 3, Bear Brook Office Park, Aylesbury	Office/ Industrial	Bank Of Scotland Plc, Utmost Life and Pensions Ltd, Agria Pet Insurance Ltd	23.3	3.2	140,791	95.7	2.3	3.7	1.9
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, National Westminster Bank Plc, Utilita Energy Ltd, Digital Wholesale Solutions Ltd	19.2	2.6	85,422	99.8	1.5	2.5	2.1
Beeston Business Park, Nottingham	Office	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, Worldwide Clinical Trials Ltd, Heart Internet Ltd	18.4	2.5	215,330	100.0	1.8	2.9	5.8
800 Aztec West, Bristol	Office	Edvance SAS, NNB Generation Company (HPC) Ltd	18.3	2.5	73,292	100.0	1.5	2.5	2.1
Norfolk House, Smallbrook Queensway, Birmingham	Office	Secretary of State for Communities & Local Government, Spark44 Ltd	18.0	2.5	114,982	85.8	1.4	2.3	1.6
Road 4 Winsford Industrial Estate, Winsford	Industrial	Jiffy Packaging Ltd	15.8	2.2	246,209	100.0	1.0	1.7	13.2
One & Two Newstead Court, Nottingham	Office	E.ON UK Plc	15.2	2.1	146,262	68.1	0.9	1.5	3.8
Portland Street, Manchester	Office	Darwin Loan Solutions Ltd, New College Manchester Ltd, Mott MacDonald Ltd, Simard Ltd	15.2	2.1	55,787	98.7	0.9	1.5	2.8
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Brush Electrical Machines Ltd, Hill Rom UK Ltd	13.4	1.8	91,034	89.4	1.0	1.6	4.5
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Noah Beers Ltd, Cornerstone Community Care	12.7	1.7	142,512	87.2	1.2	1.9	4.2
The Coach Works, Leeds	Office	St James's Place Wealth Management Group Plc	11.9	1.6	41,666	41.7	0.5	0.7	3.2
Columbus House, Coventry	Office	TUI Northern Europe Ltd (Shell Energy)	11.4	1.6	53,253	100.0	1.4	2.3	2.5
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M. London Fashion Ltd, HSS Hire Service Finance Ltd, CVS (Commercial Valuers & Surveyors) Ltd	10.8	1.5	161,057	93.6	1.3	2.1	2.2
Total			254.2	34.9	1,822,809	89.7	20.7	33.9	3.3

H1 2021 Portfolio Highlights

Major lettings and renewals successfully secured across the regions

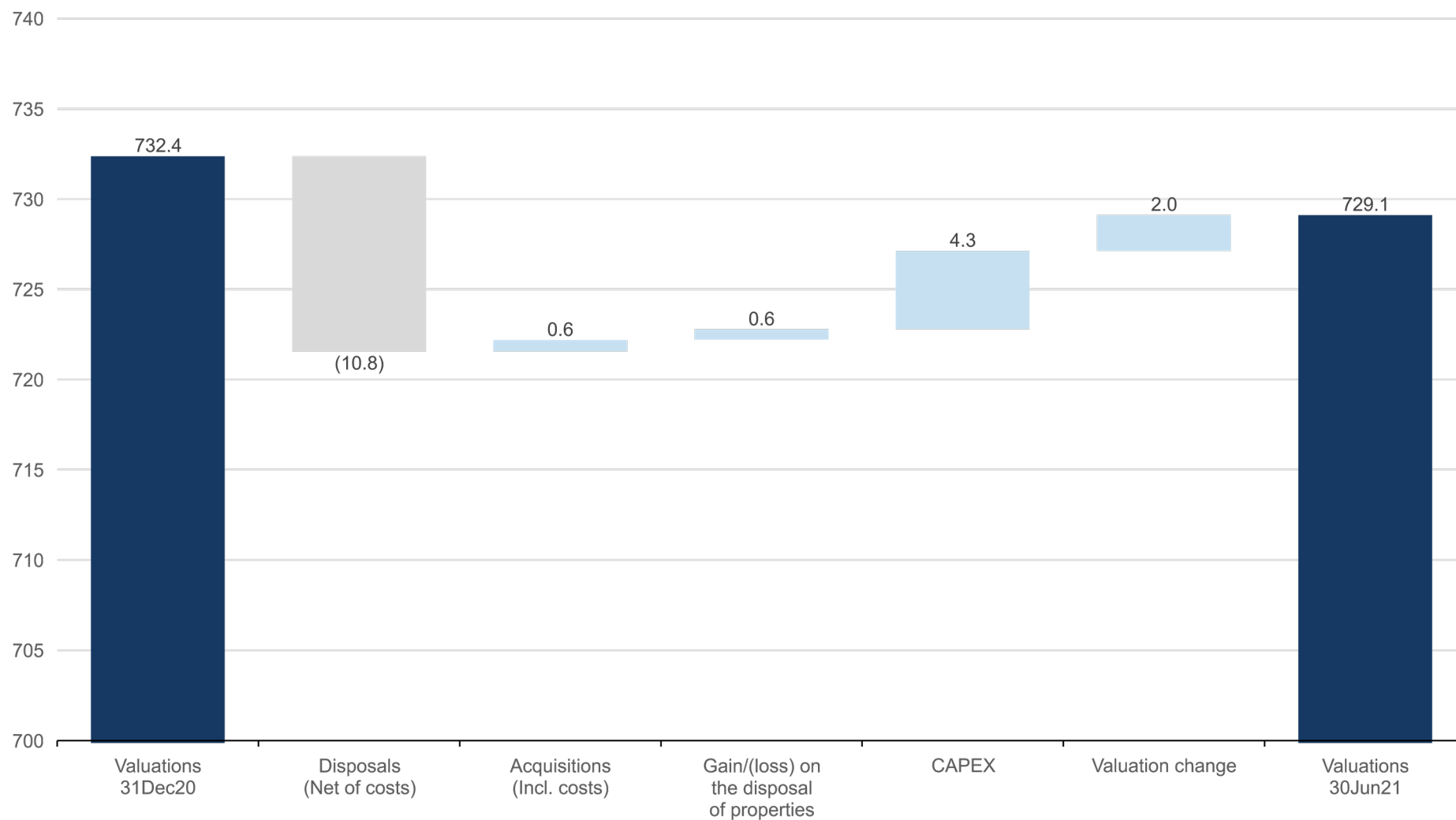


Geographically Diversified Office Led Portfolio Focused on the UK Regions

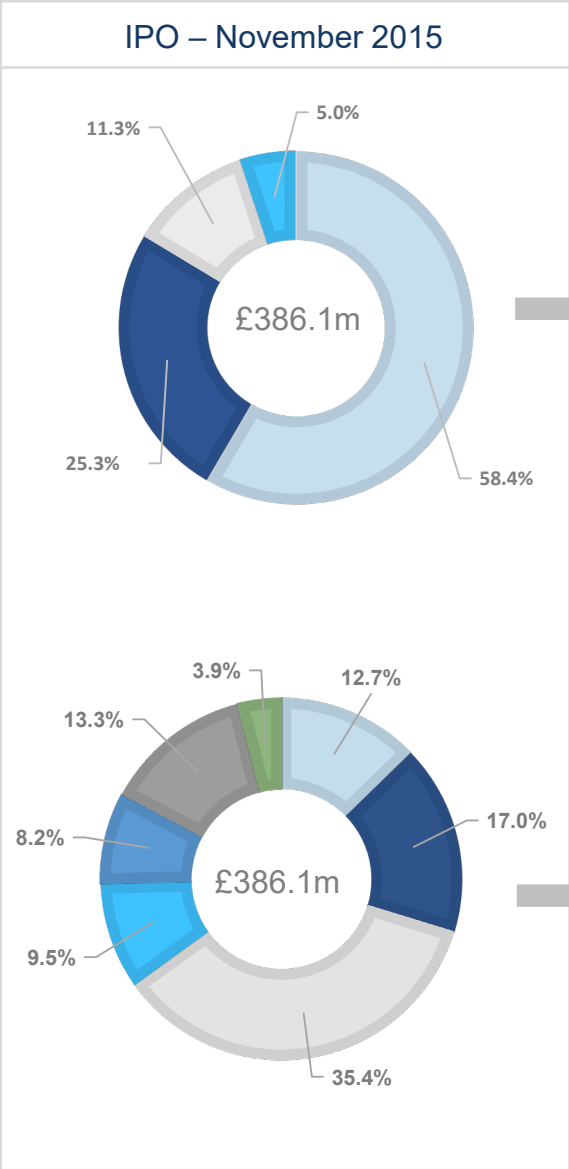


Investment Property Activity – Proactive Strategy

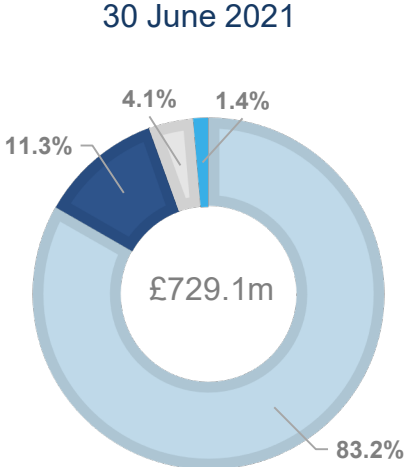
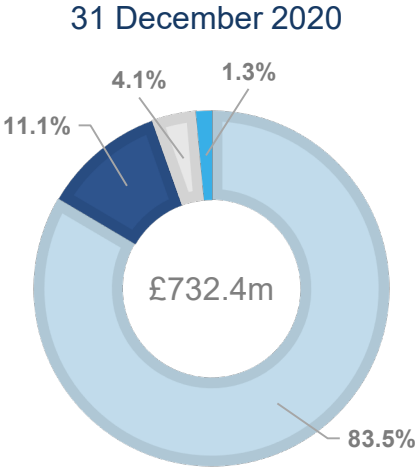
Investment properties bridge 30 June 2021



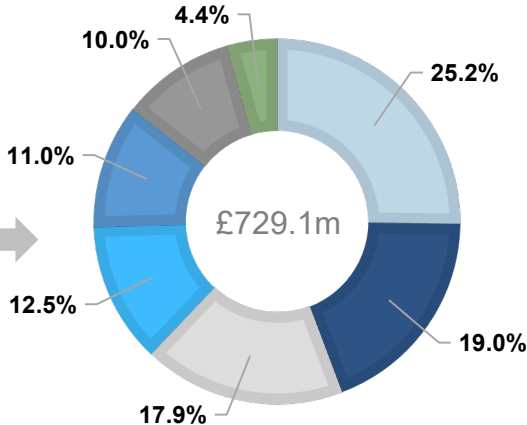
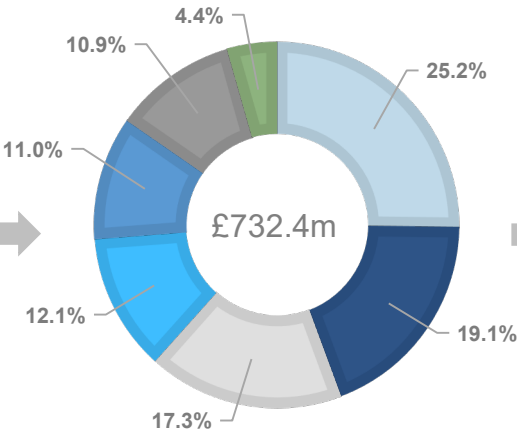
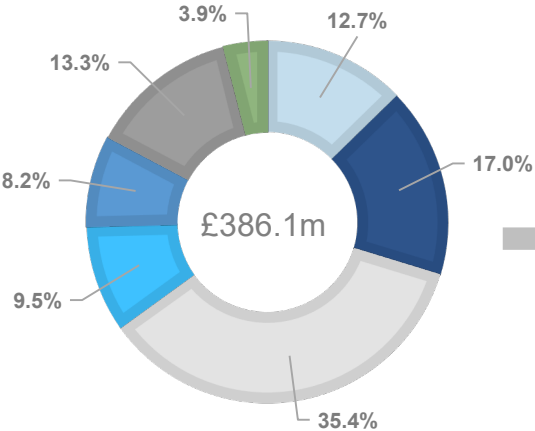
£729.1m Property Portfolio



Sector Split (% by value)



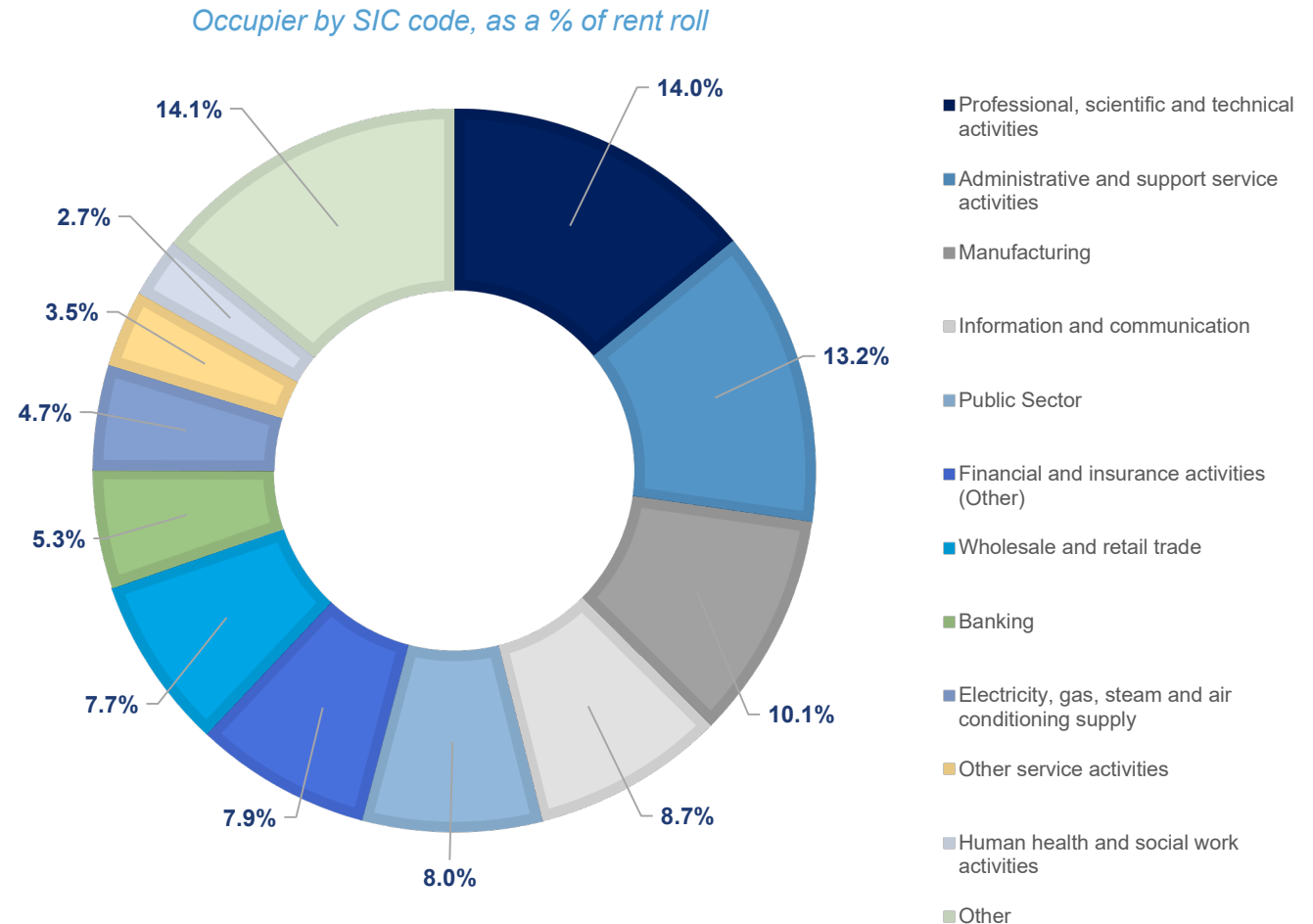
Regional Split (% by value)



Highly Diversified Portfolio

Diversified Occupier Base

- Diversified income - large tenant mix with 847 tenants and 1,214 units
- Large spread of tenants businesses
- A broad geographic spread
- Spread of assets – 151 properties
- The largest occupier represents only 3.7% of rent roll
- Top 15 tenants represent 27.3% of the Group's gross rent roll
- Largest single property accounts for only 3.7% of portfolio by value



Tables may not sum due to rounding.

Portfolio Activity

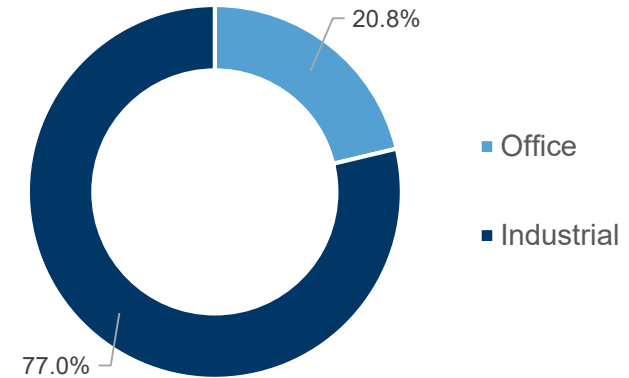
- Disposals
- Asset Management Initiatives (CAPEX)
- Post 30 June 2021 Activity

Disposals

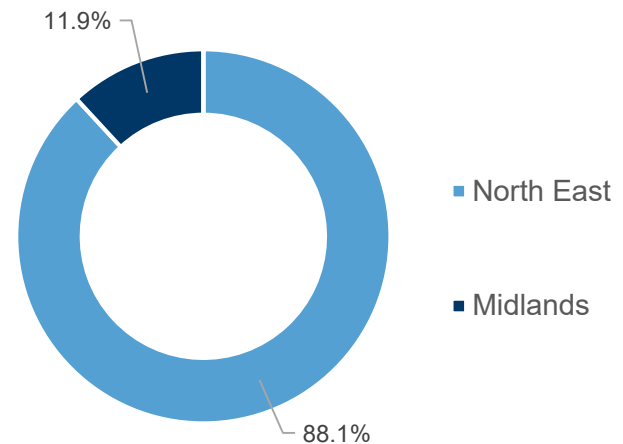
Summary – Disposals during H1 2021

- Disposals totalled **£11.2m** (before costs) reflecting an uplift against valuation (Dec 20) of 7.2%
- Disposals totalled **£10.8m** (net of costs)
- Reflecting an **average net initial yield of 5.9% (6.8% excluding vacant assets)**.
- **2** assets and 2 part sales in total during H1 2021

Sector Split



Regional Split



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

Valuation Dec 20

ERV (Dec 20)

Sale Price

Uplift against acquisition price

£6.5m

£8.2m

£0.7m

£8.6m

36.5% (after capex)

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 which provide 41,666 sq. ft. of space across 2 buildings.

The building is well located in Leeds City Centre, 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 until recently was fully let.

Tenants recently 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

Extensive refurbishment project undertaken to reposition the property in the market. Includes rebranding to 'The Coachworks'. Phase 1 element covering a total of 20,126 sq. ft. of refurbishment costing £2.18m now practically completed

The Phase 2 refurbishment has commenced which will see just under 3,000 sq. ft. of office space in CW 1 refurbished along with a brand new reception at a total cost of £514,960.

Even under the current conditions, the levels of interest are encouraging. We have a viewing shortly for a 15,000 sq. ft. requirement and there is ongoing interest to purchase the smaller of the two buildings.

We are quoting £25 per sq. ft. on the refurbished space

Before



After



Acquisition Price
Valuation Jun 21
ERV (Jun 21)
Floor Area
Gross Rent Roll

£6.1m
£11.9m
£1.1m
41,666 sq. ft.
£0.5m

Ashby Park, Ashby De La Zouch

Acquired in March 2017 from The Conygar Investment Company Plc as part of a portfolio.

Ashby Park is a large well established Business Park providing a mixed use location for office and industrial occupiers. Recent developments include the provision of some retail facilities. The REIT ownership comprises three detached office buildings constructed in the mid 1990's.

Following an extensive refurbishment of the common areas, the property has a much improved and contemporary appearance. This has provided the backdrop for the asset manager to secure a deal with Ceva Logistics Ltd to retain their UK HQ on part of the ground and whole of the first and second floors for a term of five years at a rent of £405,132 pa (£13.17 per sq. ft.), representing an uplift of 13.5% from the previous rent.

In 2020, and early surrender was agreed for Power House with a co-terminus reletting to Brush Electrical Machines Ltd on a new 10 year lease at £300,000 pa equivalent to £14.00 per sq. ft.

The ground floor of Ceva House became vacant during 2021. In addition to the common area refurbishment, further refurbishment will take place allowing the space to be marketed at c. £15 per sq. ft. Some good initial interest has been shown from other occupiers on the park.

Before



Acquisition Price
Valuation Jun 21
ERV (Jun 21)
Floor Area
Gross Rent Roll

After



£13.5m
£13.4m
£1.2m
91,034 sq. ft.
£1.0m

Post 30 June 2021 Activity

- Acquisitions
- Disposals

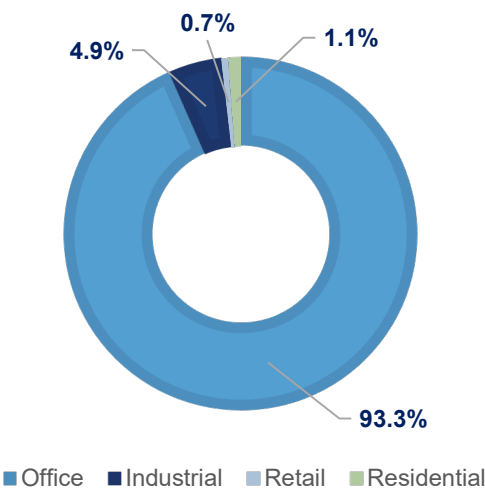
Acquisitions

Acquisition of £236m of Property Assets

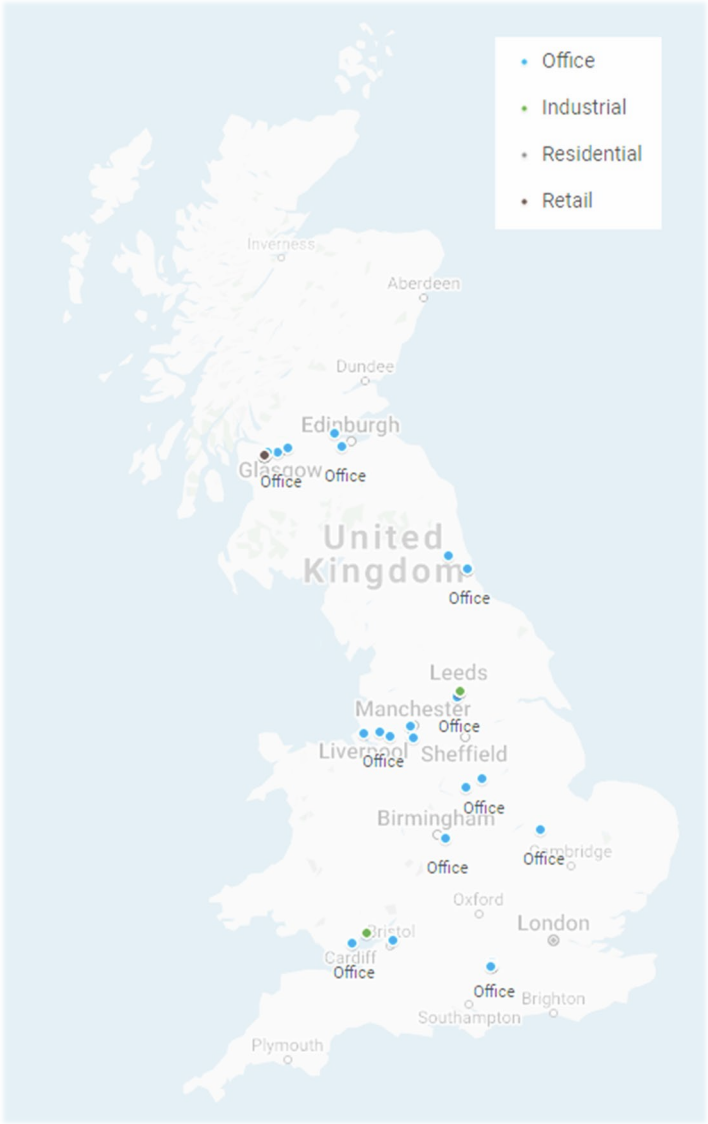
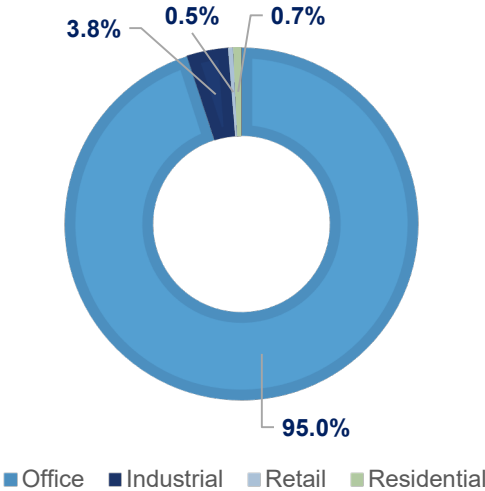
Portfolio Summary

- 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)



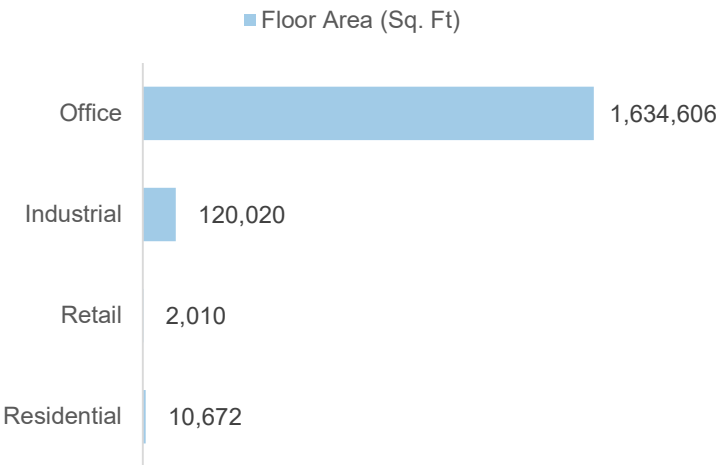
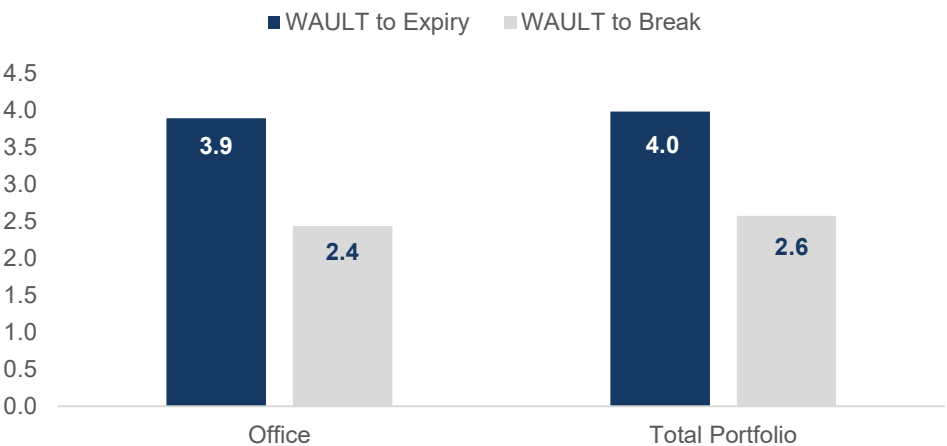
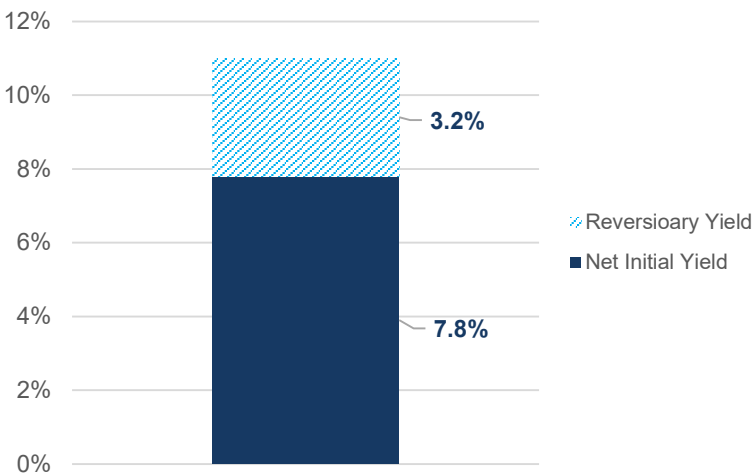
Acquisition of £236m of Property Assets

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
- The highest valued single asset is Capitol Park, Leeds at £22.2m









Disposals

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
Valuation Dec 20
ERV (Dec 20)
Sale Price
Uplift against Dec 20 Valuation

£10.5m
£9.2m
£1.1m
£10.7m
15.8%

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.

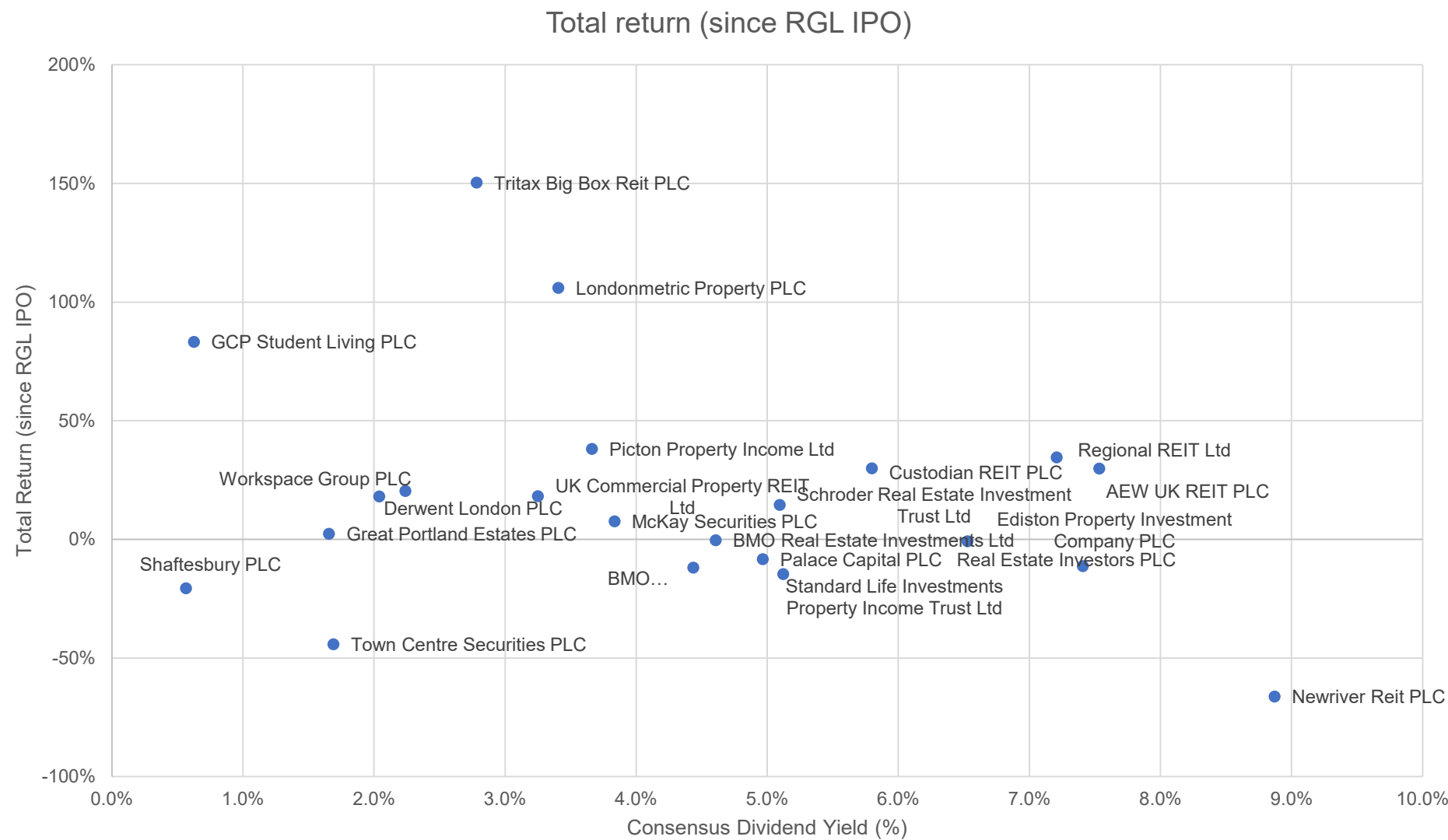
During the Company's ownership of the seven industrial properties (801,787 sq. ft.) located in Bromborough, Erith, Nottingham, Scunthorpe, Telford, Winsford and Wisbech, several asset management initiatives have been actioned to increase value. These initiatives included a series of renovations and the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



Acquisition Price
Valuation Dec 20
Sale Price
Net Initial Yield
Uplift against acquisition price

£33.3m
£41.9m
£45.0m
6.8%
18.0% (after capex)

Performance



Glossary



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 2019
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	£485,722,000 112.6p
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	£486,280,000 112.7p
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	£473,575,000 109.7p
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	89.4%	89.4%

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