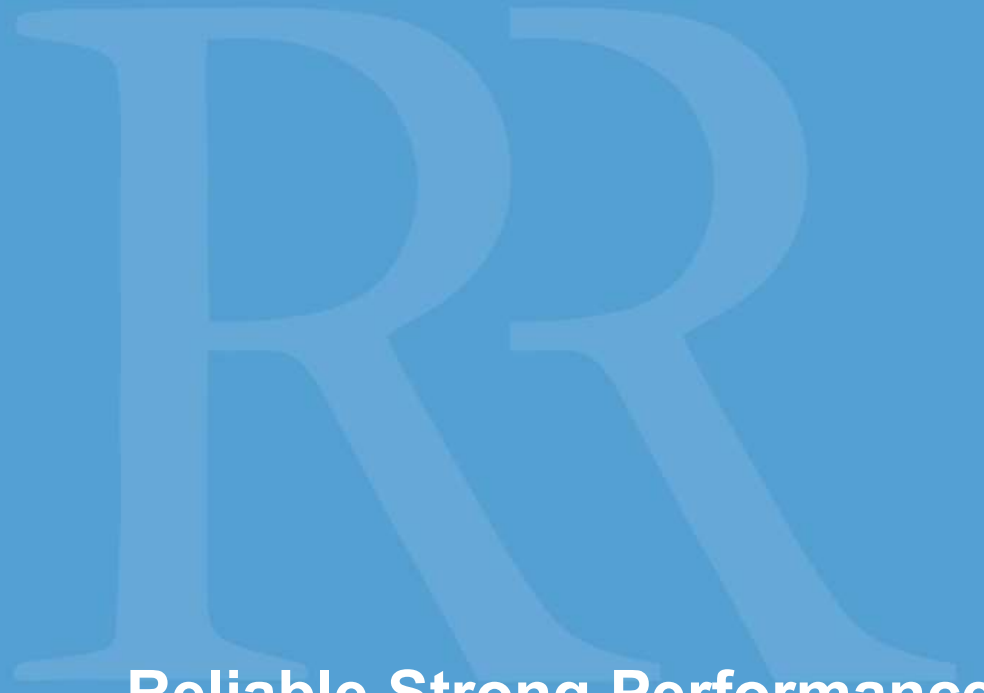


# Investor Presentation

Annual Results 2019



**Reliable Strong Performance  
Highly Diversified and Defensive Portfolio**

Highlights

COVID-19: Our Preparedness

Portfolio

Appendix

**Stephen Inglis**  
Chief Executive Officer



**Derek McDonald**  
Managing Director



**Simon Marriott**  
Investment Director



# Regional REIT – Who we are and how we de-risk

## Experience



Hugely experienced senior management team, managing assets over the past 30 years, including previous downturns.  
2008-12 increased income across the portfolio

## Specialised Asset Management Team



Multiple touch points with our customers  
> 55 experienced staff

- Proven operational platform
- Granular property management
- Managed portfolios through recessionary periods

## Strategy based around Diversification



Large number of income streams across the regions

- Tenant
- Geography
- Business Sector

Breadth of tenant business

## Disciplined Borrowing Strategy



Robust balance sheet focused on cash management

- Long duration
- Flexibility
- Significant covenant headroom

## Shareholder Commitment



Regular high yielding quarterly payment

- Ensure REIT compliance
- Quarterly dividend



*Salamander Quay, Harefield*



*Juniper Place, Basildon*



*Finnieston Business Park, Glasgow*

# Financial Highlights – Defensive active asset management delivering yield

Dividend yield c.11%\*

Dividend declared for 2019

- FY 2019 : 8.25pps
- FY 2018: 8.05pps



+c.2.5%  
Quarterly dividend

Total EPRA accounting return

- Since IPO\*\* 43%
- Annualised 9%, IRR 10%

Portfolio increased 9.7% to £787.9m



Reflects acquisitions made in the period and like-for-like increase of 1.4% in core office/industrial segments

EPRA NAV: £486.3m (112.7pps)

- Retail value down 23% (<5% of portfolio)

LTV 38.9% (31 Dec 2018: 38.3%)



Below target of c.40%

Weighted average cost of debt

- 3.5% (31 Dec 2018: 3.8%)

Weighted average debt duration

- 7.3 years (31 Dec 2018: 6.4 years)



100% fixed or hedged

Equity capital raised and deployed

- Oversubscribed equity capital raise (July 2019)



Deployed as forecast by the year end



*Aztec West, Bristol*



*Norfolk House, Birmingham*



*Lochside Avenue, Edinburgh*



## Proactive property asset management achieving outperformance

### Occupancy

- EPRA Occupancy (by ERV) was 89.4% (2018: 89.4%)

### Capital rate per sq. ft. of £105.42 as at 31 Dec 19 (2018: £96.64)

- Office: £135.34 per sq. ft (2018: £126.35) - up 7.1%
- Industrial: £48.85 per sq. ft. (2018: £45.18) - up 8.1%

### Average rent per sq. ft. (31 Dec 19 vs 31 Dec 18)

- £10.17 in 2019; £9.40 in 2018 - up 8.2%
- Office £13.15 (2018: £12.66) - up 3.9%
- Industrial £4.17 (2018: £3.63) – up 14.9%

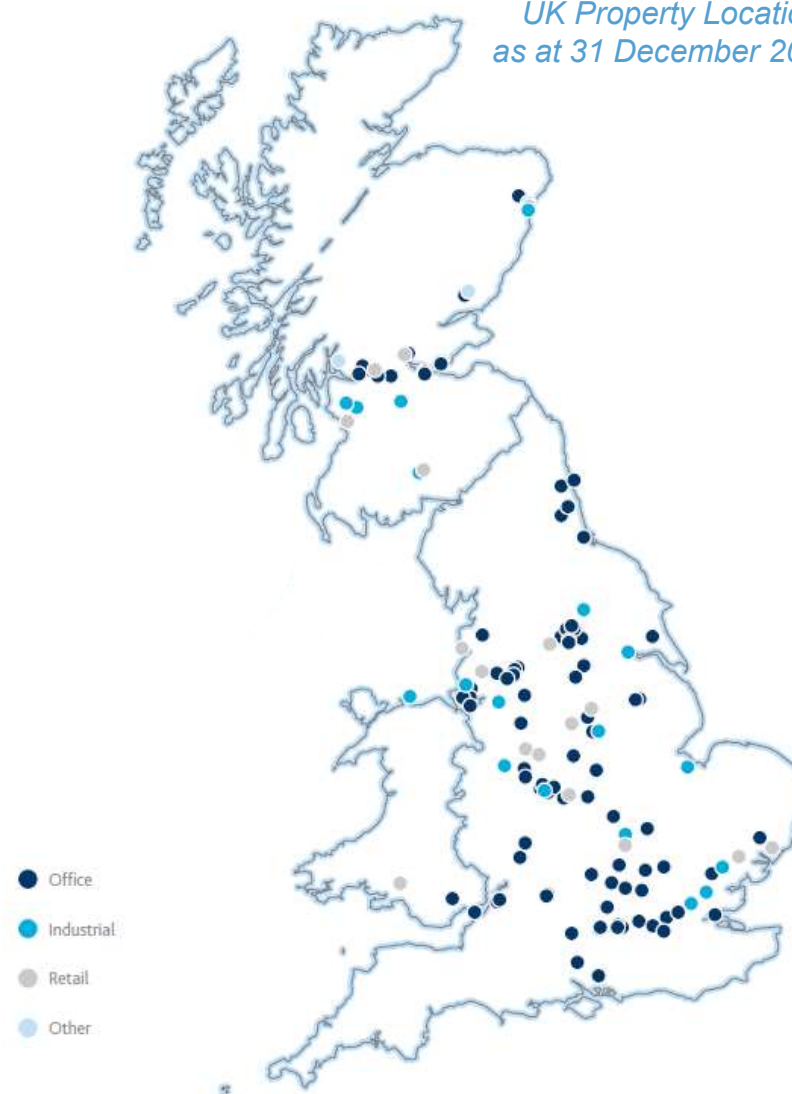
### Scotland exposure reduced to 18.0% as at 31 Dec 2019 from 22.4% as at 31 Dec 17

- Long-term target of 15%

### July 2019 targeted £50m equity raise

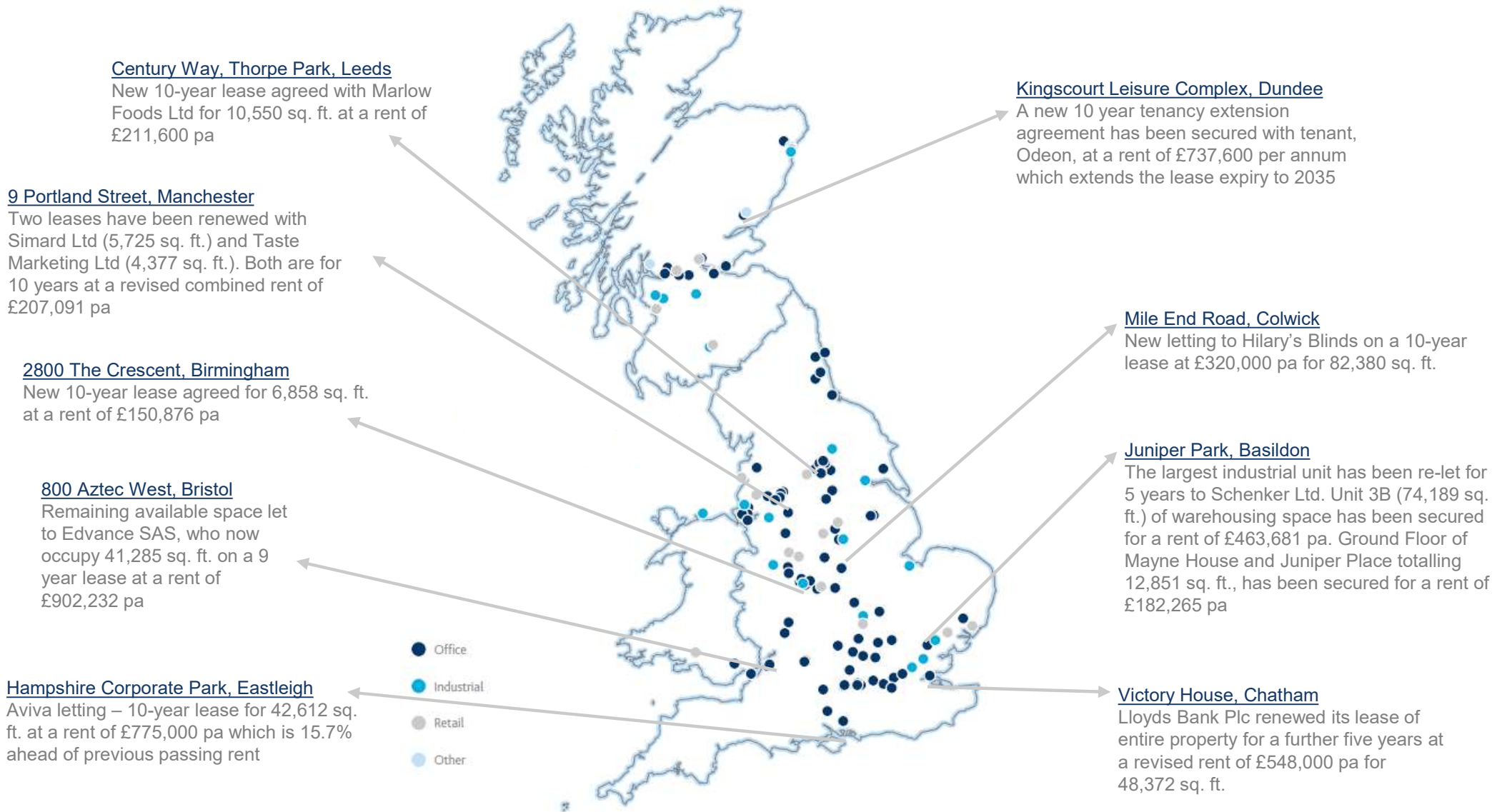
- Successful over subscribed with £62.5m raised
- Deployed on schedule by 31 December 2019

UK Property Locations  
as at 31 December 2019



# 2019 Portfolio Highlights

## Major lettings and renewals successfully secured across the regions



# COVID-19: Our Preparedness

## Liquidity Update



	Q1 2019	Q1 2020	Change
% of rent invoiced and collected*	83.1%	81.6%	(150bps)
Switched to monthly rents (Paid and agreed to pay)		4.8%	
Agreed to pay in 7 days		2.3%	
Total		88.7%	
Cash balance**	£42.6m	c.£69.1m	+£26.5m
Gross Borrowings**	£340.3m	£369.1m	+£28.8m

## Operations



- First and foremost the focus is on the health and safety of our staff and our tenants
- Operations continue to operate at full capacity\*\*\* with business continuity plans in operation
- Our focus is on supporting our tenants through this period of disruption and adapting as required
- The Asset Manager has one of the highest ratios in its peer group of headcount to tenant, which allows for tenants to be quickly contacted at multiple touch points
- Responding to tenant requests on a case by case basis
- Strong long-term relationships with all lenders



## Impact



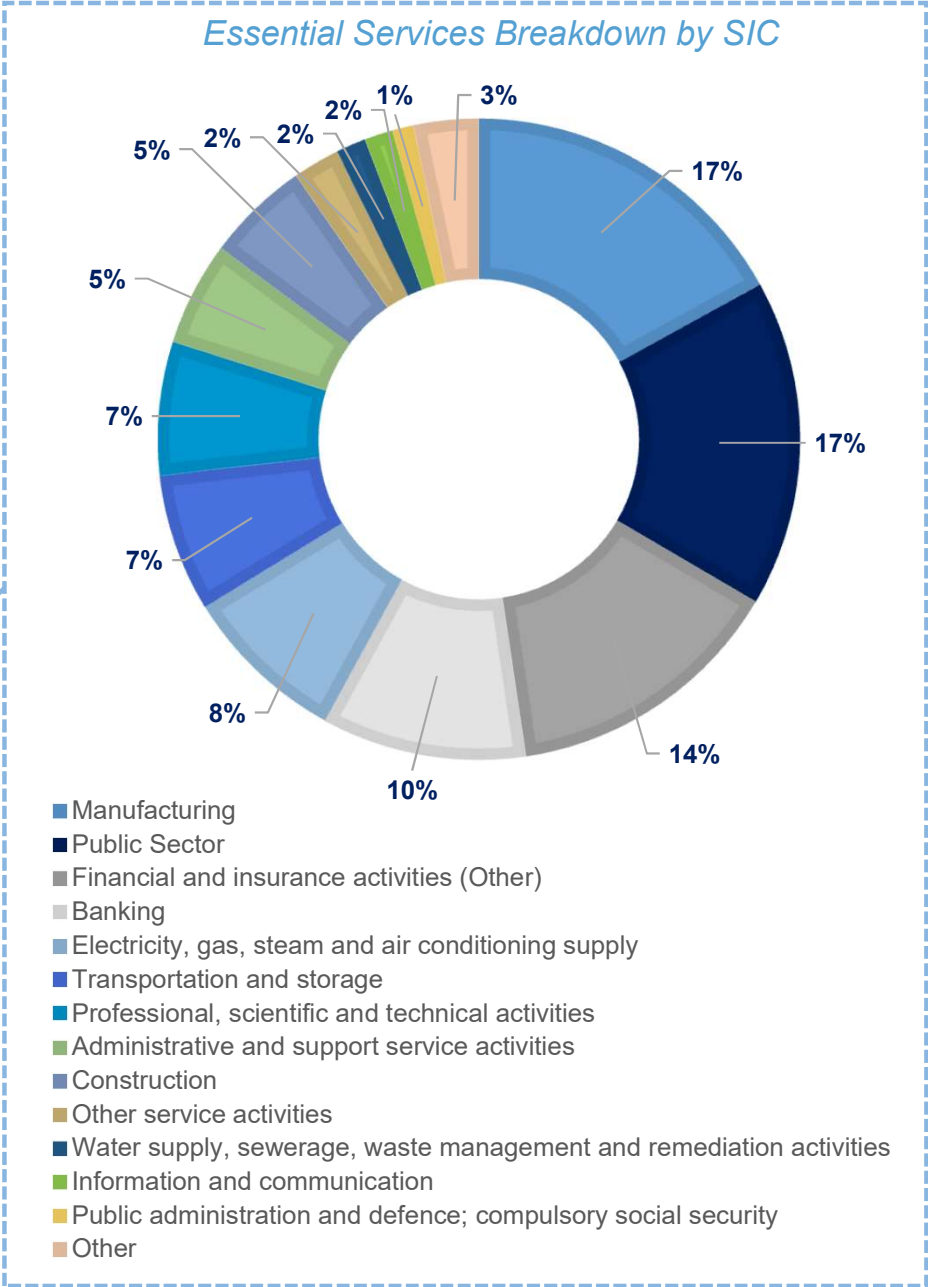
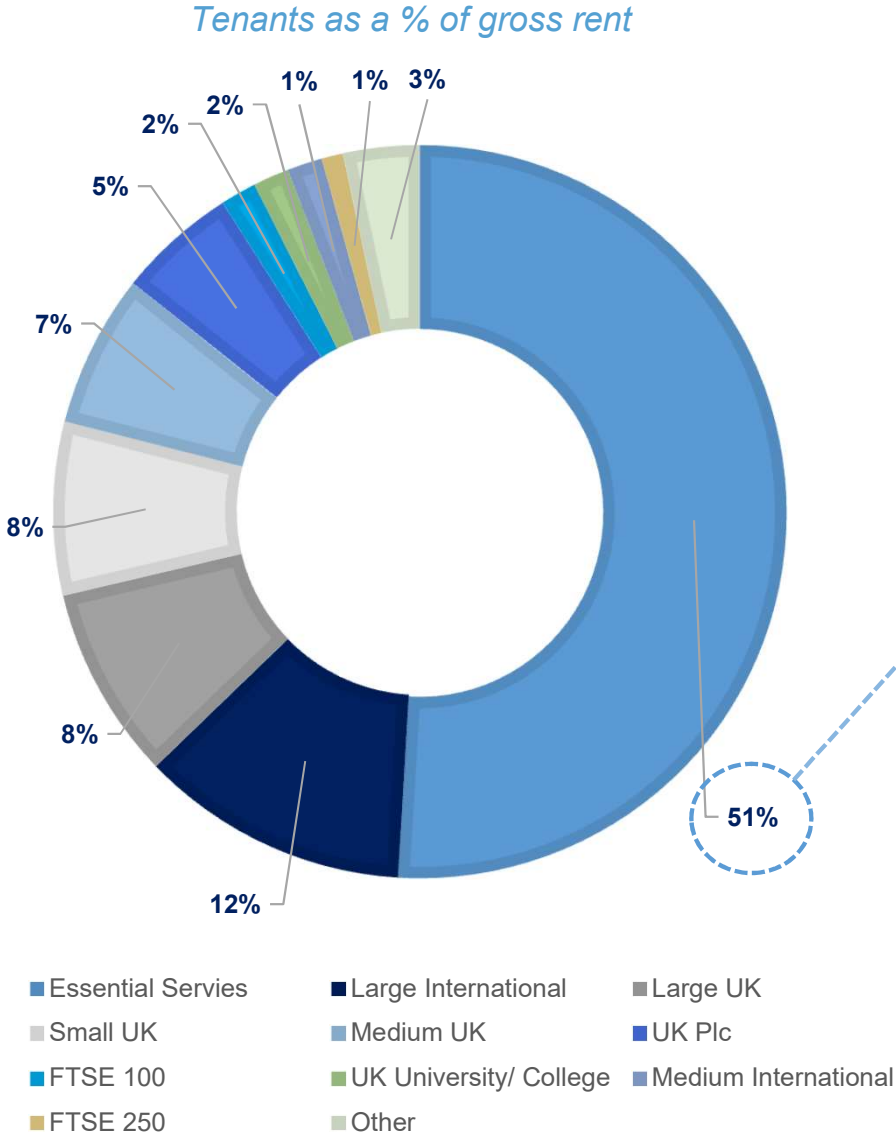
- c.41% are multinational or FTSE 350 and above companies
- c.51% of tenants classified as essential services as set out in the Government guidelines

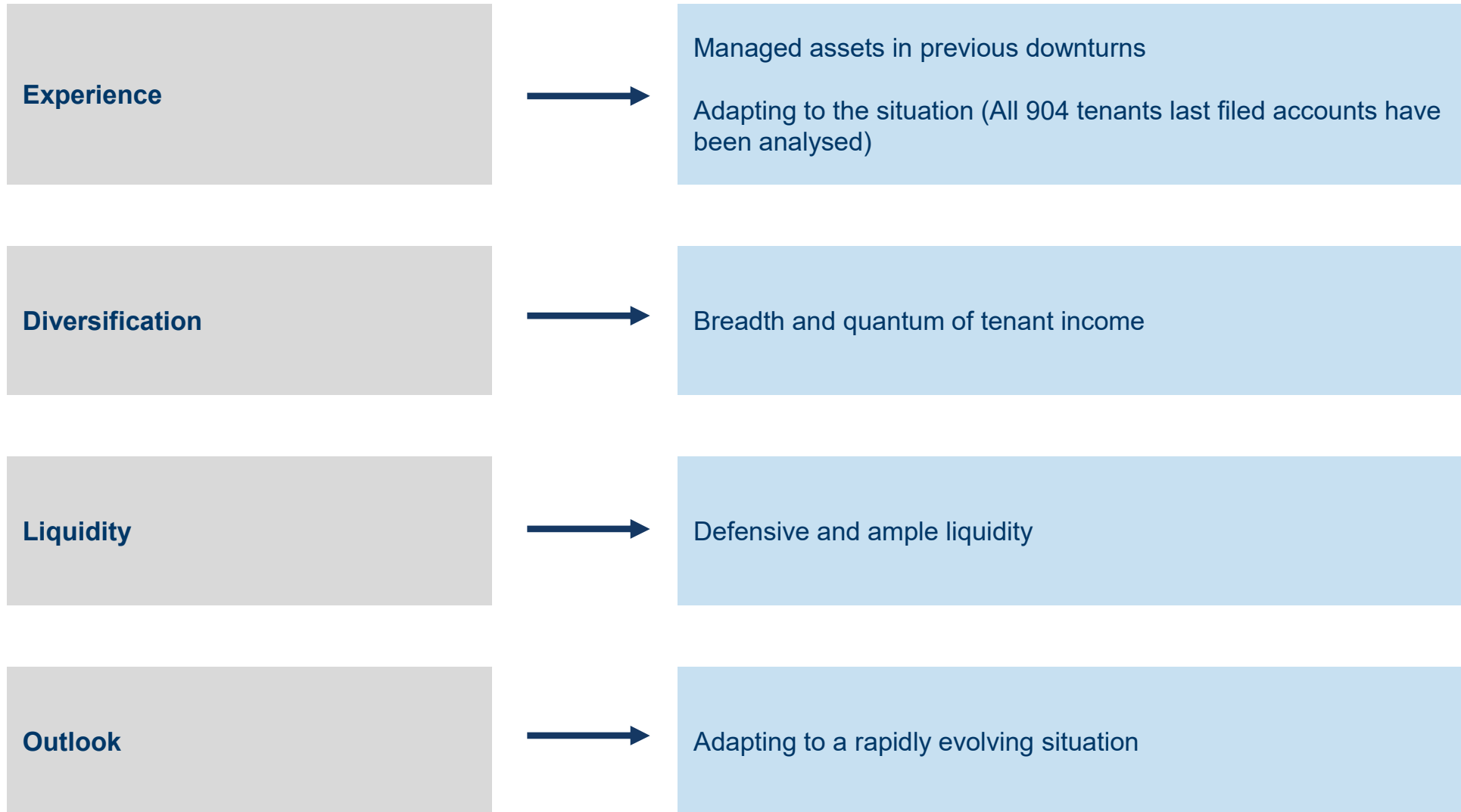
## Outlook & Dividend



- Continue to adapt to the rapidly evolving situation, and our asset management experience through previous economic downturns will be invaluable
- We continue to work with our tenants on a case by case basis
- **As in 2008 the current disruption will inevitably provide opportunities**
- Our market fundamentals to date remain robust, however, we will inevitably be impacted by COVID-19 and though we are committed to paying a regular quarterly dividend to our shareholders this will be subject to market conditions, the Company's performance, its financial position and business outlook.

# COVID-19 & Our Preparedness

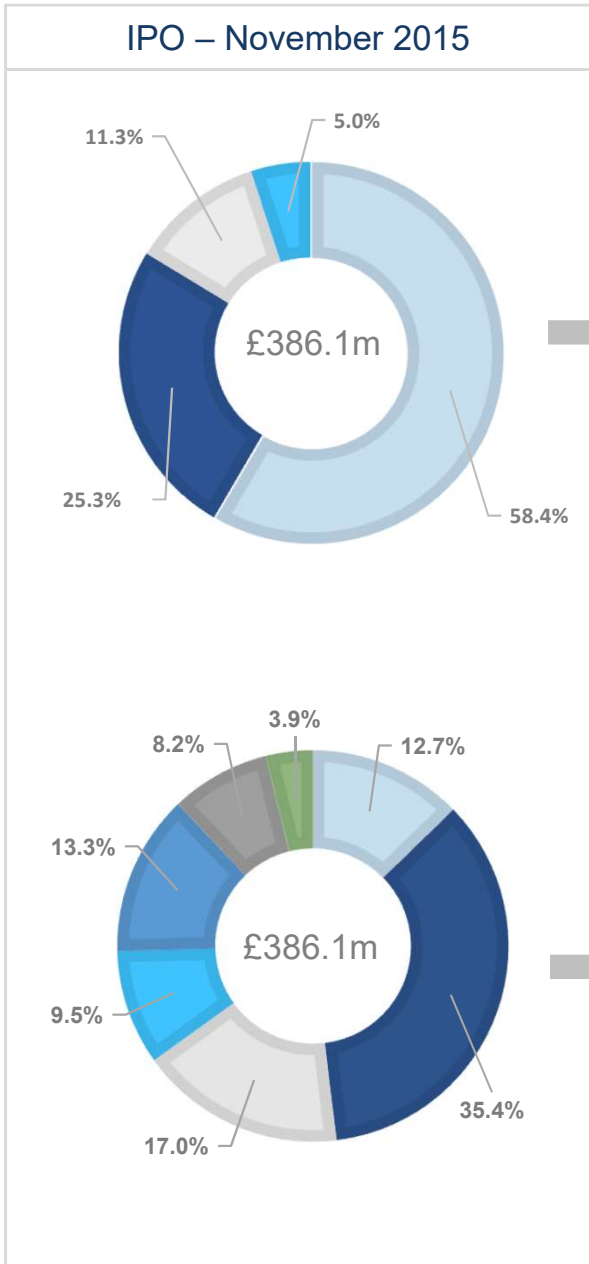




# Portfolio

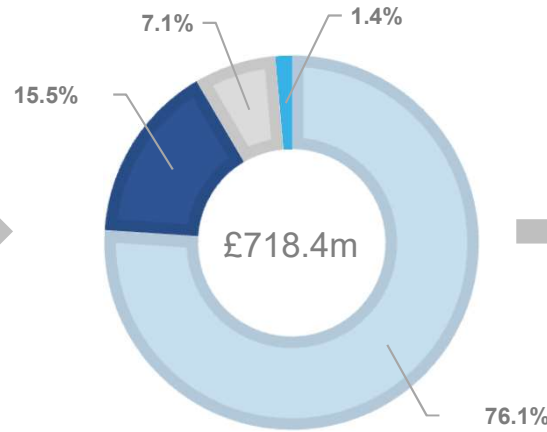


# £787.9m Property Portfolio

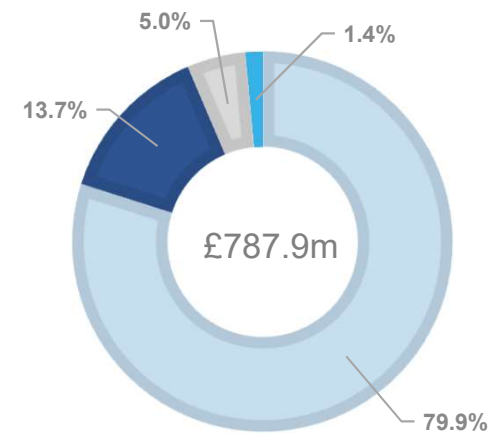


## Sector Split (% by value)

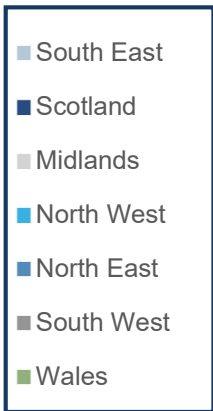
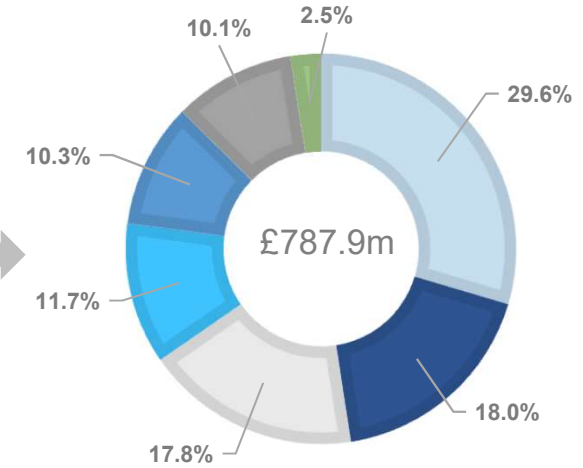
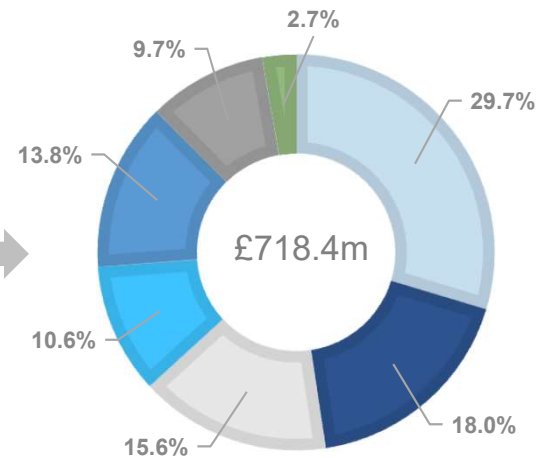
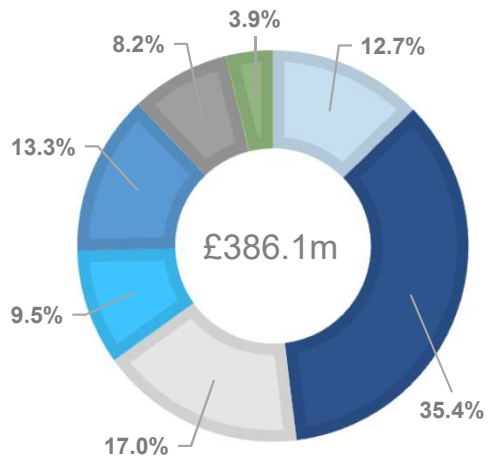
31 December 2018



31 December 2019



## Regional Split (% by value)



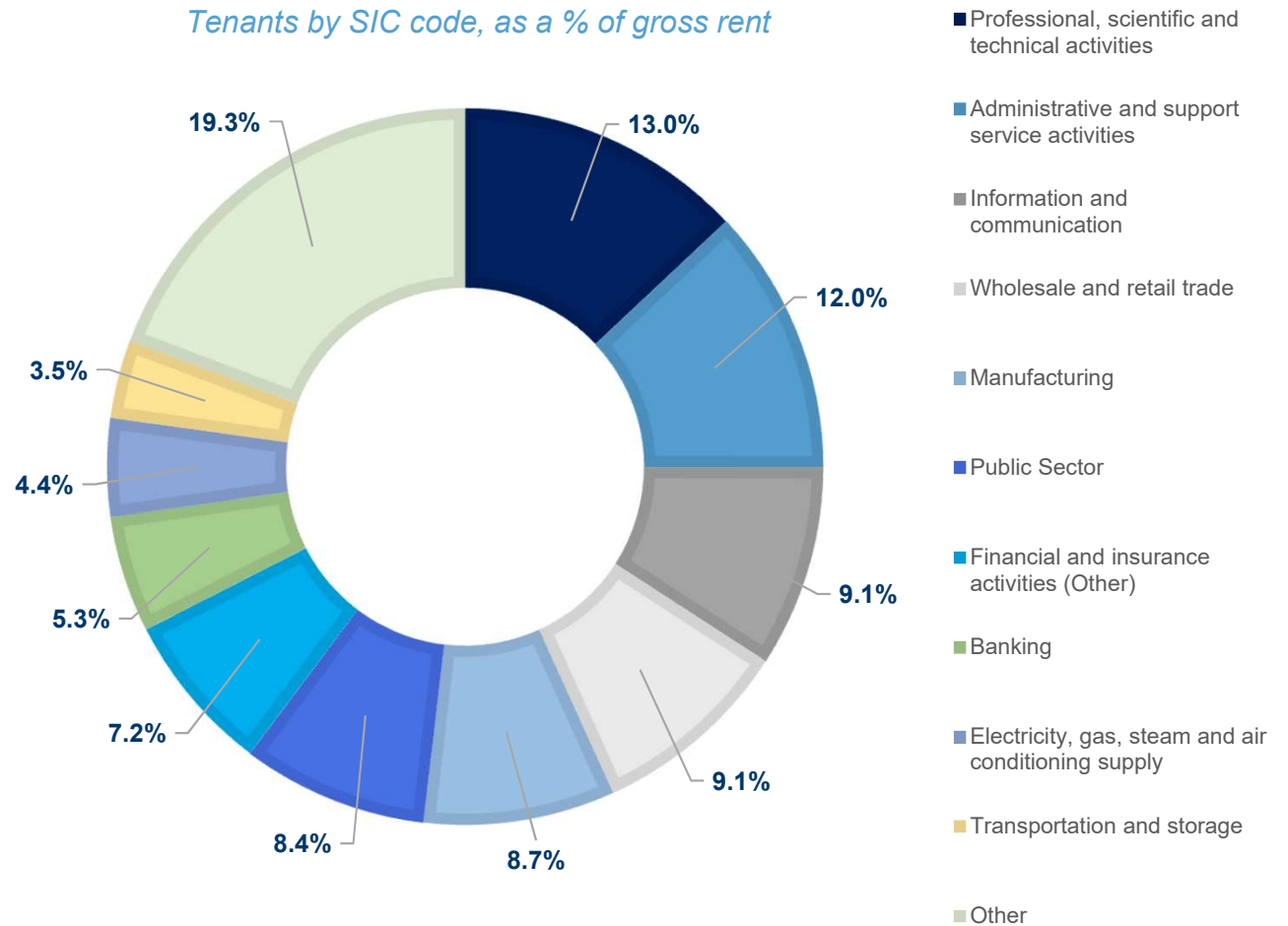


# Highly Diversified Portfolio

## Diversified Tenant Base

- Diversified income - large tenant mix with 904 tenants and 1,251 units
- Large spread of tenants businesses
- A broad geographic spread
- Spread of assets – 160 properties
- No tenant represents more than 2.5% of rent roll
- Top 15 tenants represent 24.8% of the Group's gross rent roll
- Largest single property accounts for only 4.3% of portfolio

Tenants by SIC code, as a % of gross rent



# Appendix

Financial Information

Property Portfolio

Portfolio Activity

- Disposals
- Acquisition

# Financial Information

# Delivering on our Strategy

## Portfolio Management

Targeted and opportunistic acquisitions; disposals when asset management initiatives achieved



	Dec 2018	Dec 2019	Change
Investment Property	£718.4m	£787.9m	£69.5m
Acquisitions before costs	£73.3m	£87.1m	£13.8m
Acquisition Net Initial Yield	8.7%	8.6%	(10bps)
Disposals net	£149.3m	£24.3m	(£125.0m)
Disposal Net Initial Yield	5.7%	6.8%	+110ps

## Portfolio Diversification

Continue to reduce exposure to Scotland by value



Office and Industrial	91.6%	93.6%	+200bps
Scotland*	18.0%	18.0%	0bps

## Debt

Proactive and disciplined approach with plenty of headroom



Weighted Average Cost of Debt (incl. ZDP)	3.8%	3.5%	(30bps)
Weighted Average Duration	6.4yr	7.3yr	+0.9yr

## Return

Continued strong returns with a high yielding reliable dividend policy



Total Accounting Return since IPO***	37.5%	43.0%	+550bps
Total EPRA Annual Accounting Return	10.6%	9.0%	(160bps)
Dividends declared	8.05pps	8.25pps	+0.20pps

## Financial – Statement of Comprehensive Income

	Year-end 2018 (£'000)	Year-end 2019 (£'000)	Change (£'000)
Rental and property income	74,019	75,645	1,626
Property costs	(19,644)	(20,681)	(1,037)
Net rental and property income	54,375	54,964	589
Administrative & other expenses	(17,586)	(10,904)	6,682
Operating profit (loss) before gains/(losses) on property assets/other investments	36,789	44,060	7,271
Gains on the disposal of investment properties	23,127	1,662	(21,465)
Change in fair value of investment properties & of right of use asset	23,881	(3,707)	(27,588)
Operating profit/(loss)	83,797	42,015	(41,782)
Net finance income/expense, impairment of goodwill and net movement in fair value of derivative financial instruments	(15,857)	(15,761)	96
Profit/(loss) before tax	67,940	26,254	(41,686)
Taxation	(567)	257	824
<b>Profit/(loss) after tax for the period (attributable to equity shareholders)</b>	<b>67,373</b>	<b>26,511</b>	<b>(40,862)</b>
Earnings/(losses) per share - basic	18.1p	6.6p	(11.5p)
Earnings/(losses) per share - diluted	18.1p	6.6p	(11.5p)
EPRA earnings/(losses) per share - basic	5.6p	7.8p	2.2p
EPRA earnings/(losses) per share - diluted	5.6p	7.8p	2.2p



## Financial – Statement of Financial Position

	Year-end 2018 (£'000)	Year-end 2019 (£'000)	Change		Year-end 2018 (£'000)	Year-end 2019 (£'000)	Change
<b>Assets Non-current Assets</b>				<b>Liabilities Current liabilities</b>			
Investment properties	718,375	787,915	69,540	Bank and loan borrowings – current	(400)	0	400
Right of use assets	-	16,351	16,351	Other current liabilities(incl. ZDPs)*	(83,285)	(36,190)	47,095
Goodwill	1,115	558	(557)	<b>Non-current liabilities</b>			
Other non-current assets	1,396	1,156	(240)	Bank and loan borrowings - non current	(334,335)	(337,142)	(2,807)
<b>Current assets</b>				Lease liabilities		(16,510)	(16,510)
Other current assets	22,163	32,158	9,995	Other	(337)	(1,816)	(1,479)
Cash and cash equivalents	104,823	37,248	(67,575)	<b>Total liabilities</b>	<b>(418,357)</b>	<b>(391,658)</b>	<b>26,699</b>
<b>Total assets</b>	<b>847,872</b>	<b>875,386</b>	<b>27,514</b>	<b>Net assets</b>	<b>429,515</b>	<b>483,728</b>	<b>54,213</b>
				Share capital	370,316	430,819	60,503
				Retained earnings/accumulated (losses)	59,199	52,909	(6,290)
				<b>Total equity</b>	<b>429,515</b>	<b>483,728</b>	<b>54,213</b>
				Net assets per share - basic	115.2p	112.1p	(3.1p)
				Net assets per share - diluted	115.2p	112.1p	(3.1p)
				<b>EPRA net assets per share - basic</b>	<b>115.5p</b>	<b>112.7p</b>	<b>(2.8p)</b>
				<b>EPRA net assets per share - diluted</b>	<b>115.5p</b>	<b>112.7p</b>	<b>(2.8p)</b>

## Generating Diversified Stable Income

	Year ending 31 December 2018	Year ending 31 December 2019	Change*
Net rental and property income	£54.4m	£55.0m	+£0.6m
Operating profit before gains/losses on property assets/other investments	£36.8m	£44.1m	+£7.3m
IFRS EPS (fully diluted)	18.1pps	6.6pps	(11.5pps)
EPRA EPS (fully diluted)	5.6pps	7.8pps	+2.2pps
EPRA EPS (excl. Performance Fee)	7.5pps	7.8pps	+0.3pps
EPRA cost ratio (incl. direct vacancy costs)	40.1%	31.6%	(850bps)
Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee)	18.5%	18.7%	+20bps
Dividend declared for the period	8.05pps	8.25pps	+0.20pps

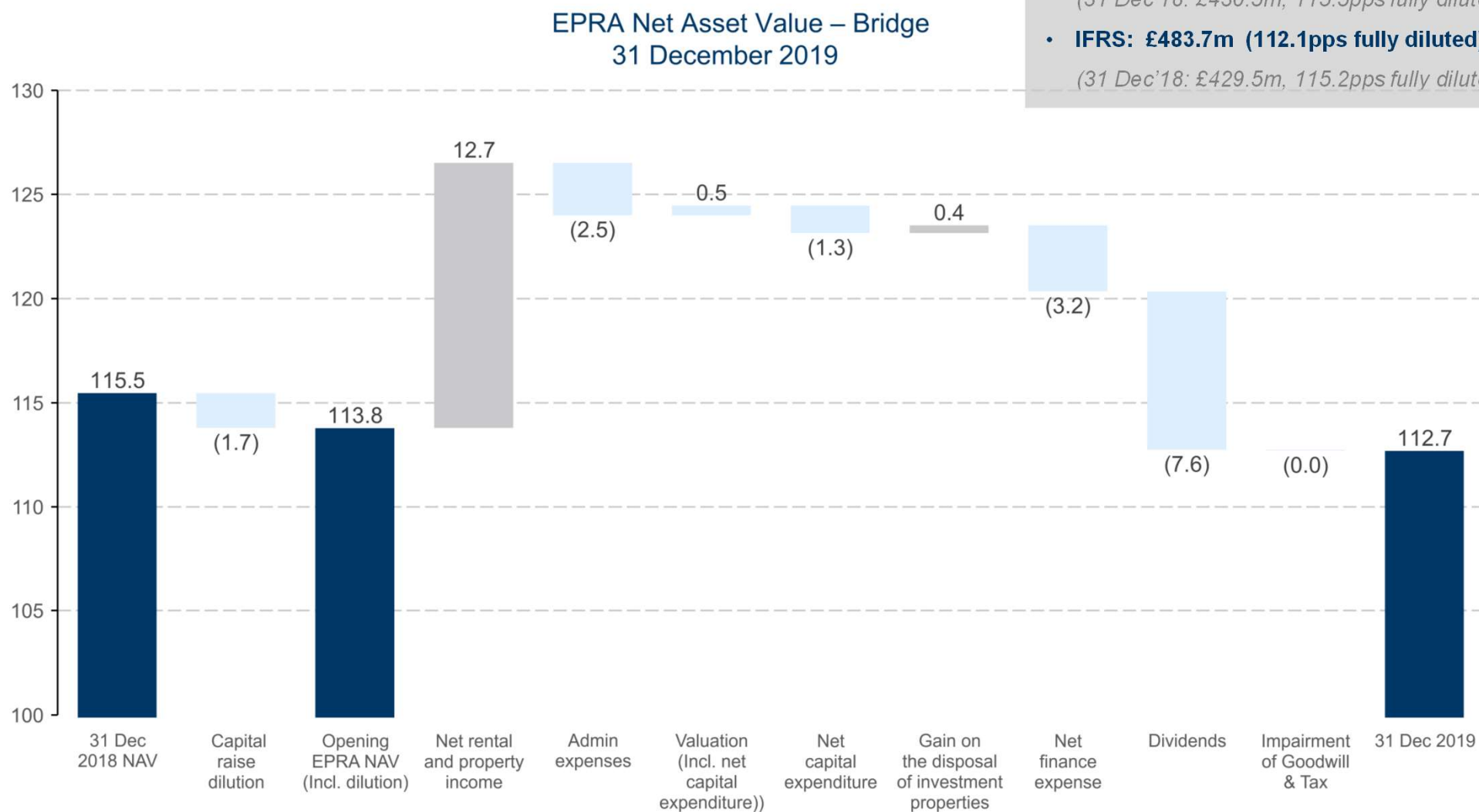
- Rental income continues to remain stable. If the portfolio was fully occupied per Cushman & Wakefield's view of market rents the Rent roll at 31 Dec 2019 would be £77.2m pa. (31 Dec 2018: £70.0m).
- The EPRA cost ratio (incl. direct vacancy costs) decreased ostensibly due to a nil performance fee being incurred in 2019.
- Adj. EPRA cost ratio (excl. direct vacancy costs & performance fee) impacted by one – off legal and professional fees e.g. ZDP liquidation fees, and restructuring fees.
- Profit before tax 31 Dec 2019 £26.3m (31 Dec 2018: £67.9m); including gain on the disposal of investment properties £1.7m (31 Dec 2018 £23.1m) and change in fair value of investment properties (£3.5m) (31 Dec 2018: £23.9m).
- EPS (fully diluted) – 31 Dec 2019: 6.6pps (31 Dec 2018 18.1pps) paying a FY 2019 dividend 8.25pps up c.2.5% on the FY 31 Dec 2018 8.05pps.

## Financial Position Remains Strong, Flexible and Defensive

	Year ending 31 December 2018	Year ending 31 December 2019	Change
Investment Property	£718.4m	£787.9m	£69.5m
NAV (fully diluted)	115.2pps	112.1pps	(3.1pps)
EPRA NAV (fully diluted)	115.5pps	112.7pps	(2.8pps)
Borrowings (incl. retail eligible bond)	£380.3m	£344.0m	(£36.3m)
Weighted average cost of debt (incl. hedging)*	3.8%	3.5%	(300bps)
Net Loan-to-value	38.3%	38.9%	60bps
EPRA Occupancy	89.4%	89.4%	0bps
EPRA Occupancy like-for-like	89.6%	88.1%	(150bps)
Rent roll like-for-like	£58.1m	£56.3m	(£1.8m)

- Investment property values were broadly unchanged on a like-for-like valuation decrease of 0.1%, adjusting for capital expenditure of £5.8m, acquisitions of £87.1m (before costs) and disposals of £24.3m (net of costs)
- Borrowings decreased by net £36.3m with the repayment of the £30m 6.5% Zero Dividend Preference Shares on the 9 January 2019
- Occupancy remains stable. Granular asset management initiatives continued to be executed across the portfolio
- Total accounting returns to shareholders since IPO of 43.0%, and annualised total accounting rate of return 9.0%; target 10%+

# Delivering Returns to Shareholders



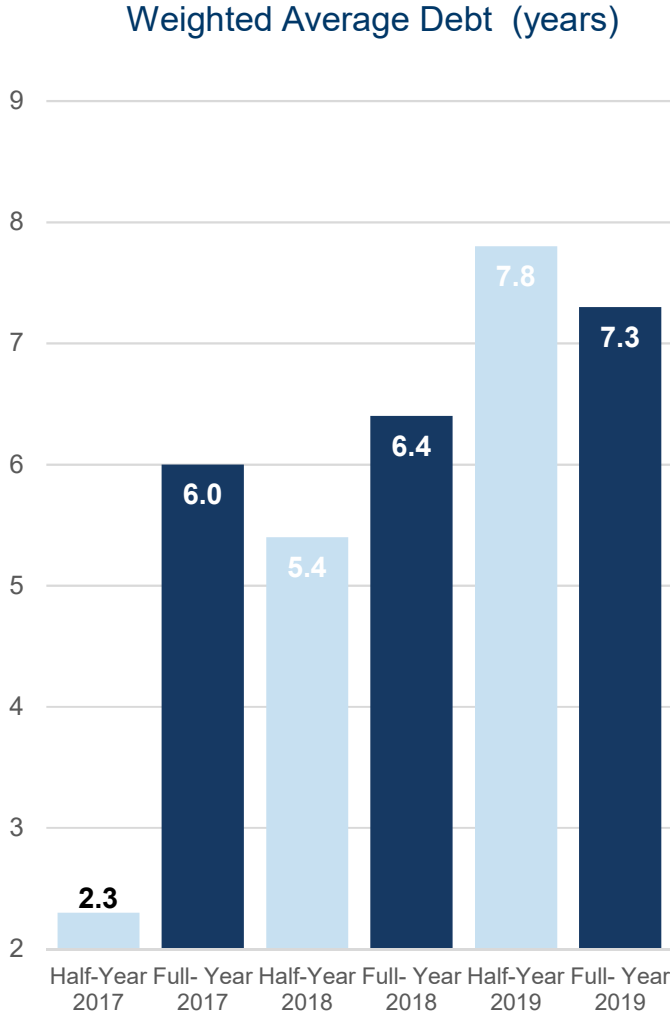
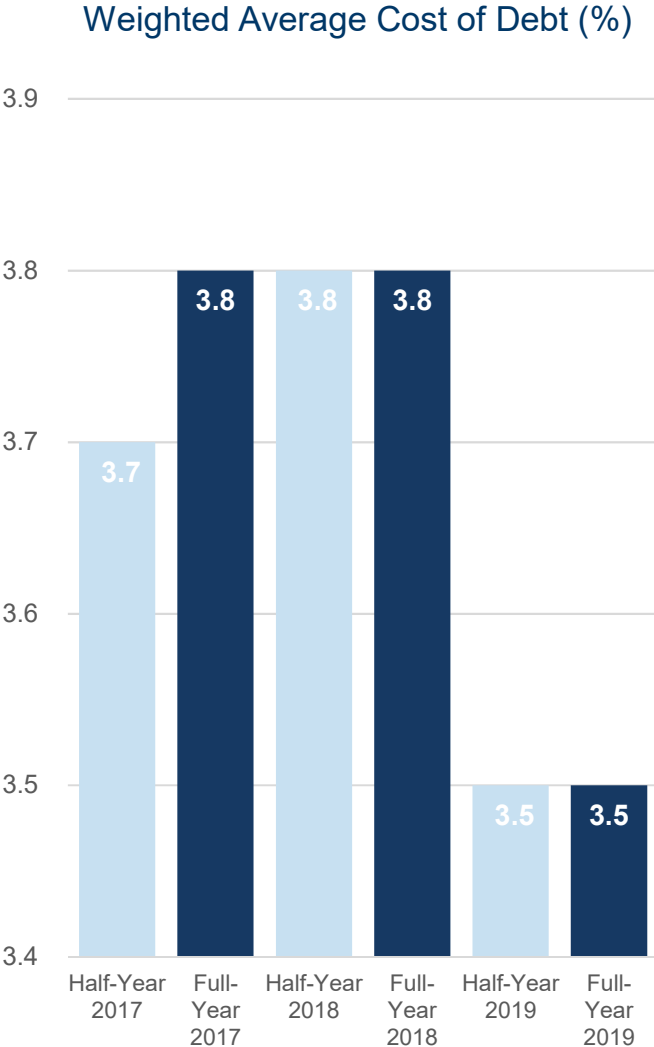
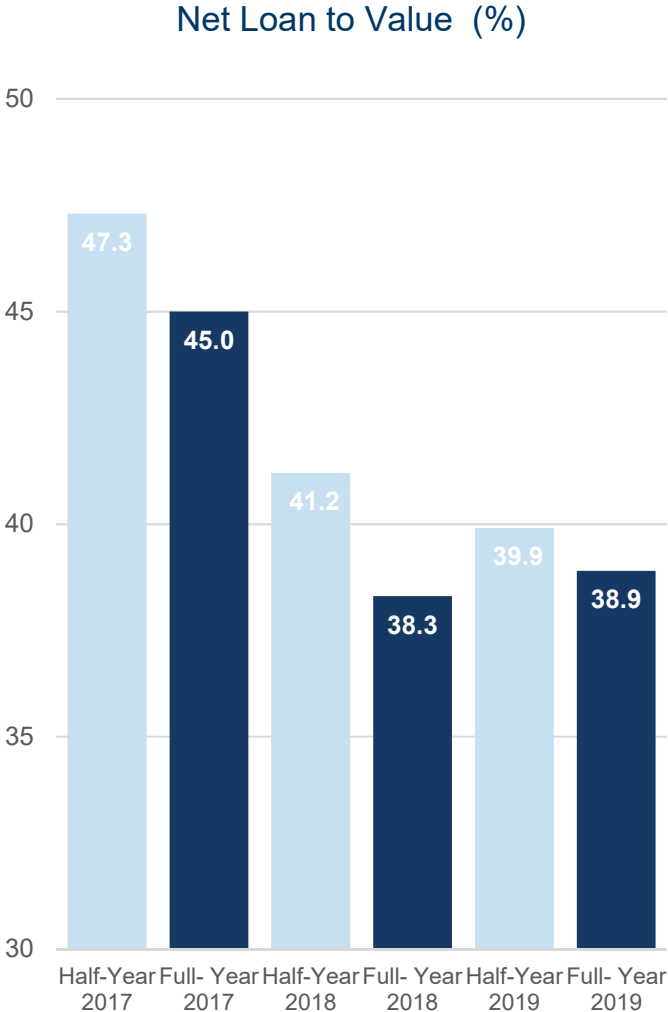
- **EPRA : £486.3m (112.7pps fully diluted)**  
*(31 Dec'18: £430.5m, 115.5pps fully diluted)*
- **IFRS: £483.7m (112.1pps fully diluted)**  
*(31 Dec'18: £429.5m, 115.2pps fully diluted)*

## Debt Facilities – protectionist strategy

Lender	Original Facility £'000	Outstanding Debt* £'000	Maturity Date	Gross Loan to Value** %	Annual Interest Rate %	
Royal Bank of Scotland	55,000	48,584	Jun-24	39.8	2.15	Over 3mth £ LIBOR
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	165,000	165,000	Dec-27	45.1	3.28	Fixed
Scottish Widows Ltd	36,000	36,000	Dec-28	38.9	3.37	Fixed
Santander UK	65,870	44,416	Jun-29	26.4	2.20	Over 3mth £ LIBOR
	<b>321,870</b>	<b>294,000</b>				
Retail Eligible Bond	50,000	50,000	Aug-24	NA	4.50	Fixed
	<b>371,870</b>	<b>344,000</b>				



# Debt Metrics



# Property Portfolio

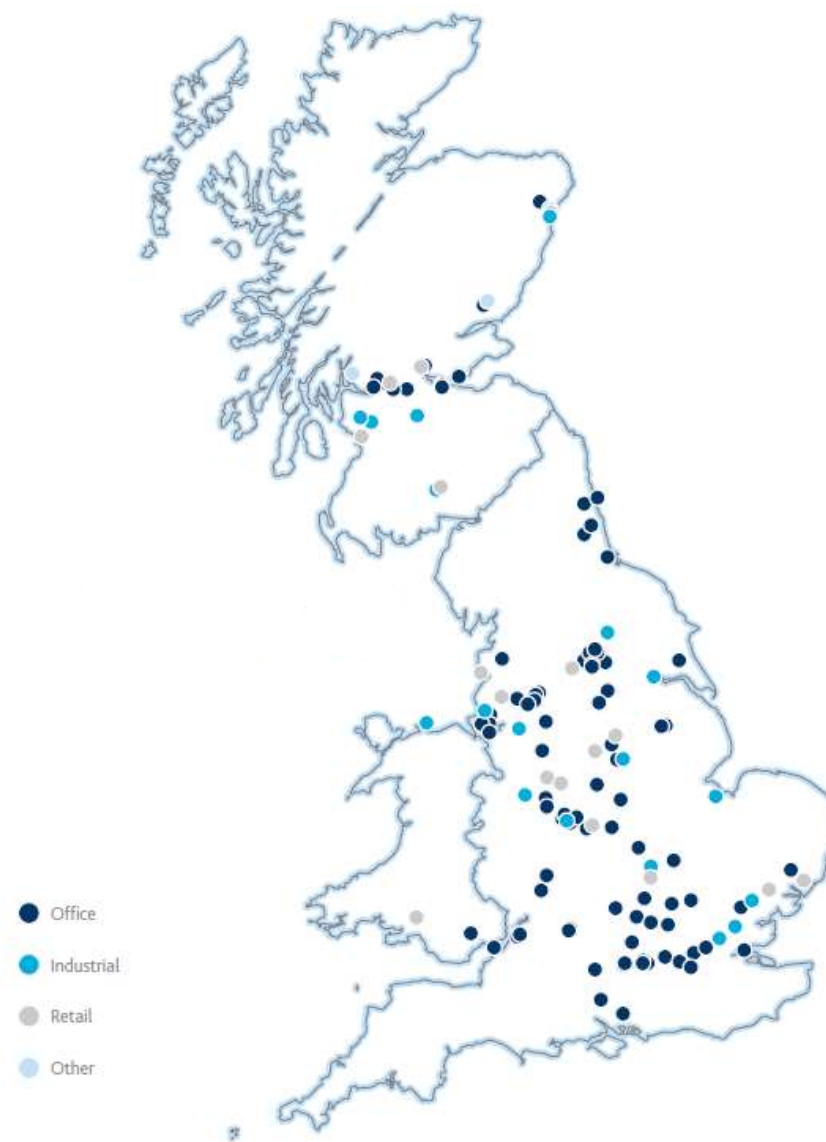


# Overview – Specialised platform and diverse assets

UK property locations as at 31 December 2019

Portfolio details as at 31 December 2019

Sector	Properties	Valuation (£m)	% by valuation	Capital Values (£psf)
Office	116	629.7	79.9%	135.34
Industrial	18	107.7	13.7%	48.85
Retail	23	39.2	5.0%	84.19
Other	3	11.4	1.4%	74.99
<b>Total</b>	<b>160</b>	<b>787.9</b>	<b>100.0%</b>	<b>105.42</b>



# Diversified Income Stream

## Portfolio details at 31 December 2019

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	116	629.7	79.9%	4.7	88.4%	3.0	51.2	13.15	62.9	135.34	6.1%	8.3%	9.3%
Industrial	18	107.7	13.7%	2.2	95.5%	5.8	8.0	4.17	9.0	48.85	5.3%	7.4%	7.6%
Retail	23	39.2	5.0%	0.5	90.9%	4.6	4.3	10.53	4.3	84.19	9.0%	9.2%	9.7%
Other	3	11.4	1.4%	0.2	90.6%	6.9	0.8	8.17	1.0	74.99	7.5%	8.0%	8.1%
<b>Total</b>	<b>160</b>	<b>787.9</b>	<b>100.0%</b>	<b>7.5</b>	<b>89.4%</b>	<b>3.5</b>	<b>64.3</b>	<b>10.17</b>	<b>77.2</b>	<b>105.42</b>	<b>6.2%</b>	<b>8.3%</b>	<b>9.1%</b>

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	43	141.8	18.0%	1.7	86.2%	3.3	12.8	9.73	15.7	81.70	6.7%	9.3%	10.3%
South East	33	233.0	29.6%	1.7	87.9%	3.4	17.9	12.06	21.2	140.33	5.9%	7.5%	8.4%
North East	20	81.2	10.3%	0.9	88.1%	2.8	6.8	8.56	8.4	87.29	5.9%	9.0%	9.6%
Midlands	32	140.4	17.8%	1.4	93.2%	3.5	11.6	9.07	12.7	100.88	6.0%	7.8%	8.5%
North West	16	92.4	11.7%	1.0	89.1%	4.9	6.7	8.32	9.8	91.21	5.5%	8.7%	9.4%
South West	13	79.3	10.1%	0.5	95.8%	2.9	6.6	15.57	7.6	165.50	6.8%	8.1%	8.9%
Wales	3	19.9	2.5%	0.3	87.6%	6.6	1.9	8.73	1.9	74.97	7.5%	8.4%	8.6%
<b>Total</b>	<b>160</b>	<b>787.9</b>	<b>100.0%</b>	<b>7.5</b>	<b>89.4%</b>	<b>3.5</b>	<b>64.3</b>	<b>10.17</b>	<b>77.2</b>	<b>105.42</b>	<b>6.2%</b>	<b>8.3%</b>	<b>9.1%</b>

## Top 15 Tenants (Share Of Rental Income)

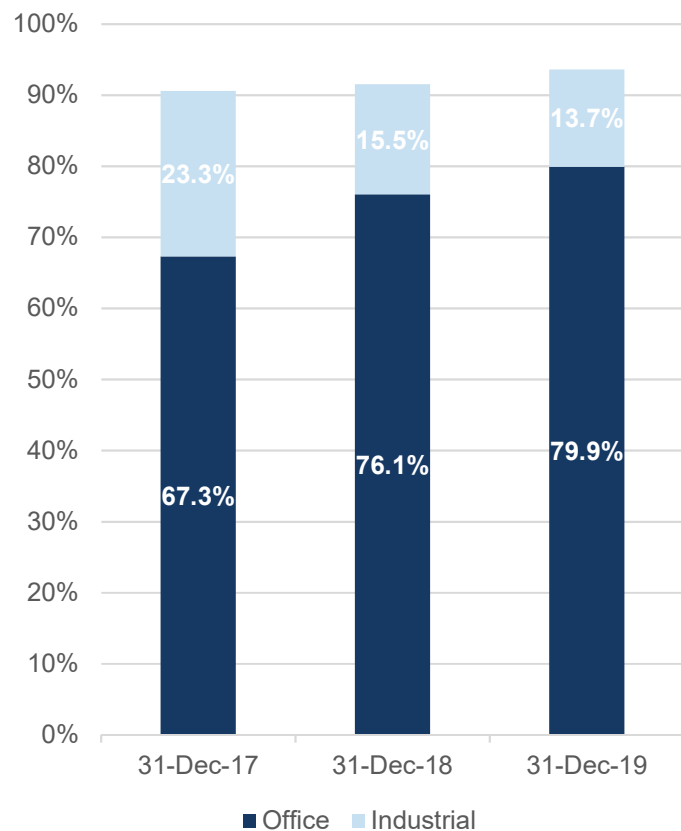
Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq Ft)	Annualised gross rent (£m)	% of Gross rental income
Barclays Execution Services Ltd	Tay House, Glasgow	Administrative and support service activities	1.9	78,044	1.6	2.5%
Bank of Scotland Plc	Buildings 3 HBOS Campus, Aylesbury High Street, Dumfries	Banking	2.2	92,978	1.5	2.3%
Secretary of State for Communities & Local Government	Bennett House, Hanley Cromwell House, Tritton Road, Lincoln Norfolk House, Birmingham Oakland House, Manchester	Public sector	2.2	115,753	1.4	2.2%
E.ON UK Plc	One & Two Newstead Court, Annesley	Electricity, gas, steam and air conditioning supply	3.9	146,262	1.4	2.2%
TUI Northern Europe Ltd	Columbus House, Coventry	Professional, scientific and technical activities	4.0	53,253	1.4	2.1%
The Scottish Ministers	Calton House, Edinburgh Quadrant House, Dundee Templeton On The Green, Glasgow The Courtyard, Falkirk	Public Sector	1.5	111,076	1.3	2.1%
Jiffy Packaging Ltd	Road 4 Winsford Industrial Estate, Winsford	Manufacturing	14.8	246,209	1.0	1.5%
Edvance SAS	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	3.4	41,285	0.9	1.4%
John Menzies Plc	2 Lochside Avenue, Edinburgh	Professional, scientific and technical activities	3.6	43,780	0.9	1.4%
The Royal Bank of Scotland Plc	Cyan Building, Rotherham	Banking	1.5	67,458	0.9	1.3%
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	5.8	58,167	0.8	1.3%
Aviva Central Services UK Ltd	Hampshire Corporate Park, Chilworth House, Eastleigh	Other service activities	4.9	42,612	0.8	1.2%
Schenker Ltd	Juniper Park, Basildon	Transportation and storage	2.8	91,287	0.7	1.1%
A Share & Sons Ltd	1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea Juniper Park, Basildon	Wholesale and retail trade	4.4	75,791	0.7	1.1%
The Secretary of State for Defence	800 Aztec West, Bristol	Public sector	4.0	32,007	0.6	1.0%
<b>Total</b>			<b>3.8</b>	<b>1,295,962</b>	<b>15.9</b>	<b>24.8%</b>

## Top 15 Investments (Market Value)

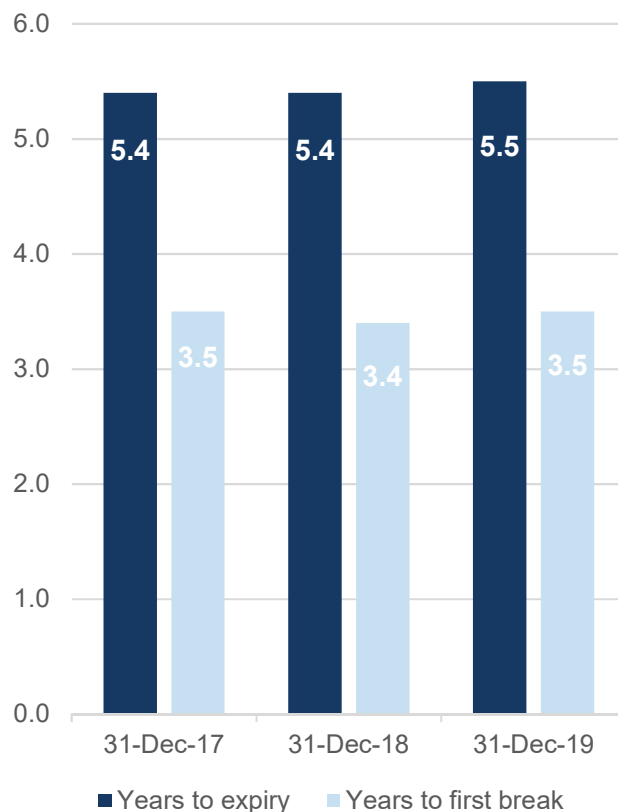
Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq Ft)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
Tay House, Glasgow	Office	Barclays Execution Services Ltd, University of Glasgow	33.7	4.3%	156,853	94.2%	2.7	4.2%	2.4
Juniper Park, Basildon	Industrial	Schenker Ltd, A Share & Sons Ltd, Vanguard Logistics Services Ltd	29.6	3.8%	277,760	100.0%	2.2	3.5%	2.8
Genesis Business Park, Woking	Office	Nuvias (UK & Ireland) Ltd, Fernox Ltd, McCarthy & Stone Retirement Lifestyles Ltd	26.0	3.3%	98,359	82.7%	1.5	2.4%	4.3
Buildings 2 & 3 HBOS Campus, Aylesbury	Office	Bank of Scotland Plc, The Equitable Life Assurance Society, Agria Pet Insurance Ltd	24.9	3.2%	140,791	95.7%	2.3	3.5%	3.4
Norfolk House, Smallbrook Queensway, Birmingham	Office	Secretary of State for Communities & Local Government, Spark44 Ltd	20.5	2.6%	114,982	100.0%	1.7	2.6%	1.6
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, National Westminster Bank Plc	20.1	2.6%	85,422	99.6%	1.5	2.4%	3.6
800 Aztec West, Bristol	Office	Edvance SAS, The Secretary of State for Defence	19.3	2.4%	73,292	100.0%	1.5	2.4%	3.6
One & Two Newstead Court, Annesley	Office	E.ON UK Plc	16.9	2.1%	146,262	100.0%	1.4	2.2%	3.9
Road 4 Winsford Industrial Estate, Winsford	Industrial	Jiffy Packaging Ltd	15.7	2.0%	246,209	100.0%	1.0	1.5%	14.8
Portland Street, Manchester	Office	New College Manchester Ltd, Mott MacDonald Ltd, Darwin Loan Solutions Ltd	15.3	1.9%	54,959	97.7%	0.8	1.3%	2.9
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Hill Rom UK Ltd, Alstom Power Ltd	13.9	1.8%	91,034	100.0%	1.1	1.7%	1.4
Columbus House, Coventry	Office	TUI Northern Europe Ltd	13.3	1.7%	53,253	100.0%	1.4	2.1%	4.0
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Heidi Beers Ltd	11.7	1.5%	142,512	97.4%	1.3	2.0%	4.1
Oakland House, Manchester	Office	HSS Hire Service Group Ltd, Please Hold (UK) Ltd, CVS (Commercial Valuers & Surveyors) Ltd	11.3	1.4%	160,938	89.5%	1.1	1.7%	3.8
Kingscourt Leisure Complex, Dundee	Other	Odeon Cinemas Ltd, Jag Leisure (Scotland) Ltd	10.5	1.3%	83,780	88.8%	0.7	1.1%	7.7
<b>Total</b>			<b>282.6</b>	<b>35.9%</b>	<b>1,926,406</b>	<b>96.0%</b>	<b>22.2</b>	<b>34.6%</b>	<b>3.8</b>

# Diversified Office – led portfolio focused on the UK regions

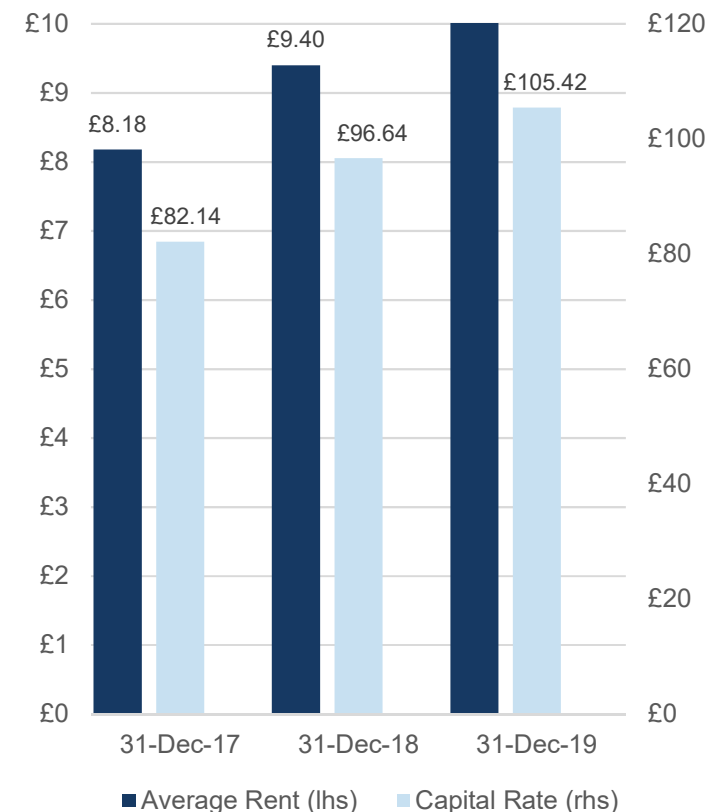
Gross property assets by value - %\*



WAULT - years



Average Rent & Capital rate - £psf

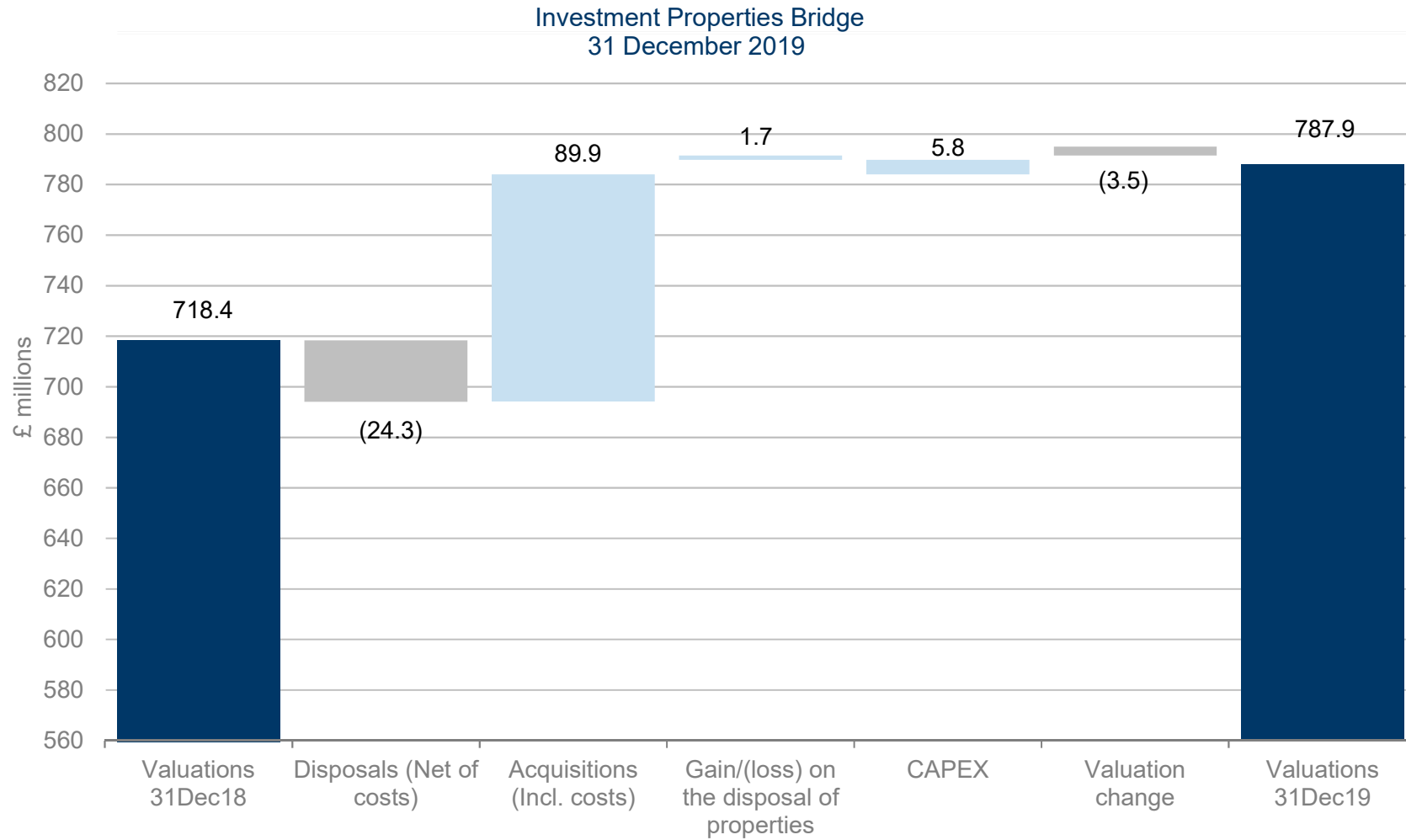


- **5.0% - Retail**  
(31 Dec'18, 7.1%)
- **1.4% - Other**  
(31 Dec'18, 1.4%)

- **EPRA Occupancy– 89.4%**  
(31 Dec'18, 89.4%)

- **Gross rent roll – c. £64.3m**  
(31 Dec'18, £59.7m)
- **Valuation– £787.9m**  
(31 Dec'18, £718.4m)

# Investment Property Activity – proactive strategy





# Portfolio Activity

- Disposals
- Acquisition

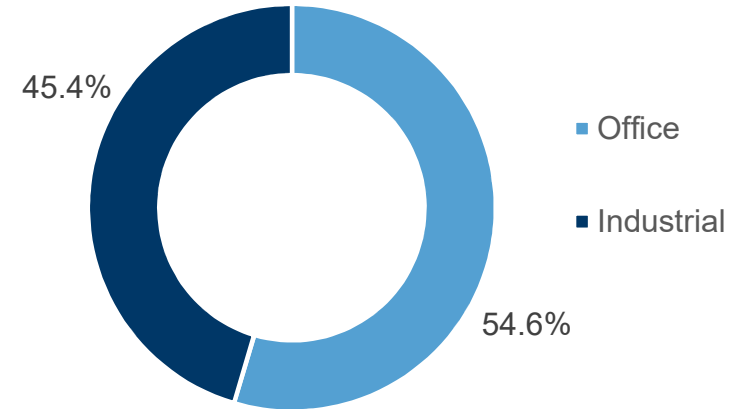
# Disposals



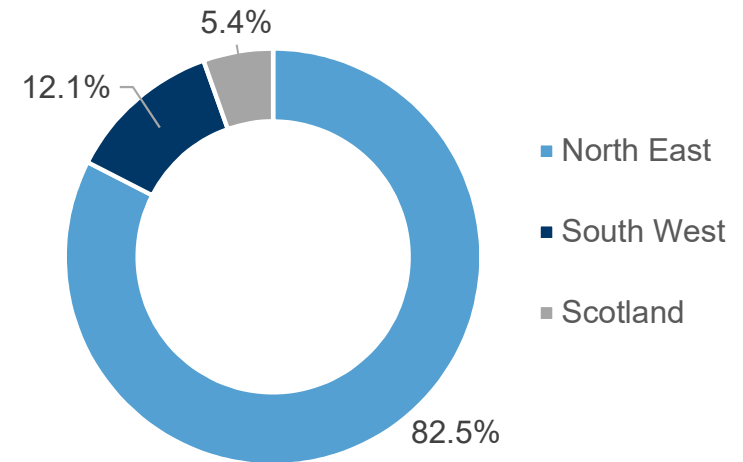
## Summary – Disposals during 2019

- Disposals totalled **£24.3m** (net of costs)
- Reflecting an **average net initial yield of 6.8%**
- 3 assets and 5 part sales in total during 2019
- Disposals achieved an average uplift against December 2018 valuation of 10.3%,

*Sector Split*



*Regional Split*



# Aspect Court, Pond Hill, Sheffield

Acquired May 2016

A 57,976 sq. ft. fully let city centre office property with 37 on site car parking spaces and within walking distance of Sheffield station and university campus

At acquisition, the property was fully let to Sheffield Hallam University and SDL Plc

Following SDL's decision to vacate the fifth and sixth floors were re-let to Sheffield Hallam University until June 2021 in line with tenant's other leases

The total rental income for the property has increased to £620,000, representing an uplift of c. 18% from acquisition

Property sold in Q2 2019 to Sheffield Hallam University for £8.8 million, reflecting a net initial yield of 6.6%

The sale price marks an uplift of 39.7% since acquisition and 24.8% against the 31 December 2018 valuation.



Acquisition Price	£6.3m
Valuation Dec 18	£7.1m
ERV (Dec 18)	£0.6m
Sale Price	£8.8m
Uplift against Dec 18 Valuation	24.8%

# Tokenspire Business Park, Beverley

Acquired in March 2016 as part of the Wing portfolio, a multi-let industrial property within a secure site

The industrial estate extends to over 24 acres and consists of 322,211 sq. ft. of commercial space

The park is situated on the A1174 and is located 10 minutes from Kinston upon Hull and provides a mix of office/trade counter units, warehousing and light manufacturing accommodation

Since acquisition, the asset manager increased occupancy from 73.8% to 94.3%, decreasing EPRA vacancy from 26.2% to 5.7%. Simultaneously, rental income was increased to c. £829k pa, an uplift of 24% since acquisition

Key tenants include: QDOS Entertainment Limited, Sargent Electrical Services Ltd. and TAPCO Europe Ltd.

Property sold in Q2 2019 for £11.1m. The sale reflects a net initial yield of 7.0%. The sale price of £11.1 million represents an uplift of 30.6% to the acquisition price



Acquisition Price	£8.5m
Valuation Dec 18	£11.0m
ERV (Dec 18)	£1.0m
Sale Price	£11.1m
Uplift against acquisition price	<b>30.6%</b>

# Acquisition 2019

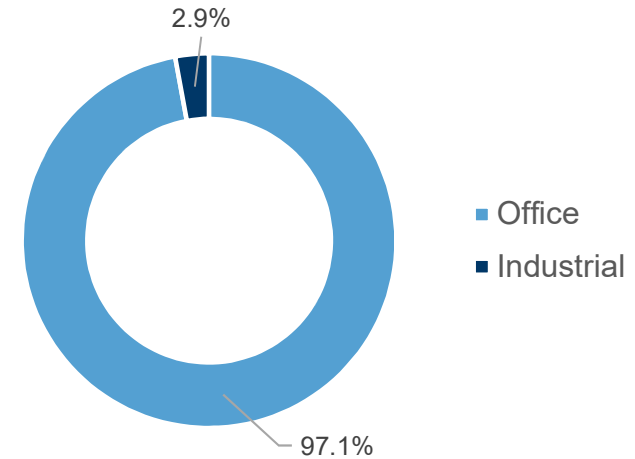




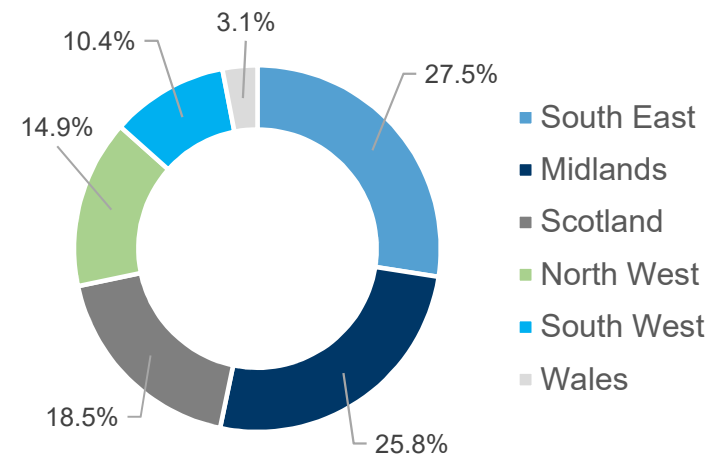
## Summary – Acquisitions during 2019

- Acquisitions totalled **£87.1m** (before costs)
- Reflecting an **average net initial yield of 8.6%**
- Providing a combined annualised **gross rental income of c.£8.0m** (as at 31 Dec 19)
- 13 assets acquired in total
- Combined floor area of 496,362 sq. ft.
- WAULT to expiry of **4.5 years**

### Sector Split



### Regional Split



# Norfolk House, Birmingham

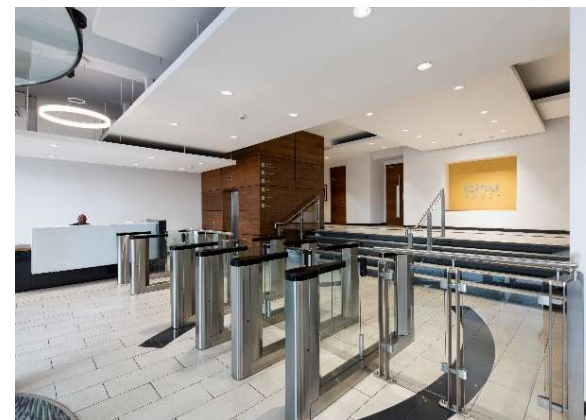
Acquisition of office property for £20.0m, with a current net initial yield of 7.9%, in an off market transaction.

The freehold property is in a highly commercial location in the centre of Birmingham; situated adjacent to Birmingham New Street Station, the Bullring Shopping Centre and close to the proposed new HS2 station, which will better link Birmingham to both London and Manchester.

The building comprises 12 retail units amounting to 27,433 sq. ft. and office accommodation

The property's weighted average unexpired lease term is 4.5 years.

Anchor tenants include: Secretary of State for Communities & Local Government, Spark44 Ltd



Acquisition Price  
ERV  
Rental Income  
Net Initial Yield  
Floor Area

£20.0m  
£2.0m  
£1.7m  
7.9%  
114,982 sq. ft.



## Acquisition of £25.9 million portfolio

Acquisition of a portfolio of six office assets for a total consideration of £25.9million

The portfolio comprises six offices located in Birmingham, Bristol, Cardiff, Chester, Glasgow and Manchester

The assets total circa 172,442 sq. ft.

The portfolio is expected to provide a net income of approximately £2.36 million per annum from 27 tenants

The portfolio's weighted average unexpired lease term is 4.9 years.

The acquired tenant profile is deliberately diversified across both industry type and geography, with no crossover to existing Regional REIT tenants.

The portfolio provides the opportunity to secure lease renewals and rent reviews at increased rental levels and seek to let vacant space



Acquisition Price  
ERV  
Rental Income  
Net Initial Yield  
Reversionary Yield

£25.9m  
£2.5m  
£2.4m  
8.9%  
9.5%

## Acquisition of £27.7 million portfolio

Acquisition of a portfolio of four office assets for a total consideration of £27.7million

The portfolio comprises four multi-let offices located in Redhill, Harefield, Bristol and High Wycombe

The assets total circa 131,036 sq. ft.

The portfolio is expected to provide a net income of approximately £2.59 million per annum from 24 tenants

The portfolio's weighted average unexpired lease term is 3.1 years to first break and 5.4 years to expiry

The portfolio provides the opportunity to secure lease renewals and rent reviews at increased rental levels and seek to let vacant space



Acquisition Price	£27.7m
ERV	£2.9m
Rental Income	£2.6m
Net Initial Yield	8.7%
Reversionary Yield	9.7%



## 2 Lochside Avenue, Edinburgh

Acquisition of a valuable office asset in one of Scotland's premier business parks for a total consideration of £10.3m

The office asset comprises 43,676 sq. ft. over 3 floors, currently 100% let to John Menzies plc, an international aviation business and one of Scotland's largest companies.

The current contracted rent of £880,000 per annum provides a net initial yield of 8.0% with 3.75 years to lease expiry.

The office asset is in Edinburgh Park, firmly established as one of Scotland's key business parks providing more than 1 million sq. ft. of office accommodation to over 30 occupiers



Acquisition Price

ERV

Rental Income

Net Initial Yield

Floor Area

£10.3m

£0.9m

£0.9m

8.0%

43,676 sq. ft.

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