



# ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

 Regional  
REIT





Coach Works, Leeds



## REGIONAL REIT

Regional REIT is a leading UK real estate investment trust specialising in high-quality commercial property space across the thriving regional markets outside London. The REIT has a commitment to delivering flexible, affordable, and vibrant modern workspaces.

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

### WHAT IS A REIT?

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

United Kingdom ("UK") REITs are exempt from UK corporation tax on profits and gains of their qualifying property rental business. However, in consequence, UK REITs are required to distribute a minimum of 90% of their qualifying profits to shareholders as dividends (known as property income distributions or "PIDs"). As shareholders receive higher pay-outs than they would if the REIT were subject to UK corporation tax on its property profits and gains, shareholders are thus required to pay tax on the PIDs. The effect, in general terms, is that taxation is moved from the REIT to the investor and the investor is then liable for taxation as if they owned the property directly.

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

### ISA, SSAS AND SIPP STATUS

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

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



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# FINANCIAL KEY POINTS

Year Ended 31 December 2024

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

	Portfolio Valuation	£622.5m (2023: £700.7m)
	IFRS NAV per Share*	216.9p (2023 restated: 376.2p)
	EPRA** NTA per Share*	210.2p (2023 restated: 357.4p)
	Dividend per Share*	7.8p (2023: 5.25p)
	Net Loan to Value Ratio***	41.8% (2023: 55.1%)
	Weighted Average Cost of Debt***	3.4% (2023: 3.5%)
	Weighted Average Debt Duration***	2.9 yrs (2023: 3.5 yrs)

\* During the year the Company offered 15 new ordinary shares for every 7 existing shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 split with the resulting Ordinary shares in issue being 162,088,483. See note 28 on page 198 for details of the restatement.

\*\* The European Public Real Estate Association ("EPRA"). The EPRA's mission is to promote, develop and represent the European public real estate sector. As an EPRA member, we fully support the EPRA Best Practices Recommendations. Specific EPRA metrics can be found in the Company's financial and operational highlights, with further disclosures and supporting calculations on pages 208 to 211.

\*\*\* Alternative Performance Measures. Details are provided in the Glossary of Terms from page 214 and the EPRA Performance Measures on pages 208 to 211.

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## ABOUT US

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

Regional REIT's commercial property portfolio is comprised wholly of UK assets, located in regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 126 properties, 1,271 units and 780 tenants as at 31 December 2024, with a valuation of £622.5 million.

Regional REIT Limited ("Regional REIT" or the "Company") and its subsidiaries<sup>1</sup> (the "Group") is a United Kingdom ("UK") based London Stock Exchange listed real estate investment trust that launched in November 2015. It is managed by ESR Europe LSPIM Limited ("ESR LSPIM"), the Asset Manager, and ESR Europe Private Markets Limited ("ESR Europe"), the Investment Adviser<sup>2</sup>.

For more information, visit the Group's website:  
**[www.regionalreit.com](http://www.regionalreit.com)**

.....

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

.....

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

<sup>2</sup> In August 2024, ESR Europe Investment Management Limited was appointed as the Alternative Investment Fund Manager (AIFM), replacing Toscafund Asset Management LLP.



# OUR PURPOSE

The purpose of the Company is to deliver long-term returns for shareholders with income generated from investment in UK commercial property outside of the M25 motorway. To us this means being a responsible owner of commercial property that offer occupiers vibrant spaces in which they can grow their businesses.



# OUR VALUES

## Transparency

We are professional, transparent and committed to doing what is best for all parties.

## Integrity

We act with integrity and honesty in all that we do. We will be truthful, even if it means delivering difficult messages.

## Collaboration

We openly collaborate and always seek to build positive long-term relationships grounded in cooperation that benefit all parties.

## Adapt and evolve

We are a forward-thinking business that seeks to continually advance strategically, challenge assumptions, adapt and make a positive difference that benefits all parties.



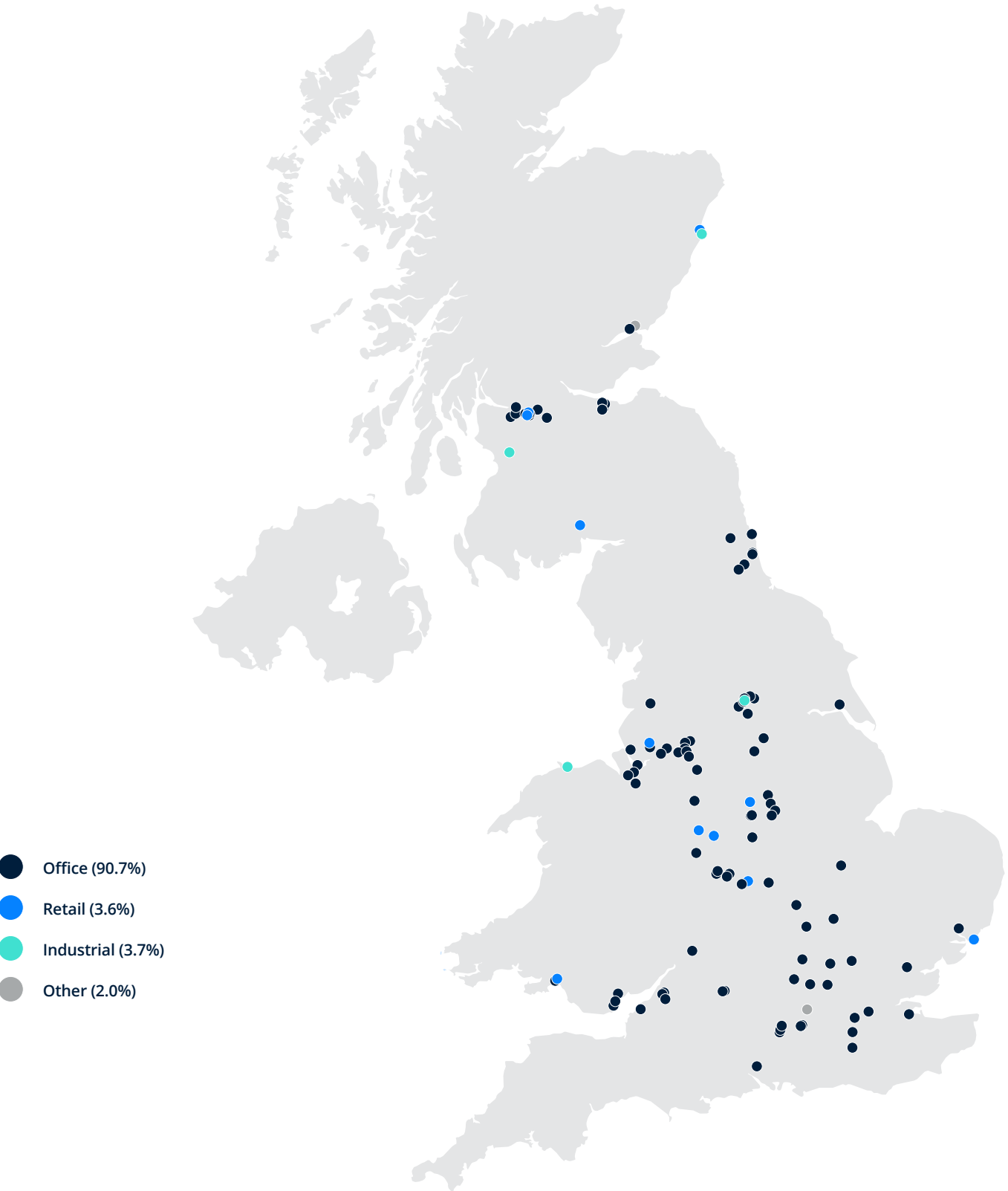
# OUR CULTURE

By understanding the key elements of Regional REIT's culture, the Board can continually evaluate and monitor the culture to ensure it aligns with the Company's purpose, values, and strategy for the long-term sustainable success of Regional REIT.

For more details on the Company's culture see page 103.

# PROPERTY LOCATIONS

Year ended 31 December 2024





# OPERATIONAL KEY POINTS

Year Ended 31 December 2024

Income focused with intensive asset management.

126

Properties

1,271

Units

780

Tenants

£60.7m

Rent Roll

77.5%

EPRA Occupancy by ERV\*

£28.6m

Property disposal proceeds (net of costs)  
18 assets and three part sales

83.4% England & Wales

90.7% Office

Portfolio by region and sector (by value)

4.6 yrs

WAULT to expiry

2.9 yrs

WAULT to first break by ERV\*

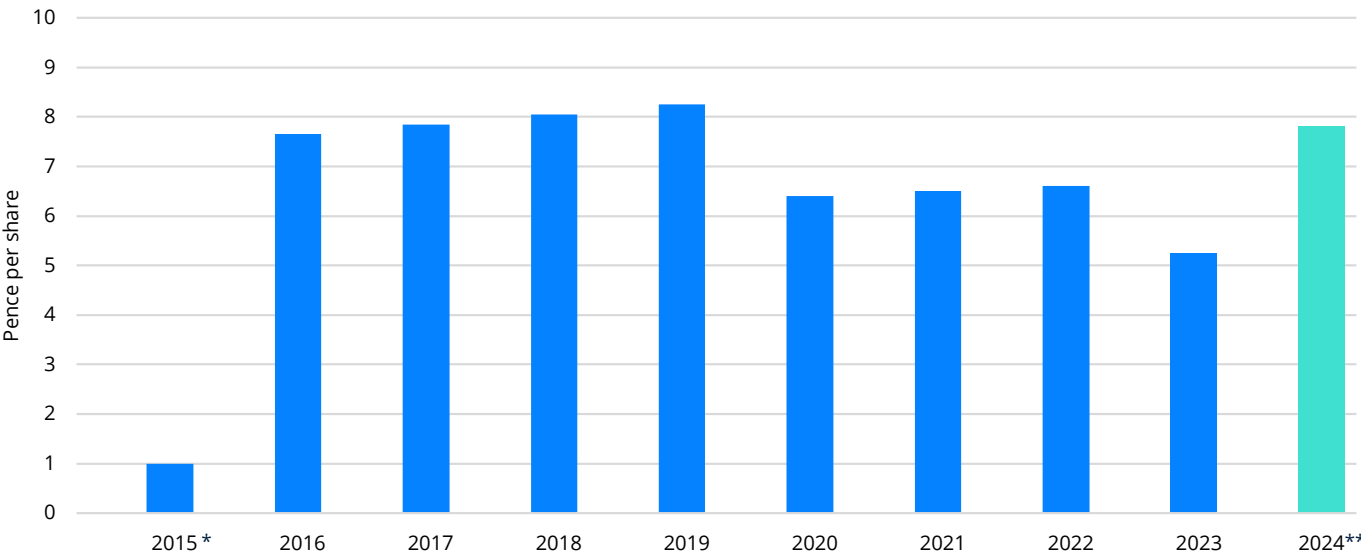
\* Alternative Performance Measures. Details are provided in the Glossary of Terms from page 214 and the EPRA Performance Measures on pages 208 to 211.

# PERFORMANCE KEY POINTS

Year Ended 31 December 2024

A key focus on delivering high dividend distributions to shareholders.

## Dividends declared per share



\* 6 November 2015.  
\*\* During the year the Company offered 15 new ordinary shares for every 7 existing shares. This resulted in an increase of 1,105,149,821 Ordinary Shares being issued. Subsequently there was a 10 for 1 split with the resulting Ordinary shares in issue being 162,088,483.  
Member of FTSE All-Share Index since March 2016.  
Member of FTSE EPRA NAREIT UK Index since June 2016.  
Terms are defined in the Glossary of Terms from page 214.



AT A GLANCE

Year Ended 31 December 2024

<b>Net LTV*</b> (%)	<b>WAULT to first break</b> (years)	<b>Reversionary Yield*</b> (%)
<b>41.8% (24%)</b>	<b>2.9yrs +4%</b>	<b>11.6% +7%</b>
2024 41.8	2024 2.9	2024 11.6
2023 55.1	2023 2.8	2023 10.8
2022 49.5	2022 3.0	2022 10.2
<b>Investment Properties Value</b> (£m)	<b>EPRA Occupancy</b> (%)	<b>Net Rental &amp; Property Income</b> (£m)
<b>£622.5m (11%)</b>	<b>77.5% (3%)</b>	<b>£46m (14%)</b>
2024 622.5	2024 77.5	2024 46.0
2023 700.7	2023 80.0	2023 53.7
2022 789.5	2022 83.4	2022 62.6
<b>Number or Properties</b>	<b>Tenants</b>	<b>Units</b>
<b>126 (13%)</b>	<b>780 (20%)</b>	<b>1,271 (14%)</b>
2024 126	2024 780	2024 1,271
2023 144	2023 978	2023 1,483
2022 154	2022 1,076	2022 1,552

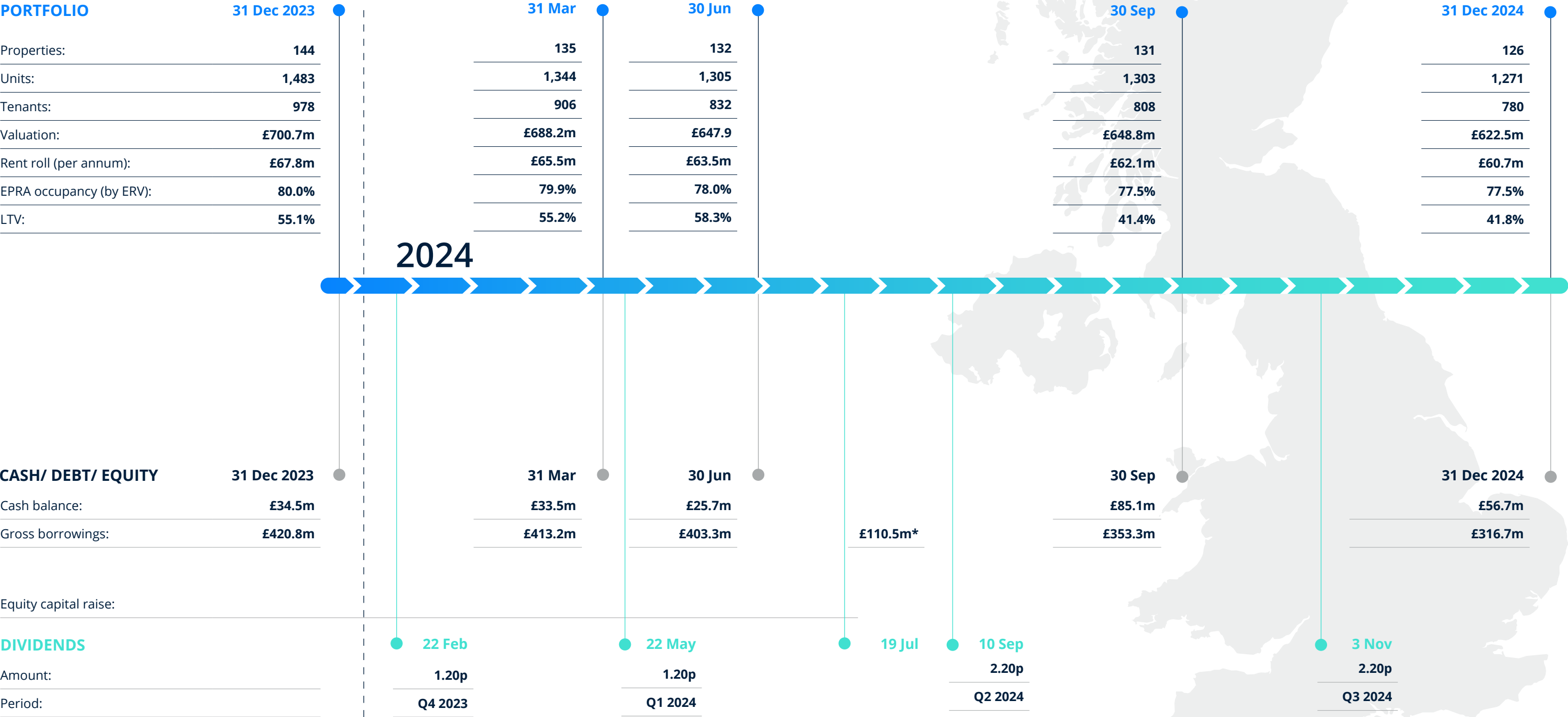
\* Alternative Performance Measures. Details and terms are provided in the Glossary of Terms from page 214 and the EPRA Performance Measures on pages 208 to 211.

<b>Rent Roll</b> (£m)	<b>Weighted Average Debt Duration (WADD)*</b> (years)	<b>Average rent* (per sq ft)</b> (£)
<b>£60.7m (10%)</b>	<b>2.9yrs (17%)</b>	<b>£13.92 +1%</b>
2024 60.7	2024 2.9	2024 13.92
2023 67.8	2023 3.5	2023 13.82
2022 71.8	2022 4.5	2022 13.65
<b>Average Property Value</b> (£m)	<b>Dividend per Share**</b> (pence)	<b>Weighted Average Cost of Debt (WACD)*</b> (%)
<b>£4.9m 0%</b>	<b>7.8p +49%</b>	<b>3.4% (3%)</b>
2024 4.9	2024 7.80	2024 3.4
2023 4.9	2023 5.25	2023 3.5
2022 5.1	2022 6.60	2022 3.5

\* Alternative Performance Measures. Details and terms are provided in the Glossary of Terms from page 214 and the EPRA Performance Measures on pages 208 to 211.

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

A YEAR IN REVIEW





STRATEGIC  
REPORT

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# CHAIRMAN’S STATEMENT

As I begin my first months in this role, I, together with the rest of the Board fully acknowledge the unprecedented challenges our Company and shareholders have faced over recent years. However, the £110.5 million capital raise in July 2024 enabled the Company to fully repay the £50 million Retail Bond in August, reduce overall bank borrowings and focus on accretive capital expenditure projects.

### Overview

While it was another difficult year for the property market and the regional office sector, our active management strategy did enable the Company to outperform the MSCI Rest of UK Offices Index which declined by 8.9% over the year with our portfolio value falling by 8.2% on a like-for-like basis after adjustments for acquisitions, disposals, and capital expenditure. The bulk of that fall was in the first half of the year with some signs of stabilisation in values in the second half.



Throughout the year, the Board remained committed to delivering consistent quarterly dividend distributions to our shareholders, ensuring full compliance with the HMRC REIT guidelines and maintaining a covered annual dividend. Our strong operational performance — driven by effective asset management and robust rent collection — further supported these uninterrupted dividend payments. The Board recognises the importance of delivering dividend growth on a fully covered basis going forward, and that will remain an overriding priority.

Letting demand for our portfolio remained robust despite overall occupancy falling on a like for like basis, with 2024 lettings having exceeded the prior year's estimated rental values by a significant 13.5%. This encouraging element of performance reflects the appeal of our properties and ability to cater for all tenants' requirements from a single desk to a stand-alone headquarter office. We do firmly believe that our portfolio is well positioned to benefit from the continued return-to-office momentum across the United Kingdom. This will be enhanced in the medium term by a more favourable macroeconomic environment and easing UK monetary policy, supporting the quarterly dividends and adding shareholder value.

There is a lot of work to do and the Board remains committed to reducing LTV while progressing opportunities across the portfolio to generate sustainable, long-term value for shareholders.

“

Letting demand for our portfolio remained robust, with 2024 lettings having exceeded the prior year's estimated rental values by a significant 13.5%."

**David Hunter**  
Chairman



**7.8pps 2024 Dividend (2023: 5.25pps\*)**



**£251.4 million of dividends have been declared since inception**



**£622.5 million Portfolio Valuation**

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



### Financial Resources

The Company's EPRA NTA increased to £340.7 million (IFRS NAV: £351.6 million) as at 31 December 2024, representing an increase of £49.9 million from £290.8 million (IFRS NAV: £306.1 million) as at 31 December 2023. This increase was driven by the £110.5 million equity capital raise, although it was partially offset by a challenging commercial real estate market that led to a decline in the property portfolio revaluation. A strong cash balance of £56.7 million was retained as of 31 December 2024 (2023: £34.5 million), of which £55.9 million was unrestricted (2023: £30.2 million)

The Company's debt position, which is comprised entirely of fixed and hedged interest rate debt, helped the Company mitigate rate volatility. With the repayment of the 4.5% £50 million Retail Bond, the weighted average cost of debt was reduced to 3.4% at the end of 2024 (2023: 3.5%), and the Net Loan-to-Value (LTV) decreased to 41.8% as of 31 December 2024, compared with 55.1% as at 31 December 2023.

The Company continues to execute its controlled disposal programme, consisting of 18 assets and three-part sales of assets, amounting to circa £28 million, net of costs.

### Sustainability

Once again, I am pleased to report the significant progress achieved by the ESG Working Party in 2024, which improved the Company's Global Real Estate Sustainability Benchmark (GRESB) from 66 to 73 and maintained a two Green Star Status. Additionally, we continued to achieve advancements in our EPC ratings and EPRA sustainability accreditation. Overall performance remains robust.

82.7% of our portfolio attained EPC ratings C plus or better (compared with 73.7% on 31 December 2023), while EPC B plus and exempt rose steeply to 57.7% (compared with 31.6% on 31 December 2023). This progress moves us nearer to meeting the Minimum Energy Efficiency Standard ('MEES') target of EPC B, well ahead of the stated 2030 target. Importantly, with limited compliant office supply in the regions, providing high quality, energy efficient space can be a key differentiator for Regional REIT, driving improved occupancy and rental growth.

### Market Environment

UK office investment reached £1.8 billion in Q4 2024, bringing the annual total to £7.3 billion, a 27% decline from 2023. London saw the sharpest drop, with investment falling 34% to £4.7 billion, while regional markets declined 5.5% to £2.34 billion. Q4 2024 transactional yields for central London offices rose slightly to 6.02% and yields for the rest of the UK increased by 43 basis points to 7.75%.

Looking ahead, Lambert Smith Hampton ("LSH")<sup>1</sup> sees 2024 as an inflection point for office space sector. LSH forecasts total returns averaging c7.9% per annum citing improved staff occupancy and tighter supply. Underpinning LSH's forecast, Centre for Cities<sup>2</sup> notes London office attendance rose from 2.2 to 2.7 days weekly; KPMG<sup>3</sup> reports 76% of financial leaders plan to boost attendance; and Willis Towers Watson<sup>4</sup> finds 60% of firms enforce office-day policies, improving engagement (85%), culture (72%), and learning (69%). Regional REIT's own annual tenant survey found that current active office occupation is now above pre-pandemic active occupancy, while employee occupation has stabilised at an average of four days a week.

### Dividends

The dividend remains a significant component of total shareholder returns. During the period under review, prior to the capital raise and share consolidation, the Company declared a Q1 2024 dividend of 1.2pps. Following the capital raise and subsequent share consolidation, the Company declared a Q2 2024 dividend of 2.2pps on 10 September 2024, a Q3 2024 dividend of 2.2pps on 13 November 2024, and has now declared a Q4 2024 dividend of 2.2pps. These dividend distributions ensure compliance with the HMRC REIT regime. Notably, the Company has paid a fully covered dividend for 2024, having also paid a covered dividend for 2023. Since inception, the Company has declared dividends amounting to 65.35pps noting the aforementioned one for ten share consolidation on 29 July 2024 and has distributed approximately £251.4 million in dividends to shareholders.

1 UK Investment Transactions Bulletin, UKIT Q4 2024 by Lambert Smith Hampton (LSH), Jan. 2025  
2 The Future of Work, Centre for Cities report (in partnership with Imperial College London), Sep. 2024  
3 Financial Services employee survey, KPMG, Oct. 2024  
4 Flexible Work Models Pulse survey by WillisTowersWatson, Dec. 2024



Norfolk House, Birmingham



Clinitron House, Ashby

Performance

The period under review was impacted by the announced equity capital raise on the 27 June 2024. The Company's total shareholder return was -40.5%, versus the return of -11.7% for the FTSE EPRA NAREIT UK Total return Index over the same period. The annualised EPRA Total Return was 0.6% p.a. (2023: 1.5% p.a.).

Board Changes

As announced on 18 December 2024, following a thorough search process and in line with the Company's policy, I was appointed as an Independent Non-Executive Director and Chair designate. I have since been appointed to the Audit, Nomination, and Management Engagement & Remuneration Committees and, following a handover period, assumed the role of Chair of the Board on 18 March 2025, succeeding Kevin McGrath, who stepped down after completing his nine-year tenure.

On behalf of the Board and our shareholders I extend our thanks to Kevin for his leadership and unwavering commitment over the years. His guidance and dedication have been instrumental in the governance of the Company, particularly with regard to our successful £110.5 million equity capital raise in 2024.

As announced on 11 October 2024, Daniel Taylor stepped down as Senior Independent Director and Non-Executive Director ("NED") of the Company, having completed his nine-year tenure in accordance with the Company's policy. Again, I record our appreciation of Daniel's significant contribution during his tenure.

Also on 11 October, Massy Larizadeh was appointed as Senior Independent Director. An independent NED since June 2022, Massy chairs the Management Engagement & Remuneration and Nomination Committees.

Finally, as announced on 21 October 2024, Nicole Burstow was appointed as a Non-Executive Director, representing our new significant shareholder Bridgemere Investments Limited. Nicole, a chartered accountant with over 20 years of financial services experience, is currently CFO of Bridgemere Group and was previously Deputy CEO of DSW Capital.

Annual General Meeting

The notice for the 2025 AGM will be published on our website and circulated to shareholders in line with the Company's Articles of Incorporation. In accordance with the Company's Articles of Incorporation and the AIC Code, all Directors will stand for re-election at the AGM, except for Ms Burstow and myself, as we were appointed as Directors since the last AGM and will therefore stand for election. Directors maintain their professional development through regular briefings from the Company Secretary and the Company's other advisers. As well as being committed to orderly succession planning, the Board will enhance its skills base as necessary. The Board looks forward to engaging with shareholders at the AGM.

Shareholder and Stakeholder Engagement

We welcomed Bridgemere Investments Limited as a new significant shareholder following the successful completion of the capital raise and thank them and our existing shareholders for their support. We look forward to working with Bridgemere and all our stakeholders as we look to return to growth.

Tenant and stakeholder satisfaction is key to our success. We aim to provide high-quality workspaces that accommodate diverse business needs, from small flexible units to corporate headquarters. Engaging actively with tenants is central to our asset management strategy, helping us understand their needs, address challenges, and enhance our workspaces. We promote open and transparent communication, ensuring a collaborative approach that benefits all stakeholders and improves operational efficiency. The Company welcomes shareholder engagement, with further details available at [www.regionalreit.com](http://www.regionalreit.com) and in this Annual Report.

Outlook

The property market continues to adjust to the evolving economic conditions and cautious investor sentiment. While the management team is doing all it can to increase returns including through capex, leasing and sales, performance is to some extent inevitably dependent on recovery in the sector. However, demand for well-located, high-quality office space remains resilient, supported by the continued return to the office, and there are significant opportunities to create value within the portfolio by progressing accretive initiatives such as securing planning consents ahead of sales. The Company remains focused on active asset management to drive occupancy, enhance tenant retention, and optimise rental growth, underpinning sustainable dividend distributions. As businesses prioritise dynamic and engaging workspaces, the Company is well placed for recovery, which will support long-term value creation and benefit shareholders as confidence gradually returns to the commercial property market.

.....

**David Hunter**  
Chairman  
24 March 2025



# INVESTMENT STRATEGY AND BUSINESS MODEL



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



## INVESTMENT POLICY

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

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

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

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

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

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



## INVESTMENT STRATEGY

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

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

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



## INVESTMENT OBJECTIVE

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



## BORROWINGS

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

# PRINCIPAL RISKS AND UNCERTAINTIES:

Read more about the Principal Risks and Uncertainties facing the Company on pages 60 to 72, which are linked to the Company's strategy as set out below.



Strategic



Valuation



Healthcare events



Economic and political



Funding



Tenant



Financial and tax changes



Operational



Accounting, legal and regulatory



Environmental and efficiency standards



## GEOGRAPHICALLY DIVERSE PORTFOLIO

### OUR APPROACH

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

### HOW WE ADD VALUE

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

### PROGRESS DURING THE YEAR

- 126 properties (2023: 144), 1,271 units (2023: 1,483) and 780 tenants (2023: 978) as at 31 December 2024.
- The largest single property is 2.9% of the Gross Investment Properties value (2023: 2.8%) and the largest tenant 2.8% of Gross Rental Income (2023: 2.5%).
- England & Wales represent 83.4% of the Gross Investment Properties value (2023: 83.8%); office 90.7% and industrial sites are 3.7% (2023: office 92.1%; industrial 3.2%).

### LINK TO PRINCIPAL RISKS



## INVESTING IN INCOME PRODUCING ASSETS

### OUR APPROACH

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

### HOW WE ADD VALUE

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

### PROGRESS DURING THE YEAR

- Rent roll of £60.7 million as at end 2024 (2023: £67.8 million).
- Average rents have increased to £13.92 per sq. ft. (2023: £13.82 per sq. ft.).
- Declared dividends of 7.80pps\* for 2024 (2023: 5.25pps).

### LINK TO PRINCIPAL RISKS



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





## ACTIVE MANAGEMENT OF THE PROPERTIES

### OUR APPROACH

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

### HOW WE ADD VALUE

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

### PROGRESS DURING THE YEAR

- Net capital expenditure of £8.2 million in 2024 (2023: £10.2 million); capital expenditure is recovered through dilapidations, service charges or improved property rental income.
- Active and intense asset management maintained EPRA occupancy of 77.5% (2023: 80.0%).

### LINK TO PRINCIPAL RISKS



## OPPORTUNISTIC APPROACH TO PROPERTY INVESTMENT

### OUR APPROACH

- A focus on exploiting pricing inefficiencies and mismatches between regional Core and Core Plus and primary property yields.
- Following the successful July 2024 equity capital raise the Company is able to undertake accretive value add projects.
- From such opportunities, the Group will acquire, hold and sell commercial real estate that it believes to be mispriced.
- Utilising leverage to build the acquisitions capability of the business.

### HOW WE ADD VALUE

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

### PROGRESS DURING THE YEAR

- The Company completed disposals (net of costs) of £28.6 million, respectively reflecting an average net initial yield of 8.3% (10.6% excluding vacant properties), which in conjunction with the July 2024 successful £110.5m equity capital raise helped to reduce the Group Net LTV.
- During 2024, borrowing repayments totalled £104.0 million, new borrowings were £nil million, resulting in total borrowings of £316.7 million. The average funding cost (including hedging) was 3.4% (2023: 3.5%).

### LINK TO PRINCIPAL RISKS



## HIGHLY EXPERIENCED ASSET MANAGER

### OUR APPROACH

- The Asset Manager has the heritage of a long-established property investment management team.
- ESR Europe LSPIM is headquartered in Glasgow and has a number of offices around the UK, with 77 employees, as at 31 December 2024, working on Regional REIT.

### HOW WE ADD VALUE

- The capabilities and track record of the management team, including knowledge, expertise and established relationships, provide an important competitive advantage for operating in the fragmented UK regional property market. The senior management team of the Asset Manager collectively have over 180 years of property experience, with a proven record of creating value.
- The Asset Manager grew property rental income for a similar portfolio on a like-for-like basis through the 2008-12 recession.

### PROGRESS DURING THE YEAR

- Completed 61 new lettings in 2024, 13.5% above 2023 ERV, which after the expiry of rent incentives will provide a gross rental income of £3.2 million.

### LINK TO PRINCIPAL RISKS



## REGIONS PRIMED FOR GROWTH

### OUR APPROACH

- The resilient regions are expected to benefit from future capital inflows, a strong rebound of the UK economy and governmental resource allocation, which should conflate to ensure occupier demand for offices grows.
- According to monthly data from MSCI, income return held up well for the rest of UK office markets in the 12 months ended December 2024 at 7.1%.

### HOW WE ADD VALUE

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

### LINK TO PRINCIPAL RISKS



# ASSET MANAGER AND INVESTMENT ADVISERS' REPORT

## Overview

While 2024 has undoubtedly been another challenging year for the property market and the regional office market in particular, with the successful equity raise in July 2024, Regional REIT enters 2025 with cautious optimism. We are beginning to see an improvement in sentiment in the UK office market, with the average number of days in the office having stabilised at four days a week across our portfolio. There is also a growing recognition of the vital role the office plays in driving productivity and strengthening a company's culture.

We anticipate a slow and steady improvement to the occupational market in 2025, however, it will take time for the impact of these changes to flow through to our financial performance. On a like-for-like basis the valuation of the portfolio fell by 8.2% in the year to £622.5m, although the pace of this reduction slowed to 3.1% in the second half. If, as is widely forecast, interest rates continue to fall then this will bring stability and confidence and ultimately be beneficial to real estate values.



Our operational performance continues to be robust. At an operational level, the business delivered 61 new lettings last year at 13.5% above 2023 ERV, totalling £3.2m rent roll. Rent collection remained high at 98.6%, and occupancy amounted to 77.5% compared to 80.0% in 2023. This slight reduction was in part due to the business holding some buildings vacant while it progresses planning applications to add value.

Importantly, the combination of our ongoing controlled disposals programme and the successful £110.5m equity raise have transformed Regional REIT's balance sheet, taking LTV to 41.8% at the end of the year from 55.1% in 2023. This ensures that we have the resources and flexibility to take advantage of the opportunities we see to create value across our portfolio. Further reducing LTV via selected disposals remains a priority, and a total of 43 sites totalling c. £106.7m have been earmarked for sale, with nine sales totalling £18.6m either contracted, under offer, or in negotiation.

Looking ahead, along with a targeted capex programme to bring selected assets up to the necessary standard to optimise rents, a key objective will be maximising the opportunities we see in the portfolio to add value by securing planning consents ahead of sales. Over the medium term, based on current property values we estimate that there is the potential to add substantial value through these initiatives.

There is a lot of work to do. However, the team is laser focused on delivering against our restated strategy and with a transformed balance sheet there are extensive opportunities across the portfolio. Regional REIT is well placed to deliver against its objective of being a high dividend paying REIT, while also pursuing added capital value.

“ We are beginning to see an improvement in sentiment in the UK office market, with the average number of days in the office having stabilised at four days a week. There is also a growing recognition of the vital role the office plays in driving productivity and strengthening a company's culture.”

**Stephen Inglis**  
Head of ESR Europe LSPIM Ltd.  
Asset Manager



# KEY POINTS FROM 2024

## HIGH LEVEL OF RENT COLLECTION

Achieved a high level of rent collection. As at 14 March 2025, rent collection remains robust, with FY 2024 at 98.6%, adjusting for monthly rent and agreed collections plans, which is similar to the equivalent date in 2024 when 98.9% had been collected.



## INCREASE IN AVERAGE RENT

Average rent by let sq. ft. increased by 1.1% from £13.82 per sq. ft. in December 2023 to £13.92 per sq. ft. in December 2024.



## NEW LETTINGS - GREATER THAN ERV

Completed 61 new lettings in 2024, totalling 191,541 sq ft and 13.5% above ERV, which when fully occupied will provide a gross rental income of c. £3.2 million.



## INCREASE IN GRESB SCORE

The Company submitted its Fourth Global Real Estate Sustainability Benchmark ("GRESB") assessment resulting in an increased score of 73 from 66.



## DISPOSALS PROGRAMME

Disposals during 2024 totalled £28.6 million (net of costs), reflecting a net initial yield of 8.3% (10.6% excluding vacant assets).



## OUTPERFORM THE MSCI MONTHLY DATA

The like-for-like value of the portfolio decreased by 8.2% from 31 December 2023 to 31 December 2024 after adjusting for capital expenditure, acquisitions and disposals during the period (7.1% excluding capital expenditure adjustment). Noting that some assets are being held for repurposing potential, the MSCI monthly data shows capital value decline of 8.9% for rest of UK offices over the same period.



## UK Office Investment Activity

Investment in UK offices reached £1.8 billion in Q4 2024, bringing the total for the year to £7.3 billion, 27% lower than 2023<sup>1</sup>. The decline in overall office investment was primarily driven by a significant drop in London, where investment fell by 34% to £4.7 billion in 2024 down from £7.2 billion in 2023. The regional office markets also experienced a decline in investment in 2024 when compared to 2023 of 5.5%, an annual total of £2.34 billion from £2.48 billion.

Transactional yields<sup>2</sup> for central London offices were marginally up for Q4 2024 at 6.02% against the same period in Q4 2023. In contrast the transactional yields for rest of the UK were 7.75% for Q4 2024, an increase of 0.5% on the Q4 2023.

Looking ahead, Lambert Smith Hampton ("LSH"), see 2024 as an inflection point for the office sector. LSH forecast total returns averaging c7.9% per annum citing improved staff occupancy and tighter supply.

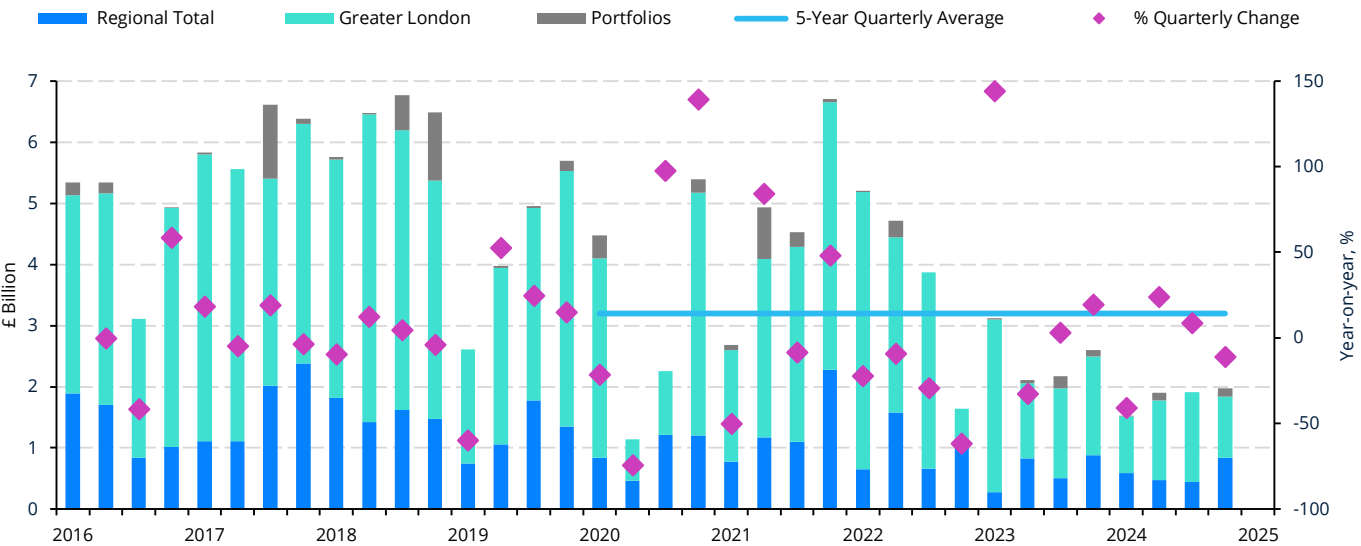
Underpinning LSH's forecast, the Office for National Statistics ("ONS") data<sup>3</sup> shows that in 2024, 42% of workers in the UK on average travelled exclusively to work, while only 13% worked from home full-time, a drop from 25% in 2021. Additionally, approximately 26% of UK workforce were hybrid working in 2024.

Recent surveys underscore a growing trend toward increased office attendance across the UK, driven by new policies, improved team engagement, and recognised in-office benefits.

- **Centre for Cities Survey<sup>4</sup>:** In London, workers increased their office attendance from 2.2 days per week in 2023 to 2.7 days in 2024, signalling a gradual return.
- **KPMG Survey<sup>5</sup>:** A survey of financial services leaders shows that 76% plan to increase attendance, with 37% expecting employees to be in-office at least four days weekly.
- **Willis Towers Watson Survey<sup>6</sup>:** 'Flexible Work Models Pulse' reports that 60% of UK companies now enforce a minimum office-days policy, boosting engagement (85%), culture (72%), and learning (69%).

These findings continue to highlight the benefits and productivity companies observe from in person collaboration.

## Quarterly Investment Volumes (£bn)



Source: Lambert Smith Hampton Research (January 2025)

1 UK Investment Transactions Bulletin, UKIT Q4 2024 by Lambert Smith Hampton (LSH), Jan. 2025  
2 Transactional Yield focuses on the yield at the point of purchase, based on the current property income  
3 ONS, Public opinions and social trends, Great Britain: social mobility, Jan. 2025  
4 The Future of Work, Centre for Cities report (in partnership with Imperial College London), Sep. 2024  
5 Financial Services employee survey, KPMG, Oct. 2024  
6 Flexible Work Models Pulse survey by WillisTowersWatson, Dec. 2024

ASSET MANAGER AND INVESTMENT ADVISERS' REPORT CONTINUED

Occupational Demand in the UK Regional Office Market

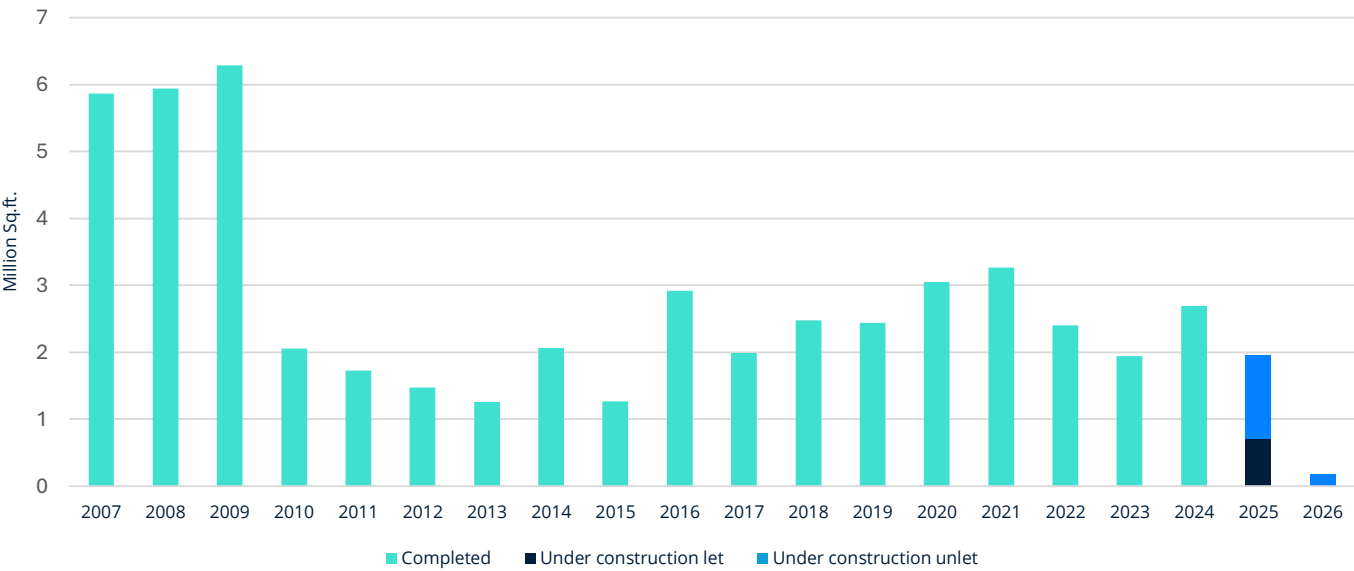
Avison Young announced that the take-up of office space across the nine<sup>7</sup> regional markets reached 2.2 million square feet (sq.ft.) in Q4 2024, on par with the previous quarter and the highest since Q4 2022, 33.9% above the previous quarter and 18.2% above the five year quarterly average take-up. The annual total was 10% higher than 2023, at 7.9m sq.ft. with positive occupier sentiment, particularly from larger corporates.

The high demand and short supply across the nine regional markets continue to keep rental growth high, with an average of 6.6% prime rental growth.

Occupational demand in the regional office markets continued to be driven by the financial and professional services sector, with both accounting for 18.0% share each in Q4 2024. However, the sector with the most growth was education and training with 39% annual increase.

In terms of the development pipeline, in 2025 it is estimated that approximately 2.0 million sq.ft. of office space is currently under construction in the Big Nine<sup>8</sup> regional markets, with 36% already pre-let. The estimated pipeline total is the lowest since 2017 and therefore likely to produce supply shortages. 2024 saw refurbishments take a 38% share, up from 24% in 2023 and this trend is expected to continue into 2025. The data supports LSH's comment (See UK Office Activity) on tighter supply of office space in the forthcoming years.

Development Pipeline (sq.ft.)



Source: Glenigan, Property Market Analysis. Avison Young

7 Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle  
8 The Big Nine, Quarterly update of regional office activity, Q4 2024 by Avison Young, Feb. 2025

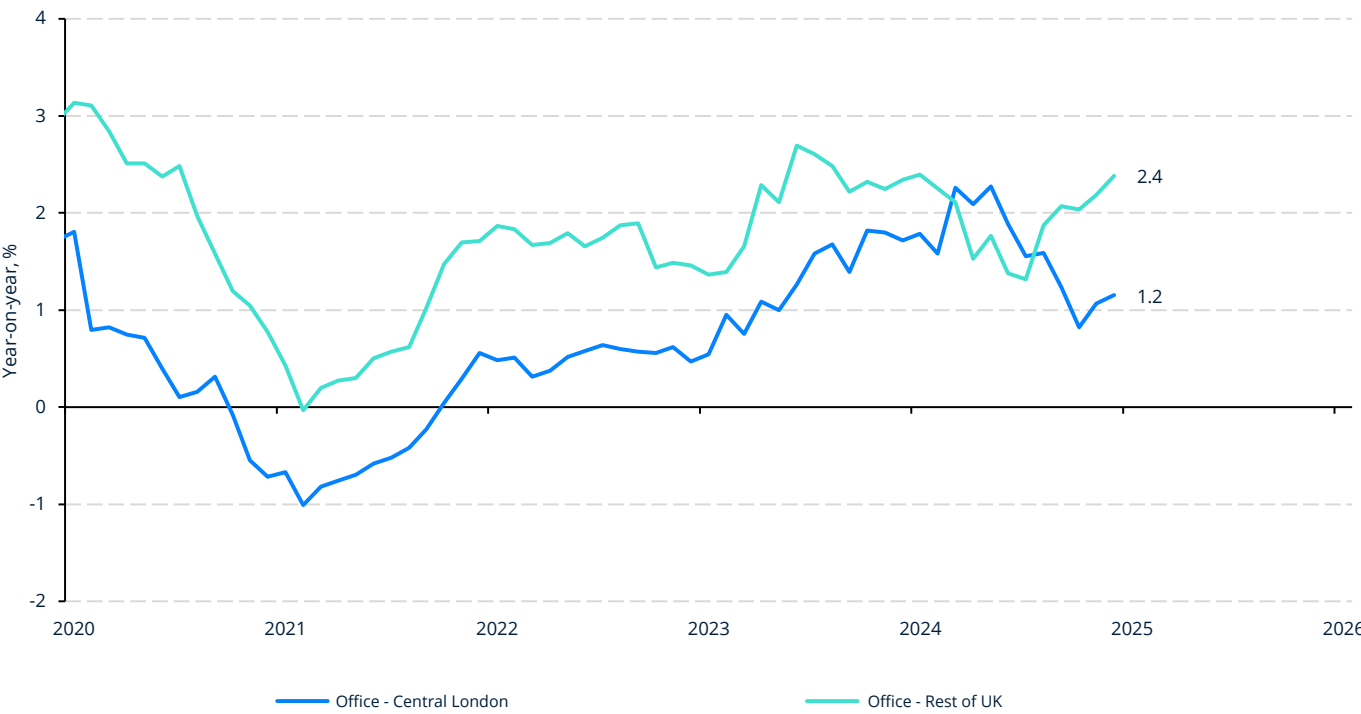
Rental Growth in the UK Regional Office Market

According to monthly data from MSCI, rental value growth finished the year on a high for 'Rest of UK Office' markets with growth of 2.4% (see chart below). Conversely, central London offices experienced modest growth of 1.2% over the same period. Avison Young report that seven of the Big Nine's cities saw an increase in their prime rents this quarter; with the top three being an increase of:

- 14.1% to Bristol with £48.50 per square foot (psf)
- 13.7% to Liverpool at £29.00 psf
- 12% to Cardiff at £28.00 psf

This brought the Big Nine's average annual prime rental growth to 6.6% in Q4.

Rental Value Growth



Source: MSCI (December 2024)

Regional REIT's Office Assets

EPRA occupancy of the Group's regional offices of 76.4% as at 31 December 2024 (2023: 79.2%). A like-for-like comparison of the Group's regional offices' EPRA occupancy, as at 31 December 2024 versus 31 December 2023, shows occupancy of 76.4% (2023: 80.5%). WAULT to first break was 2.7 years (2023: 2.6 years); like-for-like WAULT to first break of 2.7 years (2023: 2.6 years).



ASSET MANAGER AND INVESTMENT ADVISERS' REPORT CONTINUED

Property Portfolio

As at 31 December 2024, the Group's property portfolio was valued at £622.5 million (2023: £700.7 million), with rent roll of £60.7 million (2023: £67.8 million), and an EPRA occupancy of 77.5% (2023: 80.0%).

On a like-for-like basis, 31 December 2024 versus 31 December 2023, EPRA occupancy was 77.5% (2023: 81.3%).

There were 126 properties (2023: 144) in the portfolio, with 1,271 units (2023: 1,483) and 780 tenants (2023: 978). If the portfolio was fully occupied at Colliers International Property Consultants view of market rents, the rental income would be £83.2 million per annum as at 31 December 2024 (2023: £87.0 million).

As at 31 December 2024, the net initial yield on the portfolio was 5.9% (2023: 6.2%), the equivalent yield was 10.4% (2023: 9.9%) and the reversionary yield was 11.6% (2023: 10.8%).

Property Portfolio by Sector

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Net initial yield (%)	Equivalent yield (%)	Reversionary yield (%)
Office	107	564.7	90.7	5.1	76.4	2.7	54.9	14.97	77.6	110.99	5.8	10.5	11.9
Retail	13	22.6	3.6	0.3	91.7	3.4	2.7	11.14	2.6	85.10	7.2	9.6	10.3
Industrial	4	23.1	3.7	0.4	90.8	4.1	1.9	5.38	2.1	55.02	6.5	7.7	8.0
Other	2	12.2	2.0	0.1	98.5	9.5	1.1	12.48	0.9	128.64	8.5	8.3	7.0
Total	126	622.5	100.0	5.9	77.5	2.9	60.7	13.92	83.2	106.10	5.9	10.4	11.6

Property Portfolio by Region

Region	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WAULT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	Net initial yield (%)	Equivalent yield (%)	Reversionary yield (%)
Scotland	28	103.5	16.6	1.1	68.7	4.0	9.7	13.93	16.3	93.64	5.0	11.2	12.6
South East	23	109.8	17.6	0.9	78.0	2.6	10.9	16.39	14.6	126.25	6.1	10.3	11.7
North East	18	98.2	15.8	0.8	71.0	3.1	8.1	13.40	11.8	117.47	5.4	9.7	10.8
Midlands	22	125.1	20.1	1.3	89.3	3.0	13.9	12.83	16.9	93.89	6.4	10.6	11.9
North West	17	87.4	14.0	0.9	69.7	1.8	8.5	13.79	12.2	98.35	5.2	10.4	11.9
South West	12	59.3	9.5	0.4	85.0	2.0	5.9	17.59	7.1	148.17	7.6	10.3	11.1
Wales	6	39.3	6.3	0.4	88.8	3.7	3.6	10.20	4.3	90.24	6.9	9.3	9.9
Total	126	622.5	100.0	5.9	77.5	2.9	60.7	13.92	83.2	106.10	5.9	10.4	11.6

Tables may not sum due to rounding





Top 15 Investments (market value) as at 31 December 2024

Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq. Ft.)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break (years)
300 Bath Street, Glasgow	Office	Glasgow Tay House Centre Ltd, University of Glasgow, Fairhurst Group LLP, ESR Europe LSPIM Ltd	17.9	2.9	156,853	82.7	0.8	1.4	2.6
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd	17.5	2.8	84,043	100.0	1.8	3.0	2.7
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Accenture (UK) Ltd	17.3	2.8	118,530	98.9	1.9	3.2	6.1
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, EDF Energy Ltd	15.8	2.5	73,292	100.0	1.5	2.5	1.8
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd	15.2	2.4	132,690	75.8	1.3	2.2	2.7
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd	14.9	2.4	107,760	78.9	1.5	2.4	1.7
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, SMS Product Services Ltd	14.6	2.3	215,330	72.4	1.1	1.7	5.0
1-4 Llansamlet Retail Park, Nantylffin Rd, Swansea	Retail	Wren Kitchens Ltd, Dreams Ltd, NCF Furnishings Ltd, ScS Upholstery	13.3	2.1	74,425	100.0	1.2	2.0	3.5
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M.London Fashion Ltd, CVS (Commercial Valuers & Surveyors) Ltd	12.9	2.1	161,502	80.8	1.1	1.9	1.3
Orbis 1, 2 & 3, Pride Park, Derby	Office	Firstsource Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	12.1	1.9	121,883	100.0	1.8	3.0	2.4
Ashby Park, Ashby De La Zouch	Office	Ceva Logistics Ltd, Ashfield Healthcare Ltd, Brush Electrical Machines Ltd	11.6	1.9	87,872	92.8	1.2	2.1	3.3
Lightyear - Glasgow Airport, Paisley	Office	Loganair Ltd, Rolls-Royce Submarines Ltd, Heathrow Airport Ltd	11.5	1.8	73,499	94.4	1.5	2.4	4.3
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Senceive Ltd, Aztech IT Solutions Ltd	11.3	1.8	107,352	78.8	1.2	2.0	2.0
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, BDW Trading Ltd	11.0	1.8	86,758	55.3	0.7	1.2	3.1
The Coach Works, Leeds	Office	St James's Place Wealth Management Group Ltd, Abstract Tech Ltd, Canal & River Trust	10.5	1.7	41,121	68.9	0.7	1.2	1.4
Total			207.0	33.3%	1,642,910	86.4	19.6	32.3	3.0

Tables may not sum due to rounding

Top 15 Tenants (share of rental income) as at 31 December 2024

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq. Ft.)	Annualised gross rent (£m)	% of gross rental income
EDF Energy Ltd	800 Aztec West, Bristol Endeavour House, Sunderland	Electricity, gas, steam and air conditioning supply	4.5	109,114	1.7	2.8
Global Banking School Ltd	Norfolk House, Smallbrook Queensway, Birmingham	Education	7.9	73,628	1.4	2.3
Virgin Media Limited	Eagle Court, Coventry Road, Birmingham Southgate Park, Peterborough	Information and communication	2.7	75,309	1.3	2.2
The Secretary of State for Housing, Communities and Local Government	1 Burgage Square, Merchant Square, Wakefield Albert Edward House, Preston Bennett House, Stoke On Trent Oakland House, Manchester Origin (Office), Bracknell Waterside Business Park, Swansea	Public sector	4.1	116,238	1.2	2.0
Firstsource Solutions UK Ltd	Orbis 1, 2 & 3, Pride Park, Derby	Administrative and support service activities	2.3	62,433	1.0	1.7
E.ON UK Plc	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	0.3	99,142	0.9	1.6
Shell Energy Retail Ltd	Columbus House, Coventry	Electricity, gas, steam and air conditioning supply	0.0	53,253	0.9	1.5
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.1	41,743	0.9	1.4
SPD Development Company Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	9.0	58,167	0.8	1.4
Aviva Central Services UK Ltd	Hampshire Corporate Park, Eastleigh	Other service activities	0.9	42,612	0.8	1.3
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	10.8	41,542	0.8	1.2
Care Inspectorate	Compass House, Dundee Quadrant House, Dundee	Public sector	3.3	51,852	0.7	1.1
Please Hold (UK) Ltd	Oakland House, Manchester	Professional, scientific and technical activities	0.9	60,362	0.6	1.0
SpaMedica Ltd	1175 Century Way, Thorpe Park, Leeds Albert Edward House, Preston Fairfax House, Wolverhampton Southgate Park, Peterborough The Foundation Chester Business Park, Chester	Human health and social work activities	3.1	40,529	0.6	1.0
DHU Health Care C.I.C.	Orbis 1, 2 & 3, Pride Park, Derby	Human health and social work activities	1.3	42,301	0.6	0.9
Total			3.7	968,225	14.3	23.5

Tables may not sum due to rounding

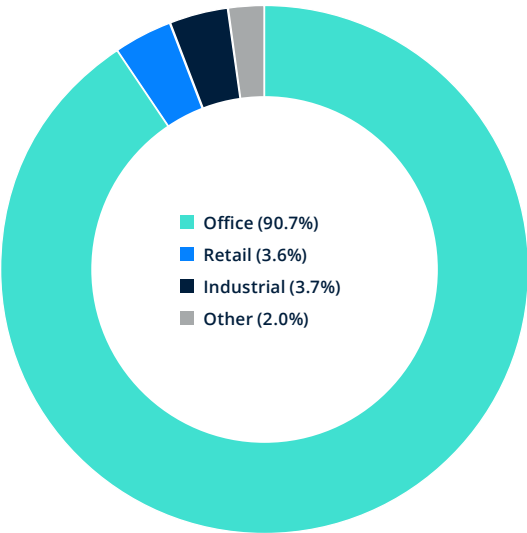
ASSET MANAGER AND INVESTMENT ADVISERS' REPORT CONTINUED

Property Portfolio Sector and Region Splits by Valuation and Income as at 31 December 2024

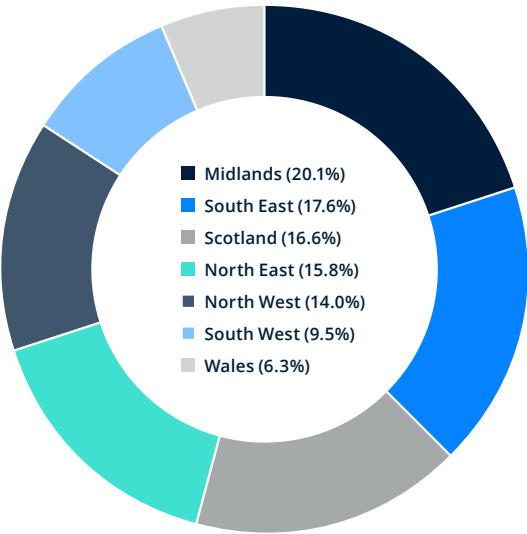
By Valuation

As at 31 December 2024, 90.7% (2023: 92.1%) of the portfolio by market value was offices and 3.6% (2023: 3.1%) was retail. The balance was made up of industrial, 3.7% (2023: 3.2%) and other, 2.0% (2023: 1.7%). By UK region, as at 31 December 2024, Scotland represented 16.6% (2023: 16.2%) of the portfolio and England 77.1% (2023: 78.4%); the balance of 6.3% (2023: 5.4%) was in Wales. In England, the largest regions were the Midlands, the South East and the North East.

Sector Split by Valuation



Regional Split by Valuation

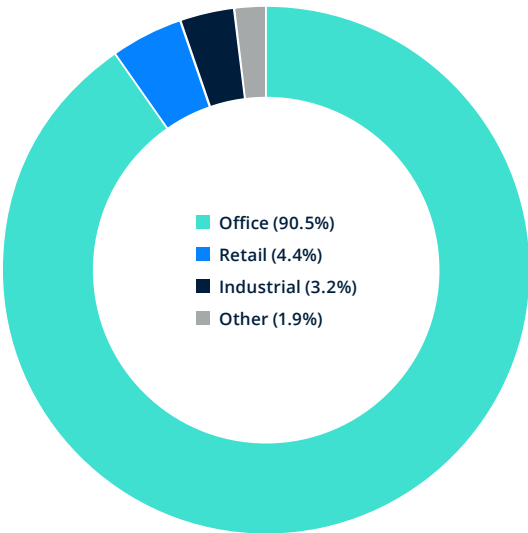


Source: LSPIM.  
Charts may not sum due to rounding.

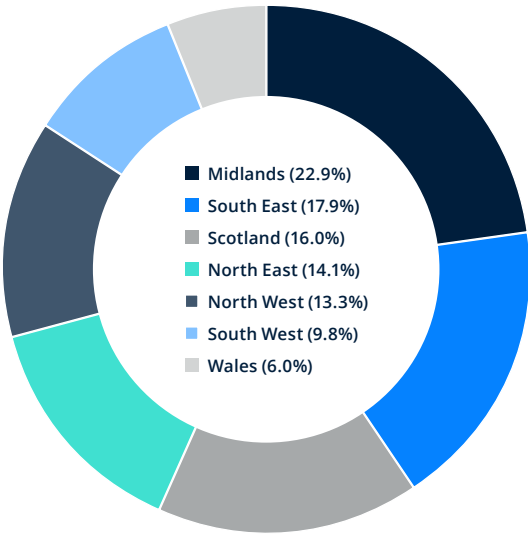
By Income

As at 31 December 2024, 90.5% (2023: 91.3%) of the portfolio by income was offices and 4.4% (2023: 4.2%) was retail. The balance was made up of industrial, 3.2% (2023: 2.8%), and other, 1.9% (2023: 1.7%). By UK region, as at 31 December 2024, Scotland represented 16.0% (2023: 15.8%) of the portfolio and England 78.0% (2023: 78.6%); the balance of 6.0% was in Wales (2023: 5.6%). In England, the largest regions were the Midlands, the South East and the North West.

Sector Split by Income



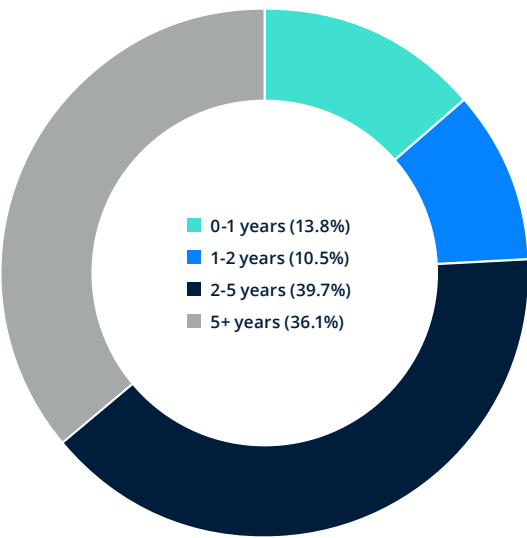
Regional Split by Income



Lease Expiry Profile

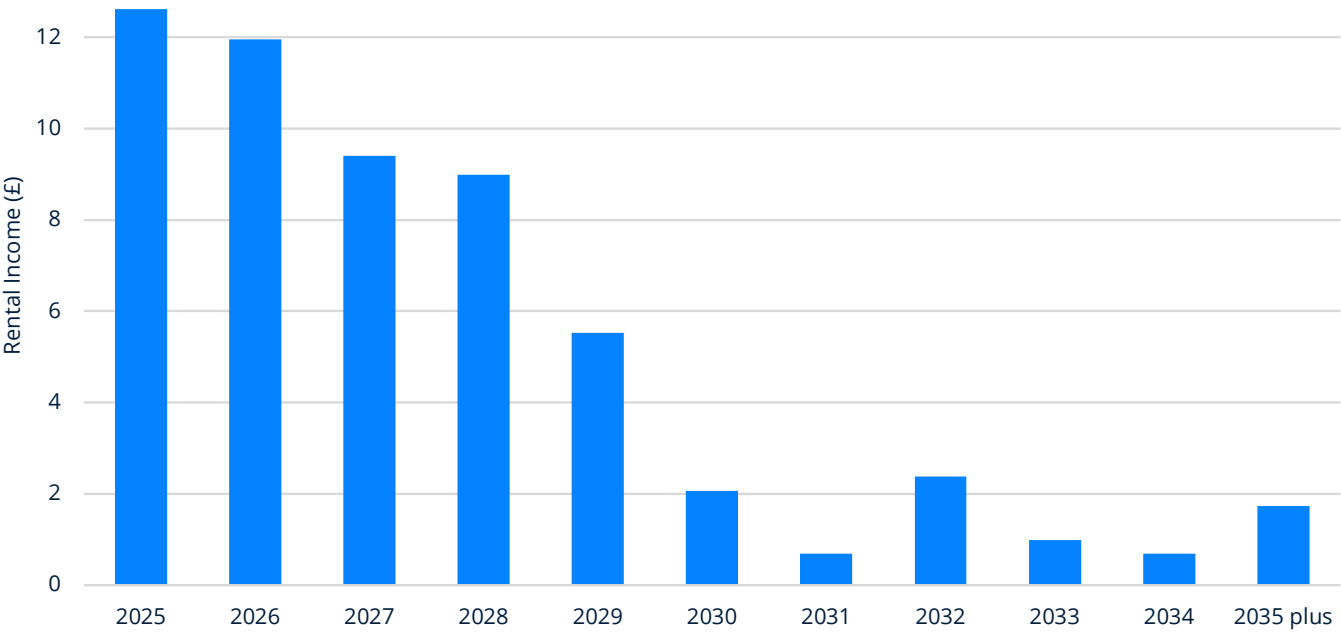
The WAULT on the portfolio is 4.6 years (2023: 4.7 years); WAULT to first break is 2.9 years (2023: 2.8 years). As at 31 December 2024, 13.8% (2023: 15.9%) of income was from leases, which will expire within one year, 10.5% (2023: 10.7%) between one and two years, 39.7% (2023: 33.3%) between two and five years and 36.1% (2023: 40.1%) after five years.

Lease Expiry Income Profile

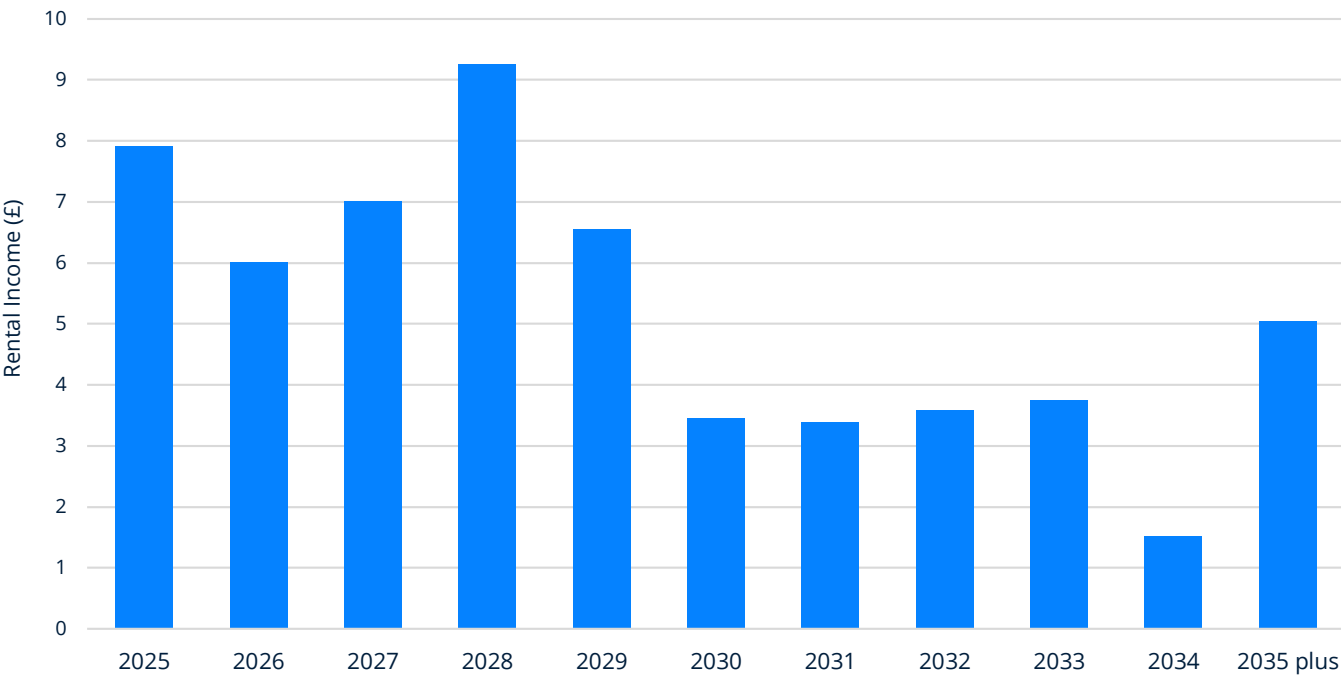




Lease expiry to first break income profile by year



Lease expiry income profile by year



Source: LSPIM.  
Charts may not sum due to rounding.

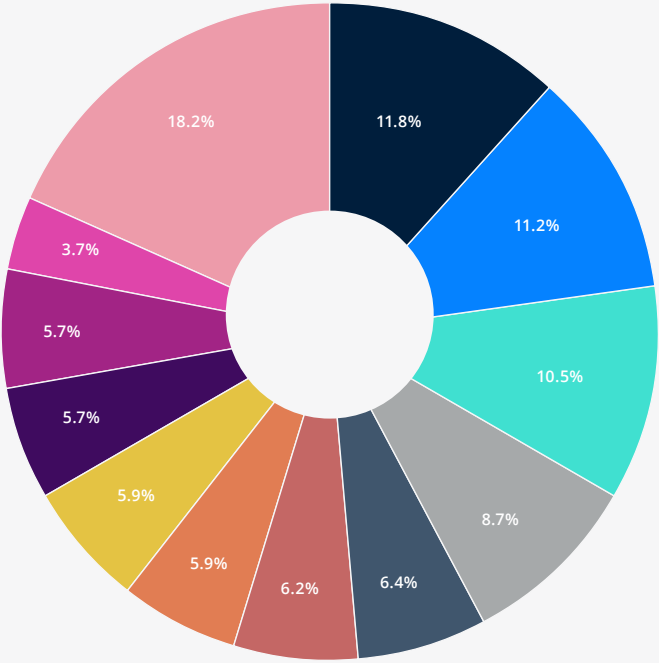
ASSET MANAGER AND INVESTMENT ADVISERS' REPORT CONTINUED

Tenants by Standard Industrial Classification (SIC)

As at 31 December 2024, 11.8% of income was from tenants in the professional, scientific and technical activities sector (2023: 11.5%), 11.2% from the administrative and support service activities sector (2023: 10.4%), 10.5% from the information and communication activities sector (2023: 12.2%), 8.7% from the wholesale and retail trade sector (2023: 8.0%) and 6.4% from the electricity, gas, steam and air conditioning supply sector (2023: 6.5%). The remaining exposure is broadly spread.

No tenant represents more than 3.0% of the Group’s rent roll as at 31 December 2024, the largest being 2.8% (2023: 2.5%).

Tenants by SIC Codes (% of gross rent)



Source: LSPIM.  
Charts may not sum due to rounding.

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

# PROPERTY PORTFOLIO

## Top 15 Properties

1. 300 BATH STREET, GLASGOW		
Market value (£million)	17.9	
Sector	Office	
Annualised gross rent (£million)	0.8	
Lettable area (Sq. Ft.)	156,853	
Anchor tenants	Glasgow Tay House Centre Ltd, University of Glasgow, Fairhurst Group LLP, ESR Europe LSPIM Ltd	
EPRA Occupancy (%)	87.2	
WAULT (years) (to first break)	2.6	

2. HAMPSHIRE CORPORATE PARK, EASTLEIGH		
Market value (£million)	17.5	
Sector	Office	
Annualised gross rent (£million)	1.8	
Lettable area (Sq. Ft.)	84,043	
Anchor tenants	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd	
EPRA Occupancy (%)	100.0	
WAULT (years) (to first break)	2.7	

3. NORFOLK HOUSE, SMALLBROOK QUEENSWAY, BIRMINGHAM		
Market value (£million)	17.3	
Sector	Office	
Annualised gross rent (£million)	1.9	
Lettable area (Sq. Ft.)	118,530	
Anchor tenants	Global Banking School Ltd, Accenture (UK) Ltd	
EPRA Occupancy (%)	98.9	
WAULT (years) (to first break)	6.1	

4. 800 AZTEC WEST, BRISTOL		
Market value (£million)	15.8	
Sector	Office	
Annualised gross rent (£million)	1.5	
Lettable area (Sq. Ft.)	73,292	
Anchor tenants	NNB Generation Company (HPC) Ltd, EDF Energy Ltd	
EPRA Occupancy (%)	100.0	
WAULT (years) (to first break)	1.8	

5. EAGLE COURT, COVENTRY ROAD, BIRMINGHAM		
Market value (£million)	15.2	
Sector	Office	
Annualised gross rent (£million)	1.3	
Lettable area (Sq. Ft.)	132,690	
Anchor tenants	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd	
EPRA Occupancy (%)	75.8	
WAULT (years) (to first break)	2.7	



PROPERTY PORTFOLIO CONTINUED

6. MANCHESTER GREEN, MANCHESTER

Market value (£million)	14.9	
Sector	Office	
Annualised gross rent (£million)	1.5	
Lettable area (Sq. Ft.)	107,760	
Anchor tenants	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd	
EPRA Occupancy (%)	78.9	
WAULT (years) (to first break)	1.7	

7. BEESTON BUSINESS PARK, NOTTINGHAM

Market value (£million)	14.6	
Sector	Office/ Industrial	
Annualised gross rent (£million)	1.1	
Lettable area (Sq. Ft.)	215,330	
Anchor tenants	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, SMS Product Services Ltd	
EPRA Occupancy (%)	72.4	
WAULT (years) (to first break)	5.0	

8. 1-4 LLANSAMLET RETAIL PARK, NANTYFFIN RD, SWANSEA

Market value (£million)	13.3	
Sector	Retail	
Annualised gross rent (£million)	1.2	
Lettable area (Sq. Ft.)	74,425	
Anchor tenants	Wren Kitchens Ltd, Dreams Ltd, NCF Furnishings Ltd, ScS Upholstery	
EPRA Occupancy (%)	100.0	
WAULT (years) (to first break)	3.5	

9. OAKLAND HOUSE, MANCHESTER

Market value (£million)	12.9	
Sector	Office	
Annualised gross rent (£million)	1.1	
Lettable area (Sq. Ft.)	161,502	
Anchor tenants	Please Hold (UK) Ltd, A.M.London Fashion Ltd, CVS (Commercial Valuers & Surveyors) Ltd	
EPRA Occupancy (%)	80.8	
WAULT (years) (to first break)	1.3	

10. ORBIS 1, 2 & 3, PRIDE PARK, DERBY

Market value (£million)	12.1	
Sector	Office	
Annualised gross rent (£million)	1.8	
Lettable area (Sq. Ft.)	121,883	
Anchor tenants	Firstsource Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	
EPRA Occupancy (%)	100.0	
WAULT (years) (to first break)	2.4	

11. ASHBY PARK, ASHBY DE LA ZOUCH


Market value (£million)	11.6	
Sector	Office	
Annualised gross rent (£million)	1.2	
Lettable area (Sq. Ft.)	87,872	
Anchor tenants	Ceva Logistics Ltd, Ashfield Healthcare Ltd, Brush Electrical Machines Ltd	
EPRA Occupancy (%)	92.8	
WAULT (years) (to first break)	3.3	




PROPERTY PORTFOLIO CONTINUED

12. LIGHTYEAR - GLASGOW AIRPORT, GLASGOW		
Market value (£million)	11.5	
Sector	Office	
Annualised gross rent (£million)	1.5	
Lettable area (Sq. Ft.)	73,499	
Anchor tenants	Loganair Ltd, Rolls-Royce Submarines Ltd, Heathrow Airport Ltd	
EPRA Occupancy (%)	94.4	
WAULT (years) (to first break)	4.3	

13. LINFORD WOOD BUSINESS PARK, MILTON KEYNES		
Market value (£million)	11.3	
Sector	Office	
Annualised gross rent (£million)	1.2	
Lettable area (Sq. Ft.)	107,352	
Anchor tenants	IMServ Europe Ltd, Senceive Ltd, Aztech IT Solutions Ltd	
EPRA Occupancy (%)	78.8	
WAULT (years) (to first break)	2.0	

14. CAPITOL PARK, LEEDS		
Market value (£million)	11.0	
Sector	Office	
Annualised gross rent (£million)	0.7	
Lettable area (Sq. Ft.)	86,758	
Anchor tenants	Hermes Parcelnet Ltd, BDW Trading Ltd	
EPRA Occupancy (%)	55.3	
WAULT (years) (to first break)	3.1	

15. THE COACH WORKS, LEEDS		
Market value (£million)	10.5	
Sector	Office	
Annualised gross rent (£million)	0.7	
Lettable area (Sq. Ft.)	41,121	
Anchor tenants	St James's Place Wealth Management Group Ltd, Abstract Tech Ltd, Canal & River Trust	
EPRA Occupancy (%)	68.9	
WAULT (years) (to first break)	1.4	

FINANCIAL  
REVIEW

Net Asset Value

In the year ended 31 December 2024, the EPRA NTA\* of the Group increased to £340.7 million (IFRS NAV: £351.6 million) from £290.8 million (IFRS NAV: £306.1 million) as at 31 December 2023, with an EPRA NTA of 210.2pps (IFRS: 216.9pps).

The EPRA NTA increase of £50.0 million since 31 December 2023 was predominately due to the equity capital raise proceeds of £110.5 million, offset by a £54.7 million reduction in the revaluation of the property portfolio held as at 31 December 2024, £2.0 million from lease incentives and £3.2 million realised loss on the disposal of properties.

The investment property portfolio valuation as at 31 December 2024 amounted to £622.5 million (2023: £700.7 million). The property valuation decrease since the December 2023 year end is a reflection of £54.7 million in property revaluation, £28.6 million of net property disposals and loss on the disposals of £3.2 million, offset by subsequent expenditure of £8.2 million.

Overall, on a like-for-like basis, the portfolio value decreased by 8.2% during the year.

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

	Year ended 31 December 2024 (£m)	Year ended 31 December 2023 (£m)
Acquisitions		
Net (after costs)	0.0	0.1
Gross (before costs)	0.0	0.0
Disposals		
Net (after costs)	28.6	25.0
Gross (before costs)	30.8	26.1
Capital Expenditure		
Net (after dilapidations)	8.2	10.2
Gross (before dilapidations)	8.5	11.0

\* Further details of the new EPRA performance measures can be found on pages 208 to 211.



Norfolk House, Birmingham

FINANCIAL REVIEW CONTINUED

EPRA Net Tangible Asset (£millions) - Bridge 31 December 2024

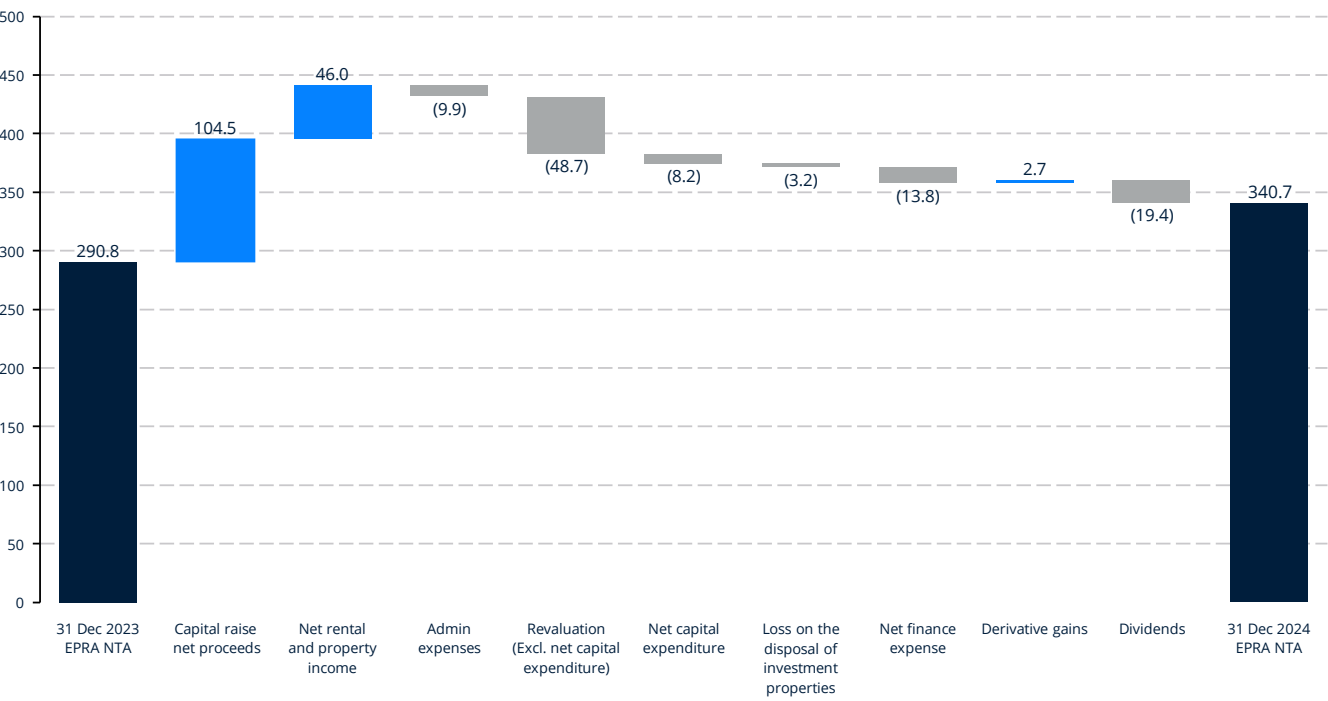


Table may not sum due to rounding

The EPRA NTA is reconciled in the table below:

	Year ended 31 December 2024 (£m)
Opening EPRA NTA (31 December 2023)	290.8
Net rental and property income	46.0
Administration and other expenses	(9.9)
Gain/(loss) on the disposal of investment properties	(3.2)
Change in the fair value of investment properties	(56.7)
Change in value of right of use	(0.1)
EPRA NTA after operating profit	266.8
Net finance expense	(13.8)
Realised gain on derivative financial instruments	2.7
Taxation	(0.0)
EPRA NTA before dividends paid	255.7
Dividends declared	(19.4)
EPRA NTA before capital raise	236.3
Capital raise	110.5
Capital raise expenses	(6.0)
Closing EPRA NTA (31 December 2024)	340.7

Table may not sum due to rounding

Income Statement

Operating profit before gains and losses on property assets and other investments for the year ended 31 December 2024 amounted to £36.1 million (2023: £43.1 million). Loss after finance and before taxation of £39.5 million (2023: loss £67.5 million). 2024 included the rent roll for properties held from 31 December 2023, plus the partial rent roll for properties disposed of during the year.

Rental and property income amounted to £65.2 million, excluding recoverable service charge income and other similar items (2023: £70.1 million), the decrease is due to a reduction in the rent roll being held during the year to 31 December 2024.

More than 80% of the rental income was collected within 30 days of the due date and the allowance for doubtful debts in the year amounted to £0.5 million (2023: £0.5 million).

Non-recoverable property costs, excluding recoverable service charge income and other similar costs, amounted to £19.3 million (2023: £16.3 million), and the rent roll amounted to £60.7 million (2023: £67.8 million).

Realised losses on the disposal of investment properties amounted to £3.2 million (2023: loss £0.7 million). The loss on the disposals were from the aggregate disposal of 18 properties and three part sales in the period, on which individual asset management plans had been completed and/or were of sub-optimal asset size. The change in the fair value of investment properties amounted to a loss of £54.7 million (2023: loss of £73.3 million), and an adjustment of £2.0 million (2023: £13.0 million) from rent smoothing.

Net capital expenditure amounted to £8.2 million (2023: £10.2 million). The change in value of right of use assets amounted to a charge of £0.1 million (2023: charge £0.1 million).

Interest income amounted to £1.4 million (2023: £0.1 million).

Finance expenses amount to £15.2 million (2023: £16.2 million). The decrease is due to the 4.5% £50 million of Retail Bonds being repaid in August 2024 and net borrowings being repaid during the year, amounting to £54.0m in the year.

The EPRA\* cost ratio, including direct vacancy costs, was 44.7% (2023: 38.5%). The increase in the cost ratio is ostensibly a reflection of the increase in Other property expenses and irrecoverable costs. The EPRA cost ratio, excluding direct vacancy costs was 17.4% (2023: 16.4%). The ongoing charges for the year ending 31 December 2024 were 9.3% (2023: 7.5%) and 3.5% excluding void costs (2023: 3.2%).

The EPRA Total Return from Listing to 31 December 2024 was 5.6% (2023: 12.7%), with an annualised rate of 0.6% pa (2023: 1.5% pa).

Dividend

In relation to the year from 1 January 2024 to 31 December 2024, the Company declared dividends totalling 7.80pps (2023: 5.25pps). Prior to the capital raise and share consolidation, the Company declared a Q1 2024 dividend of 1.2pps. Following the capital raise and subsequent share consolidation, the Company declared a Q2 2024 dividend of 2.2pps on 10 September 2024, a Q3 2024 dividend of 2.2pps on 13 November 2024, and a Q4 2024 dividend of 2.2pps on 20 February 2024. A schedule of dividends can be found on page 227.

\* Alternative Performance Measures, Details are provided in the Glossary of Terms from page 214 and the EPRA Performance measures on pages 208 to 211.



FINANCIAL REVIEW CONTINUED

Debt Financing and Gearing

Borrowings comprise of third-party bank debt. The bank debt is secured over properties owned by the Group and repayable over the coming five years. The weighted average maturity of the bank debt 2.9 years (2023: 3.5 years).

The Group’s borrowing facilities are with: the Royal Bank of Scotland, Bank of Scotland and Barclays; Scottish Widows Ltd. & Aviva Investors Real Estate Finance; Scottish Widows Ltd. and Santander UK. The total bank borrowing facilities at 31 December 2024 amounted to £316.7 million (2023: £370.8 million) before unamortised debt issuance costs.

At 31 December 2024, the Group’s cash and cash equivalent balances amounted to £56.7 million (2023: £34.5 million), of which £55.9 million (2023: £30.7 million) was unrestricted cash.

The Group’s net loan to value (“LTV”) ratio stands at 41.8% (2023: 55.1%) before unamortised costs.

Debt Profile and LTV Ratios as at 31 December 2024

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value** %	Annual interest rate %
Royal Bank of Scotland, Bank of Scotland & Barclays	99,789	99,789	Aug-26	51.3	2.40 over 3 months £ SONIA
Scottish Widows Ltd. and Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	51.3	3.28 Fixed
Scottish Widows Ltd.	34,467	34,467	Dec-28	47.5	3.37 Fixed
Santander UK	49,848	49,848	Jun-29	51.0	2.20 over 3 months £ SONIA
	316,734	316,734			

Table may not sum due to rounding

As at 31 December 2024, the Group had headroom against its borrowing covenants.

The net gearing ratio (net debt to Ordinary Shareholders’ equity (diluted)) of the Group was 73.9% as at 31 December 2024 (2023: 126.2%).

Interest cover, excluding amortised costs, stands at 2.7 times (2023: 2.9 times) and including amortised costs, stands at 2.4 times (2023: 2.7 times).

\* Before unamortised debt issue costs  
\*\* Based on Colliers International Property Consultants Ltd.

Hedging

The Group applies an interest hedging strategy that is aligned to the property management strategy and aims to mitigate interest rate volatility on at least 90% of the debt exposure.

	31 December 2024 %	31 December 2023 %
Borrowings interest rate hedged	100.0	100.0
Thereof:		
Fixed	52.7	56.7
Swap	30.4	28.6
Cap	16.9	14.7
WACD <sup>1</sup>	3.4	3.5

Table may not sum due to rounding

There is no over-hedged position as at 31 December 2024.

Tax

The Group entered the UK REIT regime on 7 November 2015 and all of the Group’s UK property rental operations became exempt from UK corporation tax from that date. The exemption remains subject to the Group’s continuing compliance with the UK REIT rules.

During 2024, the Group recognised a deferred tax charge of £64,590 (2023: £8,431).

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management is embedded throughout Regional REIT and underpins the execution of the Company's strategy, the positioning of the business for growth and maintaining the regular income over a long-term sustainable horizon.



Risk Framework and Approach

The Board acknowledges the importance of embedding a framework to identify, actively monitor, managing and mitigating its risks, which include, but are not limited to: strategic, valuation, healthcare, economic and political, funding, tenant, financial and tax charges, operational, regulatory, environmental risks and emerging risks.

The Board has overall responsibility for the Company's system of risk management and internal controls and is supported by the Audit Committee in the management of risk. The Audit Committee is responsible for determining the principal risks facing the business and reviewing, at least annually, the effectiveness of the Company's financial control, risk management and internal control processes.

Over the long term, the business will face other challenges and emerging threats for which it remains vigilant.

However, the Board also views the risks as opportunities that, when effectively managed, can enhance performance. Thus, having an effective risk management process is key to support the delivery of the Company's strategy.

Approach to Managing Risk – Identification, Evaluation and Mitigation

The risk management process emphasis is upon awareness and is structured to identify, evaluate, manage and mitigate, rather than eliminate risks faced. The Company maintains a detailed and formal matrix of current principal risks, which uses risk scoring to evaluate risks consistently. This allows the risks to be monitored and mitigated as part of a risk management process with the Audit Committee undertaking, at a minimum on a six-monthly basis or more frequently if required, a robust evaluation of these risks facing the Company.

Risks are identified and assessed according to their potential impact on the Company and to their likelihood of occurrence. The Audit Committee utilises the risk matrix to prioritise individual risks, allocating scores to each risk for both the likelihood of its occurrence and the severity of its impact. Those with the highest gross rating in terms of impact are highlighted as top risks within the matrix and are defined as principal risks.

Although the Board believes that it has a robust framework of internal controls in place, it recognises it can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.





# RISK MANAGEMENT APPROACH



## Risk Appetite

Taking risks is an essential and inherent facet of operating any business. As such the risk management approach is not to eliminate all risk but to ensure that appropriate strategies are in place to identify, actively monitor, manage and mitigate the key risks.

The Board is responsible for defining the level of risk that the Company assumes and ensuring that it remains in-line with the Company's strategy. Risk appetite is integral to the Board's approach to risk management, business planning and decision making. The level and type of risk that the Company is willing to bear will vary over time.

The Board, in collaboration with the Asset Manager and Investment Manager, and with the latest information available, regularly reviews the risk appetite of the Company allowing a prompt response to identified emerging risks.

## Emerging Risks

The Board is cognisant of emerging risks defined as potential trends, sudden events or changing risks, which are characterised by a high degree of uncertainty in terms of probability of occurrence and possible effects on the Company. Once emerging risks become sufficiently clear, they may be classed as a principal risk and added to the risk matrix.

To help manage emerging risks and discuss other wider matters affecting property, the Board has an annual strategy meeting. The Board considers having a clear strategy is the key to managing and mitigating emerging risk.

The Company's principal risks consist of the ten most significant risks which are composed of eight strategic and two operational risks. The strategic risks relate to investment strategy, valuation, healthcare, economics and political, funding, tenant, financial and tax changes, and environmental and energy efficiency standards; operational risk encompasses business disruption, and accounting, legal and regulatory.

The below list, in no particular order, sets out the current identifiable principal and emerging risks, including their impact and the actions taken by the Company to mitigate them. It does not purport to be an exhaustive list of all the risks faced by the Company.

























Unlocking your potential

300 Bath Street, Glasgow

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal Risk Summary

Principal Risk	Evolution of the trend during the year	Link to Strategy
1. Strategic	↔	     
2. Valuation	↗	    
3. Healthcare	↔	    
4. Economic and political	↔	 
5. Funding	↘	   
6. Tenant	↔	     
7. Financial and tax changes	↔	  
8. Operational	↔	    
9. Accounting, legal and regulatory	↔	  
10. Environmental and energy efficiency standards	↔	  

Read more about the Company’s business model and strategy on pages 28 to 33.



Regions primed for growth



Investing in income producing assets



Geographically diverse portfolio



Active management of the properties



Highly experienced Asset Manager



Opportunistic approach to the property market



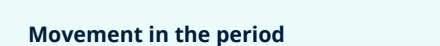





Clinitron House, Ashby



## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

		     
1. Strategic	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
An inappropriate investment strategy, and/or failure to implement the strategy could result in lower income and capital returns to shareholders.	<ul style="list-style-type: none"> <li>A clearly defined investment strategy, which is reviewed annually.</li> <li>A defined and rigorous investment appraisal process.</li> <li>Acquire portfolios, which offer shareholders diversification of investment risk by investing in a range of geographical areas, number of properties.</li> <li>Supply and demand market information is reviewed continuously to assist in acquisitions and disposals.</li> <li>All the above steps are monitored to ensure the strategy is implemented.</li> </ul>	<ul style="list-style-type: none"> <li>The property portfolio remains balanced across a range of geographical areas and a large number of investment properties.</li> </ul>
	<ul style="list-style-type: none"> <li>Predominately, acquiring office properties in the UK and outside of the M25 motorway. However, the Company may invest in property portfolios in which up to 50% of the properties (by market value) are situated within the M25 motorway.</li> </ul>	<ul style="list-style-type: none"> <li>The Company continues to purchase properties in the UK outside the M25 motorway.</li> </ul>
	<ul style="list-style-type: none"> <li>No single property, in the ordinary course of business, is expected to exceed 10% of the Company's aggregate Investment Properties valuation. However, the Board may, in exceptional circumstances, consider a property having a value of up to 20% of the Company's investment property value at the time of investment.</li> </ul>	<ul style="list-style-type: none"> <li>300 Bath Street (2023: 300 Bath Street) is the highest valued property, which equates to 2.9% (2023: 2.8%) of the Company's investment properties.</li> </ul>
	<ul style="list-style-type: none"> <li>No more than 20% of the Company's investment property value shall be exposed to any single tenant or group undertaking of that tenant.</li> </ul>	<ul style="list-style-type: none"> <li>The Company's largest single tenant exposure is 2.8% (2023: 2.5%) of gross rental income, being EDF Energy Ltd. (2023: EDF Energy Ltd.).</li> </ul>
	<ul style="list-style-type: none"> <li>Speculative development (i.e., properties under construction, but excluding any refurbishment works, which have not been pre-let) is prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>No speculative construction was undertaken during the year under review.</li> </ul>
	<ul style="list-style-type: none"> <li>The value of the properties is protected as far as possible by an active asset management programme, which is regularly reviewed against the business plan for each property.</li> </ul>	<ul style="list-style-type: none"> <li>The Asset Manager continues to actively manage the investment properties in accordance with market conditions and the individual asset programme.</li> </ul>

<div data-bbox="1590 449 1694 491">  </div> <div data-bbox="1694 449 2012 491"> <h2>2. Valuation</h2> </div>	<div data-bbox="2012 449 2083 491">  </div> <div data-bbox="2083 449 2427 491"> <h2>Movement in the period</h2> </div>	<div data-bbox="2427 449 2837 491">  </div> <div data-bbox="2427 491 2837 533"> <h2>Link to strategy</h2> </div>
<h3>Potential Impact</h3>	<h3>Mitigation</h3>	<h3>Movement in the period</h3>
<p>The valuation of the Company's portfolio affects its profitability and net assets.</p>	<ul style="list-style-type: none"> <li>• The Company's external valuer, Colliers International Property Consultants Ltd, provide independent valuations for all properties on a six-monthly basis in accordance with the RICS Red Book.</li> <li>• The Audit Committee has the opportunity to discuss the basis of the valuations with the external valuer. The Audit Committee membership includes experienced chartered accountants.</li> <li>• The Asset Manager's experience and extensive knowledge of the property market. The Asset Manager is able to challenge the external valuers' findings.</li> <li>• The Company's Auditor engages an independent third party to evaluate the Colliers International Property Consultants Ltd valuations.</li> </ul>	<ul style="list-style-type: none"> <li>• Colliers International Property Consultants Ltd. independently provides the valuation for the entire portfolio, valuing each individual asset.</li> </ul>

<div>    </div>		
3. Healthcare	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
<p>The economic disruption resulting from social health issues could impact rental income; the ability of valuers to discern valuations; the ability to access funding at competitive rates, adherence to banking covenants, maintain a dividend policy, and adhere to the HMRC REIT regime requirements.</p>	<ul style="list-style-type: none"> <li>• The Asset Manager continues to adapt and, as required, to support tenants.</li> <li>• The property portfolio has been deliberately constituted to ensure a diverse range of tenants by standard industrial classification, which ensured the many tenants, being designated as essential services, continued to operate throughout the recent pandemic.</li> <li>• Close relationships with lenders ensuring continued dialogue around covenants and ability to access funding as required at competitive rates.</li> <li>• Initial vetting of all third-party providers with annual due diligence reviews, including the review of business continuity capabilities to minimise when remote working has been necessitated.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company has continued to scrutinise all current risk mitigation approaches employed and to work closely with all parties.</li> </ul>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

 4. Economic and Political	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
Significant political events could impact the health of the UK economy, resulting in borrowing constraints, changes in demand by tenants for suitable properties, the quality of the tenants, and ultimately the property portfolio value.	<ul style="list-style-type: none"><li>The Company operates with a sole focus on the UK regions, with no foreign currency exchange exposure. It remains well positioned with a deliberately diverse standard industry classification of tenants generating 780 (2023: 978) income streams which are located in areas of expected economic growth.</li><li>The Board receives advice on macro-economic risks from the Asset and Investment Manager and other advisers and acts accordingly.</li></ul>	<ul style="list-style-type: none"><li>There remains a risk that property valuations and the occupancy market may be impacted by change in the political landscape.</li></ul>



 5. Funding	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
The Company may not be able to secure further debt or on acceptable terms, which may impinge upon investment opportunities, the ability to grow the Company and distribute an attractive dividend.	<ul style="list-style-type: none"><li>The Asset Manager has a Corporate Finance team dedicated to optimising the Company's funding requirements.</li><li>Funding options are constantly reviewed with an emphasis on reducing the weighted average cost of capital and lengthening the weighted average debt to maturity.</li><li>Borrowings are currently provided by a range of institutions with targeted staggered maturities.</li><li>Strong relationships with key long-term lenders.</li><li>Continual monitoring of LTV.</li></ul>	<ul style="list-style-type: none"><li>LTV decreased to 41.8% (2023: 55.1%)</li><li>Weighted average debt term decreased to 2.9 years (2023: 3.5 years).</li><li>Weighted average cost of capital, including hedging costs was 3.4% (2023: 3.5%).</li></ul>
Bank reference interest rates may be set to become more volatile, accompanying volatile inflation.	<ul style="list-style-type: none"><li>Policy of hedging at least 90% of variable interest rate borrowings. Fixed, swapped and capped borrowing amounted to 100.0% (2023:100.0%)</li><li>Borrowings are currently provided by a range of institutions with targeted staggered maturities.</li></ul>	<ul style="list-style-type: none"><li>Continued adherence to the hedging policy.</li></ul>
Breach of covenants within the Company's funding structure could lead to a cancellation of debt funding if the Company is unable to service the debt.	<ul style="list-style-type: none"><li>The Asset Manager's corporate finance team reviews the applicable covenants on a regular basis and these are considered in future operational decisions.</li><li>Compliance certificates and requested reports are prepared as scheduled.</li></ul>	<ul style="list-style-type: none"><li>The Company continues to have headroom against the applicable borrowing covenants.</li></ul>



 6. Tenant	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
Type of tenant and concentration of tenant could result in lower income from reduced lettings or defaults.	<ul style="list-style-type: none"><li>An active asset management programme with a focus on the Asset Manager working with individual tenants to assess any occupational issues and to manage any potential bad debts.</li><li>Diversified portfolio of properties let, where possible, to a large number of low-risk tenants across a wide range of standard industrial classifications throughout the UK.</li><li>Potential acquisitions are reviewed for tenant overlap and potential disposals are similarly reviewed for tenant standard industrial classification concentration.</li></ul>	<ul style="list-style-type: none"><li>This risk remains stable in view of the increasing diversification of properties, tenants and geographies in the portfolio.</li><li>The tenant mix and their underlying activity has continued to increasingly diversify, with the number of tenants amounting to 780 at the year-end (2023: 978).</li></ul>
A high concentration of lease term maturity and/or break options could result in a more volatile contracted rent roll.	<ul style="list-style-type: none"><li>The portfolio lease and maturity concentrations are monitored by the experienced Asset Manager to minimise concentration.</li><li>There is a focus on securing early renewals and increased lease periods.</li><li>The requirement for suitable tenants and the quality of the tenant is managed by the experienced Asset Manager who maintains close relationships with current tenants and with letting agents.</li></ul>	<ul style="list-style-type: none"><li>The WAULT to first break as at 31 December 2024 was 2.9 years (2023: 2.8 years)</li><li>The largest tenant is 2.8% (2023: 2.5%) of the gross rental income, being EDF Energy Limited.</li><li>The Asset Management team remains vigilant to the financial well-being of our current tenants and continues to liaise with tenants and agents.</li></ul>

 7. Financial and Tax Changes	 Movement in the period	 Link to strategy
Potential Impact	Mitigation	Movement in the period
Changes to the UK REIT and non-REIT regimes tax and financial legislation.	<ul style="list-style-type: none"><li>The Board receives advice on these changes where appropriate and will act accordingly.</li></ul>	<ul style="list-style-type: none"><li>Advice is received from several corporate advisers, including tax adviser KPMG LLP and the Company adapts to changes as required.</li></ul>






PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

		
8. Operational	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
Business disruption could impinge on the normal operations of the Company.	<ul style="list-style-type: none"><li>The Asset Manager and Investment Adviser each have contingency plans in place to ensure there are no disruptions to the core infrastructure, which would impinge on the normal operations of the Company.</li></ul>	<ul style="list-style-type: none"><li>Both the Asset Manager and Investment Adviser annually review their Disaster and Business Continuity Plans.</li></ul>
	<ul style="list-style-type: none"><li>An annual due diligence exercise is carried out on all principal third-party service providers.</li></ul>	<ul style="list-style-type: none"><li>The annual due diligence visits were undertaken with the Company's principal third-party service providers. No concerns were identified from the visits.</li></ul>
	<ul style="list-style-type: none"><li>As an externally managed investment company, there is a continued reliance on the Asset Manager and Investment Adviser and other third-party service providers.</li></ul>	<ul style="list-style-type: none"><li>Both the Asset Manager and Investment Adviser are viable going concerns.</li></ul>
	<ul style="list-style-type: none"><li>All acquisitions undergo a rigorous due diligence process and all multi-let properties undergo an annual comprehensive fire risk.</li></ul>	<ul style="list-style-type: none"><li>The Asset Manager continues to monitor changes in Health and Safety regulations.</li></ul>
	<ul style="list-style-type: none"><li>The impact of physical damage and destruction to investment properties is mitigated by ensuring all are covered by a comprehensive building, loss of rent and service charge plus terrorism insurance with the exception of a small number of "self-insure" arrangements covered under leases.</li></ul>	<ul style="list-style-type: none"><li>The Asset Manager reviews the adequacy of insurance cover on an ongoing basis</li></ul>
	<ul style="list-style-type: none"><li>The Asset Manager and Investment Adviser each has a dedicated Information Technology team, which monitors information security, privacy risk and cyber threats ensuring their respective operations are not interrupted.</li><li>As required the building management systems are reviewed for cyber security risk.</li></ul>	<ul style="list-style-type: none"><li>The Managers review the respective Information Technology policies and the material third party service suppliers on as required basis to ensure they reflect current and possible future threats.</li></ul>

		
9. Accountancy, Legal and Regulatory	Movement in the period	Link to strategy
Potential Impact	Mitigation	Movement in the period
Changes to accounting, legal and/or regulatory legislation, including sanctions could result in changes to current operating processes.	<ul style="list-style-type: none"><li>Robust processes are in place to ensure adherence to accounting, legal and regulatory requirements, including sanctions and Listing Rules.</li><li>All contracts are reviewed by the Company's legal advisers.</li><li>The Administrator, Sub-Administrator, and the Company Secretary attend relevant Board meetings in order to be aware of all announcements that need to be made.</li><li>All compliance issues are raised with the Company's Financial Adviser.</li></ul>	<ul style="list-style-type: none"><li>The Company continues to receive advice from its corporate advisers and has incorporated changes where required.</li><li>The Administrator and Company Secretary continue to attend all Board meetings and advise on Listing Rule requirements in conjunction with the Corporate Broker and Financial Adviser.</li></ul>
Loss of REIT status	<ul style="list-style-type: none"><li>The HMRC REIT regime requirements are monitored by the Asset and Investment Manager, and external advisors including the Company's tax adviser KPMG LLP and its Sub-Administrator Waystone Administration Solutions (UK) Limited.</li></ul>	<ul style="list-style-type: none"><li>The Company continues to receive advice from external advisers on any anticipated future changes to the REIT regime.</li></ul>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

<div>10. Environmental and energy efficiency standards</div>	<div>Movement in the period</div>	<div>Link to strategy</div>
Potential Impact	Mitigation	Movement in the period
The Company's cost base could be impacted, and management time diverted, due to climate changes and associated legislation.	<ul style="list-style-type: none"><li>The Board receives regular updates on environmental, social, governance and potential legislation changes from its advisers.</li><li>The Company has engaged an environmental consultancy, CBRE, to assist with improving the Global Real Estate Sustainability Benchmark (GRESB).</li></ul>	<ul style="list-style-type: none"><li>Additional attention continues to be devoted to this area to ensure the appropriate approach is applied and embedded in Company activities.</li></ul>
Changes to the environment could impact upon the operations of the Company.	<ul style="list-style-type: none"><li>Property acquisitions undergo a rigorous due diligence process, including an environmental assessment.</li><li>The Asset Manager monitors the portfolio for any detrimental environmental impact, by way of frequent inspections of the properties, and the annual insurance review process.</li></ul>	<ul style="list-style-type: none"><li>The rigour of the environmental assessments process continues to be reviewed with the aim of enhancing it.</li></ul>
An Energy Performance Rating of E and below may impact the Company's ability to sell or lease an asset.	<ul style="list-style-type: none"><li>The Company continues to review each property to ensure adherence with Energy Performance Rating requirements.</li><li>The energy efficiency of investment acquisitions is fully considered as part of the due diligence process for the acquisition of a property.</li></ul>	<ul style="list-style-type: none"><li>The Asset Manager is continually reviewing the feasibility of enhancing Energy Performance Ratings to exceed the minimum requirement.</li></ul>

Changes to the Principal Risks and Uncertainties

The Board, via the Audit Committee, has reviewed and agreed the movement during the year to each of the identified principal risks and uncertainties following review of these risks, having considered the characteristics of these and the broader economic and geopolitical factors influencing them.

A potential emerging risk is the adoption of artificial intelligence in office-based roles, which could pose both a risk and opportunity for the demand of office space. The Board, alongside the Asset and Investment Manager, continues to monitor developments in this area.

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

GOING CONCERN AND VIABILITY STATEMENT

Going Concern

The Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue as a going concern. This expectation is underpinned by having made an assessment of the Group's ability to continue in operational existence, giving due consideration to the Group's cashflow forecast, which encompasses cash resources, rental income, acquisition and disposals of investment properties, elective and committed capital expenditure, dividend distributions and the borrowing facilities and the respective maturities.

Following the successful completion of the £110.5 million equity capital raise in July 2024, the Group ended the year under review with £56.7 million of cash and cash equivalents, of which £55.9 million was unrestricted cash. The borrowing facilities remained compliant with all loan covenants, with a net LTV of c. 41.8%, based upon the value of the Group's investment properties as at 31 December 2024. Rental income collections remained robust with 98.6% of rent invoiced in the year collected as at 14 March 2025.

Given the substantial amount of unrestricted cash currently held by the Group and, with the next borrowing due to mature being the Royal Bank of Scotland, Bank of Scotland and Barclays £99.8 million facility in August 2026, the Directors are satisfied that the Group and Company have adequate resources to continue in operational existence for a period of at least 12 months from the date that these Financial Statements were approved. Based on the above, together with available market information, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors consider that it is appropriate to continue to prepare the Financial Statements on a going concern basis.

Viability Statement

In accordance with the Association of Investment Companies Code of Corporate Governance (the "AIC Code") the Directors have assessed the prospects of the Group and future viability over a three-year period from the year end, being longer than the 12 months required by the going concern provision. The Board conducted the review with regard to the Group's long-term strategy, principal risks and risk appetite, current position asset performance and future plans. Following this review, the Board determined that three years to 31 December 2027 is the maximum timescale over which the performance of the Group can be forecast with any material degree of accuracy and is therefore an appropriate period over which to consider the Group's viability. Achievement of the one-year forecast has a greater level of certainty and is used to set near-term targets across the Group. Achievement of the subsequent forecasted years is less certain than the one-year forecast. However, the Board's forecast provides a longer-term outlook against which strategic decisions can be made.



GOING CONCERN AND VIABILITY STATEMENT CONTINUED

Assessment of Review Period

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

- The Group's WAULT of 2.9 years to first break
- The Group's detailed forecast covering a rolling three year period
- The Group's weighted average debt to maturity was 2.9 years as at 31 December 2024

Assessment of Prospects and Viability

The financial planning process considers the Group's profitability, capital values, LTV, cashflows, dividend cover, banking covenants, the near-term funding obligation and other key financial metrics over the coming three-year period. Given the recent successful capital raise of £110.5m the Group has substantial cash resources, which have in part been used to de-gear its financial position. In addition, given the more favourable lending environment for property the Group is in a good position to refinance the next bank loan maturity in August 2026 of £99.8 million.

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

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

Confirmation of Viability

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

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



Coach Works, Leeds

SUSTAINABILITY REPORT



In 2024, the Company made significant progress on key sustainability performance indicators. The GRESB rating increased to 73 points (from 66 in 2023), earning two Green Stars and reflecting the hard work of the Asset Management team, resulting in ongoing improvements in our sustainability efforts.

The Environmental, Social, and Governance (“ESG”) Working Party remained focused on enhancing the Company’s European Public Real Estate Association sustainability accreditation and Energy Performance Certificate (“EPC”) ratings, with 82% of the portfolio now rated C or higher. The weighted average EPC score also improved to C 59 (from C 62 in 2023).

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

ESG principles continue to be integrated into both transactional and operational activities, reinforcing the portfolio’s resilience and long-term sustainability. As part of this commitment, the CAPEX program totalled £8.2 million in 2024 (compared to £10.2 million in 2023), prioritising sustainable materials and energy-efficient equipment to enhance EPC ratings while maintaining a responsible level of investment. The year ahead will continue to see a focus on value enhancing CAPEX projects across a select number of assets.”

Massy Larizadeh  
Non - Executive Director

YEAR IN FOCUS

In 2024, the Company experienced a continued increase in office space utilisation, reflecting sustained tenant demand. This uptick led to higher energy consumption across the portfolio. However, the Company implemented measures to mitigate this rise, resulting in a net reduction in overall energy usage.

Throughout 2024, the Company continued integrating sustainable practices to drive positive environmental and social impact while balancing the evolving needs of stakeholders.

Highlights from the year are as follows:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• The ESG Working Party which comprises of a Non-Executive Board Director and members from the Asset Manager and Investment Adviser met 4 times in 2024.</li></ul>  | <ul style="list-style-type: none"><li>• Continued to engage with our occupiers by promoting sustainable practices and also in the obligations they commit to; for example, by including green lease clauses within the contractual terms for all new leases issued for agreement.</li></ul> |
| <ul style="list-style-type: none"><li>• Improved performance against the Company’s sustainability key performance indicators (“KPIs”).</li></ul>  | <ul style="list-style-type: none"><li>• Submitted the Company’s third Global Real Estate Sustainability Benchmark (“GRESB”) assessment resulting in an increased score to 73 from 66.</li></ul>   |
| <ul style="list-style-type: none"><li>• Development of a sustainability action plan at property level.</li></ul>  | <ul style="list-style-type: none"><li>• Submitted the third submission to the European Public Real Estate Association (“EPRA”) sustainability performance report maintaining the silver award.</li></ul>  |
| <ul style="list-style-type: none"><li>• The Asset Manager continued to issue new and updated policies and procedures; and practices were updated to better reflect the Company’s sustainability objectives.</li></ul>   | <ul style="list-style-type: none"><li>• Successful installation of Smart Technology in a controlled test sample of properties. aiming at reducing energy waste.</li></ul>   |
| <ul style="list-style-type: none"><li>• ESG criteria continued to be integrated within due diligence procedures; setting out how the Company assesses and manages the performance of its assets and prospective investments; and who is chosen to engage and work with.</li></ul> | <ul style="list-style-type: none"><li>• As part of the Net Zero Carbon study, and with the assistance of CBRE, a baselining exercise was undertaken using Carbon Risk Real Estate Monitor (CRREM) methodology to assess the current portfolio’s carbon performance.</li></ul>               |
| <ul style="list-style-type: none"><li>• Continued to engage CBRE as the lead advisor to the Group on ESG strategy.</li></ul>  | <ul style="list-style-type: none"><li>• Continued training of appropriate Asset Manager’s team members to ensure the Asset Manager’s best practice refurbishment and capital expenditure guides are adhered to.</li></ul>   |



Year Ahead

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

The relevance and importance of sustainability reporting is increasingly evidenced by governments publishing disclosure requirements and aligning with reporting standards, such as those currently being formulated by the International Sustainability Standards Board and UKPRI.

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

- Continued review of the portfolio's EPC ratings, followed by the appropriate action to improve and align the ratings with the Minimum Energy Efficiency Standard ("MEES").
- Tackle areas highlighted for improvement from the 2024 GRESB and EPRA respective assessment, with the aim of continuing to improve our accreditation performance and other benchmarks.
- Continue to embed ESG criteria in acquisitions and asset management processes, ensuring sustainability is at the forefront of the management of an asset's life-cycle.
- Sustainability action plans will be developed and implemented by the Asset Manager ensuring focus on property specific improvements.
- Continue to have ESG criteria front and centre for due diligence enquiries and the obligations the Company requires from suppliers and associates.
- Continue to support occupiers and suppliers to adopt a more sustainable means of travel by installing electric vehicle charging points and priority on-site bicycle lanes and bicycle storage/changing facilities.

- Through the Asset Manager's fit-out guide and asset specifications, the Company promotes greater circularity, encouraging recycling and reuse, promotes responsible sourcing, the use of low carbon embodied materials, limiting resource use, avoiding virgin raw material use, and eliminating waste to land fill or incineration where possible.
- Transition standard lease terms on renewals and new leases to green leases which include cooperation and reporting obligations on parties to share environmental performance data; allow landlord access to verify environmental performance; impose sustainability criteria on fit-outs, repairs, maintenance and dilapidations; and encourage reductions in resource use.
- Continue with the Asset Manager and Investment Advisers' work in the community through the charities supported and served, while ensuring they remain the best and most closely aligned to the Company's ESG objectives and outcomes.
- Complete the installation of Smart Technology to further understand building usage with the aim to improve efficiencies and naturally reduce energy usage and provide granular energy data capture.
- Work with CBRE to measure the impact the smart technology on the carbon baseline to develop strategic pathway to net zero.
- Continue to maintain 100% renewable electricity to the portfolio; installation of on-site renewable energy; upgrade to energy efficient plant and machinery during refurbishment and fit-out.
- Continue to engage with occupiers, where applicable to adopt their own energy efficient mitigations.
- Continue to keep up with industry developments to reduce consumption and support a low carbon portfolio.

ESG Working Party Report

The ESG Working Party met 4 times during 2024. The membership of the Working Party is made up of a Non-Executive Director and members of the Asset Manager and the Investment Adviser. The Working Party updates the Board on its progress. The external ESG consultants, CBRE, and energy providers are invited to attend and support the ESG Working Party by undertaking specific pieces of work and as required providing updates on any possible regulatory changes.

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

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

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

In 2024 the ESG Working Party continued to focus upon the processes and steps necessary for embedding ESG across the Company and its subsidiaries and the role of the Company in its ESG stewardship through its investments, external relationships and interactions.

EPC ratings remains a focus for the working party. CBRE continue as the Company's ESG strategy adviser; the improvement in both GRESB and EPRA sustainability accreditation during the year; the Task Force on Climate-Related Financial Disclosures (TCFD) (See pages 89 to 93) in improving reporting of climate-related financial information; and the Company's sustainability policy and relevant KPIs.

Net Zero Carbon

During 2023 the Company undertook a baselining exercise to assess the current portfolio's carbon performance using Carbon Risk Real Estate Monitor (CRREM) methodology and to help identify asset alignment with a 1.5-degree pathway. The analysis was based on actual data, where available (52% of assets), and used industry benchmarks to estimate missing data. The resulting portfolio's 1.5-degree decarbonisation pathway, and the associated asset level carbon emission breakdown, were evaluated using Pareto analysis to identify the top assets that contribute to the majority of Regional REIT's carbon emissions. Informed by this analysis, the Company plans to undertake detailed Net Zero Energy audits to develop asset level action plans and to address potential stranding risks.

The next steps in 2025 will be to expand the effort in occupier data collection, in order to improve the coverage, robustness and granularity of data for the 2025 calendar year. A recalculation of the baseline and refresh of the portfolio decarbonisation pathway can then be undertaken based on a greater portion of actual data to improve the accuracy of the baseline, expanding the data set beyond 52% of the assets.

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

SUSTAINABILITY REPORT CONTINUED

United Nations Sustainable Development Goals

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

These are:



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

3. Good health and well-being



The Company promotes good health and well-being via its services and interactions with its occupiers, suppliers and the communities within which it operates. The Asset Manager continues to fit out bicycle storage and repair stations and associated shower rooms across the estate encouraging both wellness and lower carbon emissions.

The Asset Manager has again been awarded a Great Place to Work certificate.

A tenant survey was undertaken in 2024, incorporating questions of an ESG nature to better understand our occupiers' wishes.

Through the Asset Managers Occupier Fit-out Guide recommendations and guidance are provided on steps that can be taken for the health and well-being of building users and how they can be achieved.

Automated External Defibrillators (AEDs) were installed across the multi-let estate. Their location will be registered on Defib finder <https://www.defibfinder.uk/> allowing accessibility to the local community.

8. Decent Work and Economic Growth

The Company provides and manages facilities that generate opportunities for enterprises to grow and support job creation. Through Company's acquisitions and refurbishments, it promotes sustainable resource consumption, reuse and recycling, and in its engagements with others, it protects the labour rights of those engaged to work for the Company in safe working environments.

11. Sustainable Cities and Communities

The Company invests in and manages property and real estate assets across identified growth cities and centres across the regions of the UK outside of the M25 motorway. Its investment and management strategy is to ensure that they are sustainable and, through the facilities and opportunity offered, make a beneficial contribution to the communities the Company is part of and serves.

13. Climate Action

The Company is taking action across its portfolio to mitigate the harmful effects of climate change. Energy audits, such as the EPC review are continually being undertaken of all assets implementing energy efficiency strategies to support a low carbon portfolio.

SUSTAINABILITY IN ACTION

August 2024

Installation Enhances Local Ecosystem at Southgate Park

At a Glance

In collaboration with our contractor to enhance the local ecosystem at Southgate Park. The project included the installation of bird and bug houses, along with a log pile, to create safe habitats for wildlife. To further protect this area, it has been carefully roped off to minimise disturbance and allow the local ecosystem to thrive!

Key Focus



Benefits

- By installing bird and bug houses along with a log pile, the project provides safe and sustainable habitats for local wildlife. This helps to support and increase long-term biodiversity.
- Community Engagement**  
Involving the Cub Scout troop in the creation of the bird and bug houses fosters a sense of involvement and educates young people about the importance of wildlife conservation and environmental stewardship.
- Ecosystem Improvement**  
The initiative contributes to the overall health and balance of the local ecosystem at Southgate Park, promoting a more resilient and thriving natural environment.

Solutions

- Habitat Creation:** Installed bird and bug houses, as well as a log pile to provide shelter and a food source for small wildlife.
- Community Involvement:** Cubs decorated and assembled the houses alongside the FM Company team (see below) which were then transported to Peterborough for installation.

Key Metrics

- 2** Bird and Bug Houses Installed
- 12** Cub Scouts & Leaders engaged





SUSTAINABILITY REPORT CONTINUED

Investment Due Diligence

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



WORKING WITH THE COMMUNITY

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



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

Quarterly Local Connection socials

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

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



October saw a company wide effort to raise money for Youth Sports Trust the goal was to cycle from Paris via London, Manchester, Leeds, Edinburgh and Glasgow, this was achieved and more where they collectively completed 1887.79 kilometres!! Raising a total of £6,037.



Through the month of December 2024, the Asset Manager organised a Christmas Giving Tree across a number of the portfolio properties. The charitable activity was organised in conjunction with charities such as KidsOut Giving Tree with a staggering 400 presents donated across the country.





WORKING WITH THE COMMUNITY CONTINUED



December brought out a sprinkling of Christmas jumpers in aid of Save the Children which raised £507.



We joined in the CBRE Cycle for Alzheimer's Society and raised £1,575.00 as Company as well as ESR sponsoring it too £1K.



*The landlord is working in the wider community and has worked with Bonus Pastor Catholic College.*

**Virtual Interviews:** 10 of our ESR team members conducted **virtual mock interviews** with **around 70 students in total**, helping them develop confidence and refine their interview skills.

**Employability Day:** Four ESR representatives participated in **interviews and speed networking** sessions, providing **real-world career insights** and **practical advice** to Year 11 students.

**Supporting Future Talent:** Through these initiatives, ESR has helped **prepare students for the workplace**, offering valuable feedback and guidance on career development.

**Commitment to Social Mobility:** Our ongoing engagement with Bonus Pastor College reflects ESR's commitment to **empowering young people**, bridging the gap between education and employment.





SUSTAINABILITY REPORT CONTINUED

DATA PERFORMANCE

A. Key Performance Indicators (“KPIs”)

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

Boundary KPIs

Whole Portfolio Boundary

1. To reduce total portfolio absolute emissions to net zero by 2050 in accordance with the Paris climate agreement and to strive to achieve this in a shorter timescale.

2. To achieve a Minimum Energy Efficiency Standard (‘MEES’) target of EPC B by 2030.
- The EPC performance data was as follows:

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

Rating	31 December 2023	31 December 2024	Movement
B Plus and Exempt	42.1%	57.7%	15.6 ppts
C	31.6%	25.0%	(6.6 ppts)
D	15.7%	11.0%	(4.7 ppts)
E and below	10.6%	6.3%	(4.3 ppts)



300 Bath Street, Glasgow

Landlord Controlled Boundary

KPI	2022 Performance	2023 Performance	2024 Performance	Improvements in 2025
All properties to be serviced by renewable energy sources.	100% of all electricity consumption was derived from green sources.	100% of all electricity consumption was derived from green sources	The Company will continue to reduce the portfolio's reliance on energy sourced from fossil fuels; taking the opportunity to convert properties to green energy sources during refurbishment programmes.	100% of all electricity consumption was derived from green sources.  The Company will continue to reduce the portfolio's reliance on energy sourced from fossil fuel.
Install electric vehicle charging points across the portfolio or as requested by occupiers.	Of the targeted six additional sites for 2022, two have been added with a further 24 charging points added to the portfolio capacity.		Site surveys and conversations continue with providers and occupiers to accelerate the programme of installations.	Continuing surveys
Eliminate waste to landfill	Of the 92 sites where data was available a total of 1,529 tonnes of non-hazardous waste was generated, with 711 tonnes being recycled.  The balance was sent for energy recovery either for refuse derived fuel (758 tonnes) or at an anaerobic digestion facility (0.95 tonnes). Waste sent to landfill amounted 0.15 tonnes.	Where the data was available a total of 1,261 tonnes of non-hazardous waste was generated with 623 tonnes being recycled.  The balance 522.9 was sent for energy recovery for refuse derived fuel or at an anaerobic digestion facility.	Continue to increase data collection for the remaining sites and increase the proportion recycled.  Achieve 100% zero to landfill and will continue to work only with providers that will fulfil our commitment.	Continue to work with tenants to increase data collection for the remaining sites.  Achieve 100% zero to landfill and continue to work only with providers that will fulfill our commitment.
Reduce water consumption	Continued the programme set out in 2021.	Agreements are in place with the multiple water providers and metering roll out will commence during 2024.	Water meter installation programme is being rolled out to provide accurate water consumption rates for the portfolio, current coverage is 49.3%. Engaging with our tenants to share data.	Continue with the water meter installation to provide accurate water consumption rates across the portfolio.
Energy use data coverage	Metering now covers 70 sites.	Metering installation has continued throughout 2023 with 319 meters now installed for electrical and gas supplies.	Continue to increase the metering programme, where possible at a unit level to allow greater monitoring and corrective action as applicable.	Continue to work with tenants to increase data coverage for FRI sites.
Global Real Estate Sustainability Benchmark (“GRESB”)	The second GRESB submission improved to 60.	With the appointment of CBRE the GRESB submission improved to 66.	GRESB submission improved to 73.	Continue with the progress and improve the GRESB accreditation. Focus remains with the increase in data collection to enhance decision making.



Occupier Boundary

KPI	2022 Performance	2023 Performance	2024 Performance	Improvements in 2025
Engage with occupiers during lease negotiations to incorporate green clauses into new leases	As a matter of course all new Company leases include a green clause, setting out cooperation and reporting obligations to share and obtain environmental performance data and impose sustainability criteria.	Company Leases continue to be updated at all available points. Engaging with tenants around the importance of the data sharing ensures a collaborative approach that benefits the tenant, the Company, and environmental reporting.	Continue to develop the green lease clauses to ensure they meet the changing sustainability requirements for reporting. Engage with existing occupiers to share the benefits of working together.	Continue to ensure green lease clauses are issued.  Continue to monitor changes in legislation and reporting requirements and adapt the leases as needed.  Communication through the Asset Managers, Property Managers and Facilities Manager and existing occupiers to build on the relationship and data sharing.
Engage with all occupiers annually on ESG issues	In addition, to the property managers engaging with occupiers, a tenant survey was undertaken in 2022, incorporating questions of an ESG nature to better understand our occupiers wishes.	The Company continues to engage with the occupiers through property managers and facilities managers who have discussed their ESG needs and initiatives important to them. This provided the Company with continual feedback allowing us to implement initiatives.	Continue to develop in person relationships and look to carry out an engagement survey.	The Company will maintain the contact with the occupiers through face to face discussions and engagement surveys.  Implementation of a sustainability action plan for each property to enable property managers and facilities managers to continue the dialogue and collaboration creating a united ESG approach.



B. Task Force for Climate-related Financial Disclosures

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

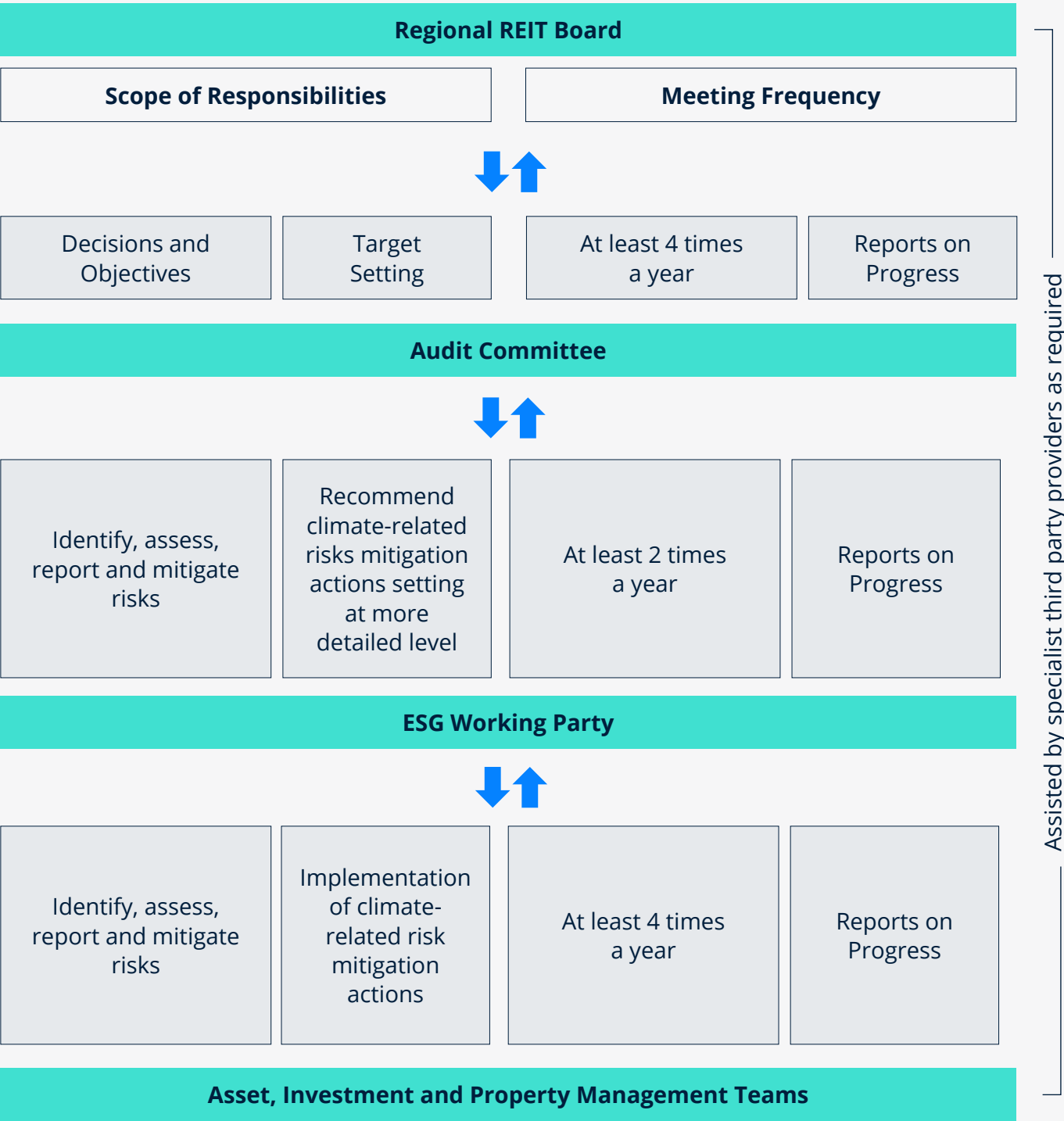
As with other sustainability disclosures, the Company expects the required disclosures to evolve in accordance with increased understanding around climate change risks.

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

Governance

Recommendation	Commentary
The Board’s oversight of climate-related risks and opportunities	<p>The Board holds ultimate responsibility for overseeing the Company’s risks and opportunities, including climate-related ones. It receives updates on these matters at each quarterly Board meeting.</p> <p>To carry out its duties, the Board has delegated authority for identifying climate-related risks to the Audit Committee. Meeting at least twice a year, the Audit Committee oversees the Group’s Risk Register, which includes climate-related risks detailed in the Principal Risks and Uncertainties section on pages 60 to 72. After each meeting, the Committee reports its findings to the Board.</p> <p>Additionally, the Audit Committee has delegated other climate-related risk and opportunity responsibilities to the ESG Working Party. This group includes Non-Executive Director Massy Larizadeh, the Asset Manager, the Investment Adviser, and external advisors as needed.</p> <p>The ESG Working Party met 4 times in 2024 and as required provided updates and recommendations to the Audit Committee and the Board.</p> <p>The full risk management approach is set out on page 62.</p>
Board’s role in assessing and managing climate-related risks and opportunities	<p>The Board holds ultimate responsibility for overseeing and managing climate-related risks and opportunities. The Asset, Investment, and Property Management teams support the Board and Audit Committee by identifying and assessing principal risks and uncertainties, including climate-related risks, within the risk appetite set by the Board. Risk assessment involves profiling and scoring risks before and after mitigation to determine if they are improving, worsening, or stable, and to evaluate the effectiveness of existing mitigation strategies.</p> <p>The Board receives quarterly reports on progress toward climate-related goals and targets.</p> <p>The Asset and Property Management teams handle daily operations, including implementing the Board-defined risk management strategy. The Property Manager is responsible for collecting and reporting environmental data, such as energy use and GHG emissions, allowing the ESG Working Party, Audit Committee, and Board to monitor progress against Board targets and take necessary actions.</p> <p>The Board, along with the Asset, Investment, and Property Management teams, receives ESG training annually and as needed.</p>

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



Assisted by specialist third party providers as required



Strategy

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

Risk Management

Recommendation	Commentary
Integrate processes for identifying, assessing, and managing climate-related risks into the Company's overall risk management.	<p>Effective risk management underpins the execution of the Company's strategy.</p> <p>The Board is supported by the Audit Committee, which via the Company risk register aims to capture the principal risks and uncertainties, including climate related risk. Climate-related risks are included within Principal Risks and Uncertainties on pages 60 to 72.</p> <p>Any identified climate-related risks and identified emerging risks are included with the Risk Register and managed appropriately by the Board in the future as the need arises.</p> <p>Board meetings are held at least quarterly and Audit Committee meetings at least bi-annually, with ad hoc meetings called as circumstances demand.</p> <p>The respective Company oversight bodies are kept appraised of the changing climate-related landscape by its appointed external advisers. Allowing ample time for the required actions to be put in place. An overview of the risk management process is set out in the above organogram on page 91.</p>

Metrics and Targets

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

C. EPRA Sustainability Best Practices Recommendations

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

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

This EPRA report is over three sections:

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



1. Overarching Recommendations  
Organisational boundaries

The Company's EPRA sustainability reporting covers properties held as at 31 December 2024.

Coverage

The coverage of absolute performance measures amounts to 83.3% of all property assets held at 31 December 2024. The remaining assets are single or multiple occupancy assets with no landlord-obtained electricity gas and water ("Utilities").

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

The measurements compared to 2023 shows the back to office trend following covid which shows a natural increase in utility usage.

We are committed to continually increasing the coverage of data collection 2024 and working with tenants has allowed us to increase the installation of electricity and water meters enabling us to report.

Like-for-like performance measures include properties for which the Company has collected three years' worth of consistent data and excludes properties sold, acquired or under development during the period 1 January 2022 to 31 December 2024. The like-for-like portfolio therefore represents 79.9% of the assets covered in the organisational boundaries, and data coverage is 100% of these properties. Data was collected in the years following covid for which time properties were not fully occupied or utilised.

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

Boundaries – Reporting on Landlord and Occupier Consumption

The energy and associated GHG emissions data reported includes:

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

Estimation of landlord-obtained Utility Consumption

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

Analysis – Normalisation

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

Analysis – Segmental Analysis (by Property Type, Geography)

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

Reporting Period

- Absolute performance measures and intensity metrics are reported for the most recent reporting year for which the Company holds full reporting data at the date of this report year ending 31 December 2024.
- Like-for-like performance measures are reported for the three most recent reporting years that the Company can collect consumption data for years ending 31 December 2021 to 31 December 2024.

Disclosure on Manager’s Offices

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

Data Verification and Assurance

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

Materiality

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

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

2. Environmental Performance Measures

EPRA Code	Performance Measures	Unit	Scope	Absolute 2023	Absolute 2024	LfL 2023	LfL 2024	LfL Change %
Elec-Abs Assets Elec-LfL	Total Electricity Consumption	kWh	Total landlord obtained	30,671,195	32,971,036	29,443,031	31,422,898	6.72%
DH&C-Abs Assets DH&C-LfL Assets	Total district heating & cooling consumption	kWh	Total landlord obtained	N/A	N/A	N/A	N/A	N/A
Fuels-Abs Asset Fuels-LfL Asset	Total fuel consumption	kWh	Total landlord obtained	22,466,920	23,493,416	20,975,739	22,298,483	6.31%
Energy-Int Asse	Building energy intensity	kWh/ m2/ year	Building energy intensity	109.77	112.97	98.14	111.82	13.94%
GHG-Dir-Abs Ass	Total direct GHG emissions	tonnes CO2e	Scope 1 – direct emissions	4,044	4,297	3,837	4,078	6.29%
GHG-Indir-Abs A	Total indirect GHG emissions	tonnes CO2e	Scope 2 – indirect emissions	6,827	6,849	6,097	6,506	6.71%
GHG-Indir-Abs A	Total indirect GHG emissions	tonnes CO2e	(location-based)					
GHG-Int Assets	Greenhouse gas (GHG) emissions intensity from building energy consumption	kg CO2e/ m2/ year	Scope 1 and 2 (location)	21.47	22.21	19.34	22.03	13.94%
Water-Abs,LfL	Total Water Consumption			186,642	148,031	180,969	147,436	-18.53%
Water Int	Building water intensity			0.58	0.41	0.50	0.41	-18.53%
Waste LfL	Total weight of waste by disposal route			1,261	1,084	1,218	1,043	11%

Note: Energy, Water and Waste data externally audited.

3. Social and Governance Performance Measures

EPRA Code	Performance Metric	Unit of Measurement	2022	2023	2024
Diversity-Emp Corporate	Employee gender diversity	% female: male	The organisation has no employees	The organisation has no employees	The organisation has no employees
Diversity-Pay Corporate	Ratio of the basic salary and/ or remuneration of men to women	Ratio per GRI guidelines	The organisation has no employees	The organisation has no employees	The organisation has no employees
Emp-Training Corporate	The average hours of training that the organisation's employees have undertaken	Average hours	The organisation has no direct employees	The organisation has no direct employees	The organisation has no direct employees
Emp-Dev Corporate	The percentage of total employees who received regular performance and career development reviews	Percentage of total employees	The organisation has no employees	The organisation has no employees	The organisation has no employees
Emp-Turnover Corporate	The total number and rate of new employee hires and employee turnover	Total number and rate	The organisation has no employees	The organisation has no employees	The organisation has no employees
H&S-Emp Corporate	The occupational health and safety performance of the reporting organisation with relation to its direct employees	Injury rate, lost day rate, absentee rate and work-related fatalities	The organisation has no employees	The organisation has no employees	The organisation has no employees
H&S-Asset Assets	Proportion of assets for which health and safety impacts have been reviewed or assessed for compliance or improvement	Percentage of assets	100%	100%	100%
H&S-Comp Assets	Incidents of non-compliance with regulations and/ or voluntary standard concerning the health and safety impacts of assets assessed during the reporting period.	Description of non-compliance	The organisation has not identified any non-compliance with regulations and/or voluntary codes	The organisation has not identified any noncompliance with regulations and/or voluntary codes	The organisation has not identified any noncompliance with regulations and/or voluntary codes
Comty-Eng Assets	Assets under operational control that have implemented local community engagement, impact assessments and/or development programmes	Percentage of assets	n/a	n/a	n/a

Governance Performance Measures

EPRA Code	Description	Disclosure
Gov-Board	Composition of highest governance body	Refer to pages 106 to 109 of this report
Gov-Selec	Process for selection of highest governance body	Refer to pages 130 to 135 of this report
Gov-COI	Process for management of conflicts of interest	Refer to page 134 of this report

DIRECTORS' DUTIES AND STAKEHOLDER ENGAGEMENT

Stakeholder Engagement and Board Decision Making

The Directors’ principal duty is to act in good faith and in a way that is most likely to promote the success of the Company, as set out in Section 172 of the UK Companies Act 2006<sup>1</sup>. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company, the impact it has on the community and the environment, take a long-term view on the consequences of the decisions they make, as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company. Fulfilling these duties supports the Company in achieving its investment strategy and helps to ensure that all decisions are made in a responsible and sustainable way.

Board Decision-Making

The importance of stakeholder considerations, in the context of decision making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the Board seeks to understand the needs and priorities of each group during its discussions. Examples of material matters discussed during the year are set out in the Chairman’s Statement on pages 22 to 27 and below. In addition, the Investment Strategy and Business Model set out on pages 28 to 33 gives examples of how we approach each specific element of our strategy which supports the business model, including an explanation of our values and approach.

Our Stakeholders

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

Tenants

The ability of the Company to meet its investment objective requires a strong focus on generating income from the property portfolio. To do this, the Company must understand its tenant needs, challenges and future aspirations to retain lettings and lease renewals. The Company has engaged a dedicated Property Manager, ESR Europe PM Limited, formerly L&S PM Limited, to manage the day-to-day property management and tenant interaction. The Property Manager regularly visits properties and communicates with existing tenants to understand their needs and improve their satisfaction. This improves retention rates and attracts prospective tenants.

During the year, the Asset and Property Manager continued to engage with tenants to understand their needs. The Board firmly believes that by supporting tenants and strengthening existing relationships, future occupancy levels will improve, which will, in turn, maintain and generate income for the Company. The Asset Manager reports at a high level on its engagement with tenants at every Board meeting. The Board recognises that the Company has certain responsibilities to its stakeholders and wider society and aims to conduct itself responsibly, ethically and fairly. Further details can be found on pages 76 to 96.

Shareholders

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

The Board is committed to maintaining open channels of communication and to engage with all shareholders in a meaningful manner to gain an understanding of their views. The Board ensures it has a clear understanding of shareholders' views by receiving regular updates and feedback from the Company's Corporate Broker, Financial Adviser, Asset Manager and Investment Adviser on shareholder matters.

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

DIRECTORS' DUTIES AND STAKEHOLDER ENGAGEMENT CONTINUED

Shareholder Meetings

The Asset Manager, Investment Adviser and the Company's Corporate Brokers and Financial Adviser are in regular contact with major shareholders, which includes meetings and roadshows. Meetings are held with institutional shareholders, private shareholders, wealth managers, and sell-side equity analysts to present the Group's financial and operational results and to discuss the strategy and business model, as well as the UK regional commercial property market.

The Asset Manager and Investment Adviser report the results of all meetings and the views of those shareholders to the Board on a regular basis.

The Company also encourages investors and analysts to utilise its online facilities and communications and has developed a comprehensive website of Group-specific information and other information generally useful to real estate investment trust investors and analysts.

The Investment Adviser regularly participates in investor relations programmes to raise the profile of the Company and to attract new shareholders.

The Chair, the Senior Independent Director, the Audit Committee Chair and Board members are available to meet with shareholders to understand their views on governance and performance should they wish to do so. Relations with shareholders are also considered as part of the annual Board Performance Review process and details can be found on page 132.

Investor Relations Updates

At almost every Board meeting, the Directors receive an investor relations update from the Investment Adviser on the share trading activity, share price performance and any shareholder feedback, as well as an update on any publications or comments by press and analysts. The Company's Corporate Brokers and Financial Adviser also regularly attend Board meetings to provide updates on the Equity and Real Estate markets, sector and peer performance.

AGM

The Company welcomes and encourages attendance and participation of shareholders at the AGM, during which the Board, Asset Manager and Investment Adviser intend to make themselves available to discuss issues affecting the Company and answer any questions. The Asset Manager generally prepares a presentation on the Company's performance and its future outlook.

The Company values any feedback and questions that it may receive from shareholders ahead of and during the AGM, and will take action or make changes, as and when appropriate. Shareholders wishing to raise questions or concerns directly with the Chairman, Senior Independent Director or Company Secretary, outside of the AGM, should do so using the Registered Office contact details provided on page 221.

Publications

The Company releases regular trading updates and announcements to the market regarding performance. The Annual Report and Half-Year report are made available on the Company's website, together with other communications to shareholders. These reports provide shareholders with a clear understanding of the Company's performance and financial position. This information is supported by regular announcements on activity within the property portfolio, such as lettings, lease extensions and acquisitions announced via the London Stock Exchange, which are also available on the Company's website. Following the announcement of the Company's full and half-yearly results, a presentation is held for analysts and investors.

The Asset Manager and Investment Adviser

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

DIRECTORS' DUTIES AND STAKEHOLDER ENGAGEMENT CONTINUED

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

The performance of both the Asset Manager and Investment Adviser is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with an attractive total return of greater than 10% per annum.

Maintaining a close and constructive working relationship with the Asset Manager and Investment Adviser is crucial as all three parties aim to achieve the investment objective. Important components in the collaboration with the Asset Manager and Investment Adviser, representative of the Company's culture, are:

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

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

On behalf of the Company's shareholders, the Management Engagement and Remuneration Committee (the "MERC") conducts an annual review of the performance of the Asset Manager and Investment Adviser. Details are set out on page 149.

Other Service Providers

The Company's day-to-day operational functions are delegated to a number of third-party service providers, each engaged under separate contracts. The Company's principal third-party service providers include the Company Secretary, Corporate Brokers and Financial Advisers, Administrator, Legal Adviser, Tax Adviser, Depositary and the Registrar. The Company relies on these reputable advisers for support in complying with all relevant legal and regulatory obligations. The Board maintains regular contact with its key third-party service providers, taking a constructive and positive approach to working with them with the aim of building long-term relationships. Their advice, as well as their needs and views, are routinely taken into account.

The MERC formally assesses the performance of third-party service providers, fees and continuing appointment at least annually to ensure that the key third-party service providers continue to function at an acceptable level. Further information is set out on page 149.

Lenders

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

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

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



DIRECTORS' DUTIES AND STAKEHOLDER ENGAGEMENT CONTINUED

The Environment and Society

The Board continues to increase emphasis on the importance of sustainability factors in its portfolio and investment considerations. The Board, its Asset Manager and Investment Adviser are fully committed to managing the business, its portfolio and investment strategy responsibly.

The Board receives regular updates from the Company's Environmental Social Governance Working Party on the sustainability strategy and provides feedback on their approach. Full details can be found on pages 76 to 96.

Principal Decisions Made in 2024

The major decisions taken by the Board during 2024 are summarised below and show how the Board had regard to its stakeholders and the longer-term success of the Company. During this and the previous year, the Chair and the Asset Manager and Investment Adviser have met with a significant number of shareholders and have established an ongoing dialogue with a number of these. This engagement has formed the foundation of a number of key decisions made during the year.

Principal Decision – Refinancing

Having considered several refinancing options (including both equity and debt solutions) to improve its financial position, the Board elected to propose to its shareholders a Capital Raising in June 2024. The Company successfully raised £110.5m of gross proceeds in aggregate, by way of a fully underwritten Placing, Overseas Placing and Open Offer of 1,105,149,821 New Ordinary Shares.

The Capital Raising was fully underwritten by Bridgemere Investments Limited, whom the Company have welcomed as a significant new shareholder. This has enabled the Company to significantly strengthen its financial position, reduced debt and provide greater financial flexibility and liquidity. Following completion of the Capital Raising, the Company's Ordinary Shares were consolidated at the ratio of one Consolidated Share for every 10 Ordinary Shares.

The Company met with stakeholders regularly throughout the refinancing process and held extensive discussions with third-party advisers, shareholders, and lenders. The refinancing has provided capital for capital expenditure projects.

The Property Manager will continue its ongoing programme to communicate with existing tenants to understand their needs and agree on the required use of capital expenditure for necessary refurbishments with the Board, with the aim of improving tenant satisfaction and retention rates, and attract prospective tenants. These refurbishments also underpin the Company's drive for investing sustainably to improve EPC ratings across its portfolio.

Principal Decision – 2024 Dividends

The Board remains committed to paying a full-year dividend of 7.8 pps (2023: 5.25 pps), while noting that dividend levels are subject to various factors, including the Group's financial position, performance, UK REIT requirements, and shareholder interests. The Board receives quarterly in person up-dates from its Corporate Brokers and Financial Advisers, which encompasses the dividend level and distribution.

On 29 July 2024, the Company completed a share consolidation at a ratio of 1 new share for every 10 existing shares.

- A Q1 2024 dividend of 1.2 pps was declared before the capital raise and share consolidation.
- Following these changes, the Company declared:
  - o Q2 2024 dividend of 2.2 pps on 10 September 2024
  - o Q3 2024 dividend of 2.2 pps on 13 November 2024
  - o Q4 2024 dividend of 2.2 pps, on 20 February 2025

Principal Decision – Board Succession Planning

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

The Nomination Committee is responsible for Board recruitment and conducts a continuous and proactive process of planning and assessment, taking into account the Company's strategic priorities and the main trends and factors affecting its long-term success and future viability. During the year, Mr Hunter and Ms Burstow were appointed to the Board. For further information see the Nomination Committee Report from page 142.

MANAGEMENT ARRANGEMENTS

Asset Manager

The Asset Management Agreement was assigned to London & Scottish Property Investment Management Limited on 3 May 2019 from an existing entity within the Asset Manager group following a restructure. The Asset Manager is engaged to provide asset management services to the Company, Regional Commercial Midco Limited ("Midco") and the respective Group limited companies which hold the properties directly.

Under the Asset Management Agreement, the Asset Manager is responsible for the day-to-day asset management of the Property Portfolio, subject to the investment objectives of the Company, its investment policy (as set out on page 29) and the overall supervision of the Board. The Asset Manager will also advise the Company on the acquisition, management and disposal of the Group's properties.

In view of the resilient returns of the Company and the significant increase in its size, the Board sought to secure the services of the Asset Manager. In doing so, the Management Engagement and Remuneration Committee conducted a review to ensure that the terms of these agreements remained appropriate. The Management Engagement and Remuneration Committee sought advice from Peel Hunt LLP, the Company's Financial Adviser and Broker, and Macfarlanes LLP, the Company's Legal Adviser. Following this review, which included comparisons of Shareholder returns against those of its peer group and consideration of the interests of the Company; the Company, Asset Manager and Investment Adviser each agreed to waive their right to issue a termination notice on or before 3 November 2022 and the management agreements will now continue in force until 3 November 2026.

Notwithstanding the above terms, the Asset Management Agreement may be terminated with immediate effect in certain circumstances, including a material unremedied breach by the Asset Manager.

The Company or Midco may terminate the Asset Management Agreement with immediate effect by giving written notice to the Asset Manager in the event of the liquidation or insolvency (or analogous event) of the Asset Manager.

Property Manager

L&S PM Limited has been appointed to manage the day-to-day property management of each property within the Portfolio. A Property Management fee of 4%, based upon the gross rental yield, is charged per annum.

Investment Adviser and Alternative Investment Fund Manager

The Company has appointed ESR Europe Private Markets Limited ("ESR Europe") as the Company's Investment Adviser (and to provide certain related services to Midco and the respective companies which hold property directly). The Investment Adviser is responsible for the day-to-day management of the Company's investments, subject to the investment objective and the investment policy of the Company. ESR Europe act as the Company's Alternative Investment Fund Manager ("AIFM"), effective from 30 August 2024, following ESR Europe's authorisation as an AIFM by the FCA. ESR Europe was authorised by the FCA on 1 August 2024 and replaced Toscafund Asset Management LLP as AIFM.

In view of the resilient returns of the Company and the significant increase in its size, the Board sought to secure the services of the Investment Adviser. In doing so, the Management Engagement and Remuneration Committee conducted a review to ensure that the terms of these agreements remained appropriate. The Management Engagement and Remuneration Committee sought advice from Peel Hunt LLP, the Company's Financial Adviser and Broker, and Macfarlanes LLP, the Company's Legal Adviser. Following this review, which included comparisons of shareholder returns against those of its peer group and consideration of the interests of the Company; the Company, Asset Manager and Investment Adviser each agreed to waive their right to issue a termination notice on or before 3 November 2022 and the management agreements will now continue in force until 3 November 2026.

Notwithstanding the above terms, the Investment Management Agreement shall terminate with immediate effect in certain circumstances, including the Investment Adviser ceasing for any reason to be authorised under Financial Services and Markets Act 2000 to carry out the regulated activity of managing an AIF, or the Investment Adviser committing a material breach of its obligations either (i) not capable of being remedied (after the Company has served notice to terminate) or (ii) which is capable of being remedied and failing to remedy the same within 30 days after service of notice by the Company requesting the same to be remedied.

MANAGEMENT ARRANGEMENTS CONTINUED

At any time after the first date on which the EPRA NTA exceeds £750,000,000, the Board and the Investment Adviser may decide, with the approval of an ordinary resolution (upon which neither the Investment Adviser nor its associates may vote) that individuals providing the services under the Investment Management Agreement are to become an internal resource of the Company in lieu of the appointment of the Investment Adviser under the Investment Management Agreement.

Management and Performance Fees

The Asset Manager and Investment Adviser are each entitled, in every financial year (or part thereof), to 50% of an annual management fee on a scaled rate. Following a review by the Management Engagement and Remuneration Committee and having sought advice from Peel Hunt LLP, the Company's Financial Adviser and Broker, the Company, Asset Manager and Investment Adviser agreed to amend the terms of the annual management fees charged, by reducing to: (i) 1.1% of the EPRA NTA up to and equal to £500,000,000; (ii) 0.9% of EPRA NTA above £500,000,000 and up to or equal to £1,000,000,000; (iii) 0.7% of EPRA NTA above £1,000,000,000 and up to or equal to £1,500,000,000; and (iv) 0.5% of EPRA NTA above £1,500,000,000. Previously the annual management fee charged was on a scaled rate of 1.1% of the Company's EPRA NTA, reducing to 0.9% on net assets over £500,000,000. The fee shall be payable in cash quarterly in arrears.

In addition, the Asset Manager and Investment Adviser are each entitled to 50% of a performance fee. The fee is calculated at a rate of 15% of Total Shareholder Returns in excess of the annual Hurdle Rate of 8% for the relevant Performance Period. Total Shareholder Returns for any Performance Period consist of the sum of any increase or decrease in EPRA NTA per Ordinary Share and the total dividends per Ordinary Share declared in the Performance Period. Performance Periods are annual, from 1 January to 31 December. Any performance fee payable for the period commencing 1 January 2019 and subsequent periods is to be paid in part 34% in cash and 66% in Ordinary Shares. Any Ordinary Shares issued to the Asset Manager and Investment Adviser are to be issued at the prevailing price per Ordinary Share on the date of issue.

A performance fee is only payable in respect of a Performance Period where the EPRA NTA per Ordinary Share exceeds the high-water mark, which is equal to the greater of the highest year-end EPRA NTA per Ordinary Share in any previous Performance Period or the Placing Price (100p per Ordinary Share). Full details of the Asset Manager and Investment Advisers' Performance Fee are given on pages 157 and 158 of the Company's Prospectus, published on 24 June 2019.

Performance Fee

No performance fee crystallised for the performance fee period from 1 January 2024 to 31 December 2024.

Continuing Appointment of Asset Manager and Investment Adviser

The Board keeps the performance of both the Asset Manager and Investment Adviser under continual review. The MERC, comprising the independent non-executive Directors, conducts an annual review of the performance of the Asset Manager and Investment Adviser. Further details can be found on page 149.

It is considered that the Asset Manager and Investment Adviser has each executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of the Asset Manager and Investment Adviser of the Company, on the terms agreed, is in the best interests of the Company and its shareholders as a whole.

Administrator

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

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

OTHER INFORMATION

Company Secretary

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

Principal Activity

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

Status

The Company is incorporated in Guernsey, Channel Islands, and is registered with the Guernsey Financial Services Commission as a Registered Closed-Ended Collective Investment Scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Collective Investment Schemes Rules & Guidance 2021. It is a member of the AIC.

Status for Taxation

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

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

The Company is registered for VAT purposes in England.

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

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

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

Culture

The Board has established core values for the Company that align with the Company's purpose, culture and strategy. These are set out on page 12.

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

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

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

On behalf of the Board

David Hunter  
Chairman  
24 March 2025

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# BOARD OF DIRECTORS



**David Hunter**  
(Chairman and Independent Non-Executive Director)  
*Appointed: 2 January 2025*

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

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



**Massy Larizadeh**  
(Senior Independent Director, Chair of the Nomination Committee and the Management Engagement and Remuneration Committee)  
*Appointed: 1 June 2022*

Massy Larizadeh has 30 years’ experience in the financial services sector, 17 of which were within commercial real estate, working for companies such as GE Real Estate, Cushman & Wakefield Investors, and Deloitte Real Estate. Prior to that Massy spent several years at GE Capital in M&A in the US and across Europe, having started her professional career in the City of London at Morgan Stanley International.

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

Massy has a bachelor’s degree from the Wharton School of the University of Pennsylvania and an MBA from INSEAD in France.

# BOARD OF DIRECTORS



**Nicole Burstow**  
(Non-Executive Director)  
Appointed: 24 October 2024

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

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



**Frances Daley**  
(Independent Non-Executive Director, Chair of the Audit Committee)  
Appointed: 1 February 2018

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

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



**Stephen Inglis**  
(Non-Executive Director)  
Appointed: 16 October 2015

Stephen Inglis is the Head of the Asset Manager. He has over 30 years’ experience in the commercial property market, the majority of which spent working in the investment and development sector. His career to date has been split between London and Scotland and he has extensive knowledge of the UK regional property markets.

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



# DIRECTORS' REPORT

The Directors of Regional REIT are pleased to present their report and the consolidated audited financial statements of the Group for the year ended 31 December 2024.

## Corporate Governance

The Corporate Governance Statement on pages 120 to 135 forms part of this report.

## Directors

The names and full biographies of the Directors, as at the date of this report, can be found on pages 106 to 109. Daniel Taylor and Kevin McGrath resigned from the Board on 15 October 2024 and 18 March 2025, respectively, having reached the end of their nine-year tenures. Nicole Burstow and David Hunter were appointed to the Board on 24 October 2024 and 2 January 2025 respectively. The Board comprises three female Directors and two male Directors. Details of the Directors' terms of appointment can be found in the Corporate Governance Statement and the Directors' Remuneration Report.

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

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

Nicole Burstow is an employee of Bridgemere Investments Limited, a substantial shareholder of the Company, and, therefore, not considered independent. The Directors have considered Ms Burstow's independence taking into account this employment and have noted that there could be certain circumstances that might pose a conflict of interest to Ms Burstow, but these would be disclosed and, in accordance with agreed procedures, Ms Burstow would not vote on these issues.

In accordance with the Company's Articles of Incorporation and the AIC Code, David Hunter and Nicole Burstow having been appointed a Director since the last AGM will stand for election and all other Directors for re-election at the 2025 AGM.



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

DIRECTORS' REPORT CONTINUED

Directors' Interests

There is no requirement under the Company's Articles of Incorporation or the terms of their appointment for Directors to hold shares in the Company.

The beneficial interests of the Directors of the Company are set out in the table below:

At 31 December 2024			At 31 December 2023	
Director	Number of Ordinary Shares*	% Interest in share capital	Number of Ordinary Shares	% Interest in share capital
David Hunter (Chairman) <sup>1</sup>	-	-	-	-
Nicole Burstow <sup>2</sup>	-	-	-	-
Frances Daley	46,280	0.03	147,257	0.03
Stephen Inglis <sup>3</sup>	793,020	0.49	2,514,365	0.49
Kevin McGrath <sup>4</sup>	158,736	0.10	505,072	0.10
Massy Larizadeh	24,991	0.015	47,700	0.01

<sup>1</sup> Mr Hunter joined the Company on 2 January 2025

<sup>2</sup> Ms Burstow joined the Company on 24 October 2024

<sup>3</sup> Held by himself, his spouse, and family trust.

<sup>4</sup> Held by himself, his spouse, and children.  
Mr McGrath left the Company on 18 March 2025

Share Capital

As at 31 December 2024, the Company's total issued share capital was 162,088,483\* Ordinary shares (2023: 515,736,583).

On 18 July 2024, shareholders approved a Capital Raising and Share Consolidation and the Company raised approximately £110.5 million of gross proceeds, in aggregate, by way of a fully underwritten Placing, Overseas Placing and Open Offer of 1,105,149,821 new Ordinary Shares. Following completion of the Capital Raising, the Ordinary Shares were consolidated at the Consolidation Ratio of one Consolidated Share for every 10 Ordinary Shares.

All of the Company's Ordinary Shares are listed on the Main Market segment of the London Stock Exchange and each Ordinary Share carries one vote.

There is only one class of Ordinary Shares in issue for the Company, in adherence to the REIT requirements. The only other shares the Company may issue are particular types of non-voting restricted preference shares, of which none (2023: none) are currently in issue.

At the AGM held on 5 August 2024, the Directors were granted authority to allot Ordinary Shares on a non-pre-emptive basis for cash up to a maximum number of 16,208,864 shares (being 10% of the issued share capital on 19 July 2024). The Directors were also granted the authority to disapply pre-emption rights in respect of the allotment of Ordinary Shares up to a maximum number of 16,208,864 Shares (being 10% of the issued share capital on 19 July 2024) where the allotment of such shares is for the sole purpose of financing an acquisition or other capital investment as defined by the Pre-Emption Group's Statement of Principles.

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

No shares were issued under these authorities during the year under review, and the authorities will expire at the Company's 2025 AGM where resolutions for their renewal will be sought, or, if sooner, on 5 November 2025.

At the AGM held on 5 August 2024, the Company was authorised to purchase up to a maximum of 16,208,864 of its own Ordinary Shares (being 10% of the Company's issued share capital on 19 July 2024).

Restrictions on the Transfer of Shares

Subject to the Articles, as well as applicable foreign securities laws, a shareholder may transfer all or any of their Ordinary Shares in any manner which is permitted by Guernsey law or in any other manner which is from time to time approved by the Board.

If any Ordinary Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a “Non-Qualified Holder” (see below), the Board may give notice to such person requiring them either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder, or (ii) to sell or transfer their Ordinary Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Ordinary Shares.

Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, (i) the person will be deemed, upon the expiration of such 30 days, to have forfeited their Ordinary Shares or (ii) if the Board in its absolute discretion so determines, the Company may dispose of the Ordinary Shares at the best price reasonably obtainable and pay the net proceeds of such a disposal to the former holder.

A Non-Qualifying Holder is defined as any person whose ownership of Ordinary Shares, or the transfer of Ordinary Shares to such person, may:

- cause the Company's assets to be deemed “plan assets” for the purposes of the US Internal Revenue Code of 1986 (as amended), or US Employee Retirement Income Security Act of 1974 (as amended);

- No shares have been purchased under this authority during the year under review, which will expire at the Company's 2025 AGM where a resolution for its renewal will be sought, or, if sooner, on 5 November 2025.
- cause the Company to be required to register as an “investment company” under the US Investment Company Act 1940;
- cause the Company or any of its securities to be required under the US Exchange Act, the US Securities Act or any similar legislation;
- cause the Company not being considered a “Foreign Private Issuer”, as such term is defined in rule 3b-4(c) under the US Exchange Act;
- cause the Investment Adviser to be required to register as a municipal Adviser under the US Exchange Act;
- result in the Company being disqualified from issuing securities pursuant to Rule 506 of Regulation D under the US Securities Act;
- cause a loss of partnership status for US federal income tax purposes or a termination of the US partnership under US Internal Revenue Code of 1986 (as amended), Section 708;
- result in a person holding Ordinary Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time; or
- cause the Company to be a “controlled foreign corporation” for the purposes of Section 957 of the US Internal Revenue Code of 1986, (as amended), or may cause the Company to suffer any pecuniary or tax disadvantage or any person who is deemed to be a Non-Qualified Holder by virtue of their refusal to provide the Company with information that it requires in order to comply with its obligations under exchange of information agreements.



DIRECTORS' REPORT CONTINUED

Restrictions on Voting Rights

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

Substantial Shareholdings

The Company has received notification of the following disclosable interests in the voting rights of the Company:

Shareholder	At 31 December 2024		At 24 March 2025	
	Number of Ordinary Shares notified	% Interest in Share capital	Number of Ordinary Shares notified	% Interest in Share capital
Bridgemere Investments Ltd	32,990,233	20.4%	32,990,233	20.4%
OMP-SS5	11,165,219	6.9%	11,165,219	6.9%

The Company has not been informed of any other changes to the notifiable interests between 31 December 2024 and the date of this report.

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

Dividend Policy

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

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

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

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

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

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

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

Results and Dividends

A summary of the Company’s performance during the year and the outlook for the forthcoming year is set out in the Chairman’s Statement and the Asset Manager and Investment Advisers’ Report on pages 22 and 34 respectively.

The Company declared one quarterly dividend of 1.20pps in May 2024 and two quarterly dividends of 2.20pps\* in September and November 2024. A fourth quarterly dividend of 2.20pps for the year ended 31 December 2024 was declared on 20 February 2025. This dividend will be paid on 4 April 2025 to shareholders on the register at the close of business on 28 February 2025. The ex-dividend date was 27 February 2025 (during 2023, the Company declared four quarterly dividends, one of 1.65pps and three of 1.20pps).

Articles of Incorporation

In accordance with the Articles of Incorporation, the Board must seek shareholder approval to amend the Articles of Incorporation. During the year under review, the Board did not propose a change to the Articles of Incorporation.

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

Stakeholder Engagement

While the Company has no employees, suppliers or customers, the Directors strive to foster positive relationships with the Company’s stakeholders, in particular with tenants, shareholders, the Asset Manager, Investment Adviser, and other service providers. More information about this can be found in the Strategic Report on pages 97 to 100.

Shareholder Engagement

Communication with shareholders remains of critical importance to the Board, who believe that understanding the views of shareholders is a key factor in the Group’s strategic direction and successful development of the business. Further information can be found on pages 97 to 98.

Financial Risk Management

The principal risks and uncertainties faced by the Group and the Group’s policies for managing these risks are set out on pages 60 to 72. The principal financial risks relating to financial instruments, and details of the risk mitigation factors relating to these financial instruments are set out in note 30.

Environmental, Social and Governance (“ESG”)

Whilst the Group has no direct social or community responsibilities, the Company is supportive of the Asset Manager and Investment Advisers’ philanthropic activities. Further details of the Manager’s approach to responsible investment practices and sustainability standards and the Board’s oversight of this can be found in the Strategic Report on pages 76 to 96.

Diversity

The Board of Directors of the Company comprises three females and two males. The Board recognises the importance and benefits of maintaining the gender and ethnic balance of the Board. Notwithstanding this, the Board does not consider that it would be appropriate to set diversity targets as all Board appointments are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

The Board’s policy on diversity can be found on page 144.



Norfolk House, Birmingham



DIRECTORS' REPORT CONTINUED

Directors’ and Officers’ Liability Insurance

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

Auditor

RSM UK Audit LLP was appointed as auditor to the Company on listing on 6 November 2015. RSM UK Audit LLP has expressed its willingness to continue in office as Auditor to the Company and resolutions for its re-appointment and for the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM. However, the Board will run a tender process during the financial year to 31 December 2025 and may appoint a replacement auditor during the year. Further information about the Company’s external Auditor, including tenure, can be found in the Audit Committee’s Report on page 136.

Audit Information

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

Listing Rules Disclosures

UK Listing Rule 6.6.1R requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to UKLR 6.6.1R, except for the details of any arrangements under which a Director of the Company has waived any emoluments from the Company and the details of any contract of significance in which a Director is or was materially interested.

As set out on page 151, Mr Inglis does not receive any remuneration from the Company and Ms Burstow’s remuneration is paid to her employer Bridgemere Investments Limited. Furthermore Mr Inglis is the Head of ESR Europe LSPIM Limited, the Company’s Asset Manager. The details of the Agreements with the Asset Manager and Investment Adviser are set out on pages 101 and 102.

Annual General Meeting

The notice for the 2025 AGM will be published on the Company’s website and will be circulated to shareholders in accordance with the requirements of the Company’s Articles of Incorporation.

Future Developments

The main trends and outlook for the Company is set out in the Chairman’s Statement on pages 22 to 27.

Post Balance Sheet Events

Information on post balance sheet events can be found on page 205.

Energy and Carbon Reporting

Information on sustainability matters can be found on pages 76 to 96.

For and on behalf of the Board

David Hunter  
Chairman  
24 March 2025



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group Financial Statements in accordance with applicable laws and regulations.

Guernsey company law requires the Directors to prepare financial statements for each financial year. The Directors are required under the UK Listing Rules of the Financial Conduct Authority to prepare the group financial statements in accordance with UK-adopted International Accounting Standards.

The financial statements of the Group are required by law to give a true and fair view of the state of the Group's affairs at the end of the financial period and of the profit or loss of the Group for that period and are required by UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present a true and fair view of the financial position, financial performance and cash flows of the Company;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions; disclose with reasonable accuracy at any time the financial position of the Group; enable them to ensure that the financial statements comply with the requirements of The Companies (Guernsey) Law 2008 and, as regards the Group financial statements, the UK-adopted International Accounting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on Regional REIT's website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE CONSOLIDATED ANNUAL REPORT

Each of the Directors, whose names and functions are listed on pages 106 to 109, confirms that to the best of each person's knowledge:

- the financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole;
- the Strategic Report, including the Asset Manager's and Investment Adviser's Report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and financial statements for the year ended 31 December 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and signed on its behalf by:

**David Hunter**  
Chairman  
24 March 2025

# CORPORATE GOVERNANCE STATEMENT

**This Corporate Governance Statement forms part of the Directors’ Report.**

The UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject.

## Introduction from the Chairman

I am pleased to introduce this year’s Corporate Governance Statement. The Board is accountable to shareholders for the governance of the Company and is committed to maintaining the highest standard of corporate governance for the long-term sustainable success of the Company.

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

The Board notes the publications of the 2024 UK Code and AIC Code, which will apply to financial years beginning on or after 1 January 2025 (except for AIC Code provision 34 which takes effect for financial periods commencing on or after 1 January 2026). Although not directly relevant for the year under review, the Board is satisfied that it is able to comply with the new AIC Code and the 2024 UK Code.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC and the Guernsey Financial Services Commission (“GFSC”), provides relevant information to shareholders and that by reporting against the AIC Code the Company has met its obligations in relation to the UK Code and associated disclosure requirements under UK Listing Rule 6.6.6.

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

## The Principles of the AIC Code

The AIC Code is made up of 17 principles split into five sections covering:

- Board leadership and purpose
- Division of responsibilities
- Composition, succession and evaluation
- Audit, risk and internal control
- Remuneration

Similar to the UK Code, the AIC Code specifies a “comply or explain” basis and details of how the Company has applied the principles of the AIC Code are set out in this report.

## Compliance with the AIC Code

Throughout the year ended 31 December 2024, the Company complied with the principles and provisions of the AIC Code which incorporates the UK Code. Accordingly, the following table reports on the Company’s compliance throughout the year with the recommendations of the AIC Code.

As a Guernsey incorporated entity, there are no statutory requirements for the Company to develop a remuneration policy. The steps taken by the MERC to ensure that Directors’ fees support the Company’s strategy and promote its long-term success are set out in the Remuneration Report on page 150.



CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD LEADERSHIP AND PURPOSE	
AIC Code Principle	Compliance statement
A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.	<p>The Board considers the long-term sustainable success of the Company to be its main focus and all decisions are considered from this point of view.</p> <p>The role of the Board and our governance framework can be found from page 130. The Company's Sustainability Report starts on page 76.</p> <p>Details regarding the principal risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 60 to 72 and 28 to 33.</p>
B. The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	<p>The purpose of the Company, as set out on page 12, is to deliver long-term returns for shareholders with income generated from investment in UK commercial property outside of the M25 motorway. The strategy that the Board follows in order to execute this is outlined in the Strategic Report on pages 28 to 33.</p> <p>As outlined on page 12, the Board has adopted some key values which are embedded into the culture of the business and are key to any decision made by the Company.</p> <p>The Directors agree that establishing and maintaining an open and inclusive culture among the Board and in its interaction with the Asset Manager and Investment Adviser, shareholders and other stakeholders, will support the delivery of its purpose, values, and strategy.</p> <p>The purpose and culture of the business are considered as part of the annual Board Performance Review to ensure that they remain a key focus on which all decisions are based.</p>

BOARD LEADERSHIP AND PURPOSE	
AIC Code Principle	Compliance statement
C. Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.	Regional REIT strives to ensure its reporting is transparent, comprehensible, and centered on the outcomes, consequences, and implications of the Board's decisions on the Company's stakeholders. The Company remains committed to continually adapting and enhancing its reporting practices.
D. In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	<p>The Board understands its responsibilities to shareholders and stakeholders and considers the opinions of all such parties when making any decision. The Board considers that, other than shareholders, the Company's other key stakeholders are the Company's tenants, its service providers and its Asset Manager and Investment Adviser.</p> <p>Further details can be found on pages 97 to 100.</p> <p>The Directors place considerable importance on shareholder engagement and on communications with them and all other stakeholders. Shareholders who wish to contact the Board may do so by emailing <a href="mailto:rgl-cosec@cm.mpms.mufig.com">rgl-cosec@cm.mpms.mufig.com</a>.</p>
E. Principle E of the UK Code has been deleted with the agreement of the FRC.	Principle E of the UK Code describes the Board's responsibilities for workforce policies and practices - Regional REIT does not have any employees, therefore, this principle is not relevant to us.

CORPORATE GOVERNANCE STATEMENT CONTINUED

DIVISION OF RESPONSIBILITIES	
F. The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all non-executive Directors, and ensures that Directors receive accurate, timely and clear information.	<p>There is a clear division of responsibilities between the Chairman, the Directors, the Asset Manager, the Investment Adviser and the Company's other service providers.</p> <p>The Board has approved a policy which sets out the responsibilities of the Chairman, Mr Hunter, and Senior Independent Director, Ms Larizadeh, a copy of which is available on the Company's website. The Chairman is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chairman ensures that all Directors receive accurate, timely and clear information and helps promote a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chairman also takes a leading role in ensuring effective communications with shareholders and other stakeholders.</p> <p>The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing, following consultation with the Asset Manager and the Investment Adviser, the Company's investment policy, long-term objectives, commercial strategy, the gearing policy and the setting of any limits and any treasury policies.</p> <p>Prior to each Board and Audit Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's portfolio including property acquisitions/disposals and financial position. All Directors have timely access to all relevant management financial and regulatory information.</p>

DIVISION OF RESPONSIBILITIES	
G. The Board should consist of an appropriate combination of Directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.	<p>All Directors are non-executive and are independent of the Asset Manager and Investment Adviser and the other service providers (except for Mr Inglis who is the Head of ESR Europe LSPIM Ltd, the Company's Asset Manager).</p> <p>A majority of the Board will at all times be independent of the Asset Manager and Investment Adviser.</p> <p>Ms Burstow is an employee of Bridgmere Investments and is therefore not considered Independent.</p> <p>The Chairman, Mr Hunter, was independent of the Asset Manager and Investment Adviser at the time of his appointment. The Board considers that he remains independent.</p> <p>None of the Directors are a director of another investment company managed by the Company's Asset Manager or Investment Adviser nor has any Board member been an employee of the Company or currently has any connection to any of its service providers (except for Mr Inglis).</p> <p>The Board Performance Review concluded that each Director provides a valuable contribution to Board meeting discussions and exercises appropriate levels of challenge and debate.</p>
H. Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.	<p>As part of the Board Performance Review, the contributions of each Director, as well as the time commitments made by each Board member, are considered, and reviewed by the Nomination Committee. More information can be found on page 132.</p> <p>The MERC reviews the performance and cost of the Company's service providers on an annual basis and more information on its work can be found on page 146.</p>
I. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	<p>The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are in place and followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.</p>



CORPORATE GOVERNANCE STATEMENT CONTINUED

COMPOSITION, SUCCESSION AND EVALUATION	
J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.	The Nomination Committee, comprising independent non-executive Directors, is responsible for identifying and recommending to the Board the appointment of new Directors. The Company's Diversity and Inclusion Policy sets out the principles and commitments the Board follows when making new appointments, including how the Directors ensure that any new appointment will add to the diversity of experience, skill, gender, social and/or ethnic backgrounds. See the Nomination Committee Report on page 142.
K. The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	<p>Directors' biographical details are set out on pages 106 to 109 of this report. These demonstrate the wide range of skills and experience that the Directors bring to the Board including the property sector, investment trusts, and financial and public company management.</p> <p>The Board has a tenure policy, set out on page 132, to ensure that the Board continues to have the right balance of skills and experience.</p> <p>Each Director was appointed with a view to establishing a Board with a good combination of skills, experience and knowledge. This is reviewed as part of the annual Board Performance Review process. When considering new appointments, the Board, through the Nomination Committee will review the skills of the Directors and seek to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. Where appropriate, the need for diversity on the Board will be taken into account when considering new appointments. The Company's diversity policy can be found on page 144. The policy adheres to the UK Listing Rules on diversity.</p>

COMPOSITION, SUCCESSION AND EVALUATION	
L. Annual evaluation of the Board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	The Directors consider the performance review of the Board, its Committees and themselves to be an important aspect of corporate governance, and evaluations are undertaken annually. The results of the performance review, which were discussed by the Nomination Committee are set out on page 132.
M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	<p>The Audit Committee has put in a place a non-audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit Committee. This enables the Committee to ensure that the external auditors remain fully independent.</p> <p>In addition, the Audit Committee carries out a review of the performance of the external auditor on an annual basis. Feedback from other third parties, including the Asset Manager and Investment Adviser, is included as part of this assessment to ensure the Audit Committee takes into account the views of different parties who have a close working relationship with the external auditor.</p> <p>See the Audit Committee Report on page 136.</p>

CORPORATE GOVERNANCE STATEMENT CONTINUED

AUDIT, RISK AND INTERNAL CONTROL	
N. See the Audit Committee Report on page 136. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	The Audit Committee has considered the Audited Annual Report and Financial Statements as a whole and agreed that it presents a fair, balanced, and understandable assessment of the Company's position and prospects.
O. The Board should establish and maintain an effective risk management and internal control framework, and determine the nature and extent of the principal risks the Company is willing to take to achieve its long-term strategic objectives.	<p>Risks faced by the Company are considered, monitored and assessed on a regular basis by the Audit Committee. Details in respect of the Company's principal risks and uncertainties and the appropriate measures taken to mitigate each risk can be found on pages 60 to 72.</p> <p>Given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon. The Chairman of the Audit Committee meets, at least annually, with representatives of each of the Asset Manager and Investment Adviser independently, to review and discuss the internal controls within their businesses.</p>

REMUNERATION	
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and only receive Directors' fees. No element of their remuneration is related to performance, and Directors are not eligible for bonuses, share options or long-term performance incentives. See the Remuneration Report on page 150.
Q. A formal and transparent procedure for developing policy on remuneration should be established. No Director should be involved in deciding their own remuneration outcome.	Directors' remuneration is reviewed annually by the MERC and within the limits the Company's Articles of Incorporation. The Board as a whole is responsible for deciding the level of fees paid to the non-executive directors and the Chairman, and no Director is involved in deciding their own remuneration. See the Remuneration Report on page 150.
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	There are no performance related elements of the Directors' remuneration, therefore, there is very little scope for the exercise of discretion. Any fee increases, if one is proposed, are carefully considered and the Board takes into account the time required for it to fulfil its duties, peers and benchmarking data, overall Company performance and wider economic context. See the Remuneration Report on page 150.



CORPORATE GOVERNANCE STATEMENT CONTINUED

The Board of Directors

At the start of the year under review, the Board consisted of five non-executive directors (three male and two female). Following the retirement of Mr Taylor after the conclusion of his nine-year tenure, and the appointment of Ms Burstow in October 2024, the Board consisted of five non-executive directors (two male and three female).

Since the end of the year under review, Mr Hunter was appointed as Non-Executive Director and Chairman designate in January 2025 and replaced Mr McGrath as Chairman in March 2025 after the completion of their handover period. Mr McGrath retired in March 2025 having reached the end of his nine-year tenure. The Board currently consists of five non-executive directors (two male and three female). Brief biographical details of all Directors, including details of their other directorships and significant commitments, can be found pages 106 to 109.

A review of Board composition and balance is included as part of the annual performance review of the Board, details of which may be found on page 132.

The Company's culture is set out on page 103. The values of the Company are set out on page 12. These values are considered in Board decision making. The purpose of the Company is the investment objective, which can be found on page 29. The strategy that the Board follows to meet this objective is outlined in the Strategic Report on page 28. The business model that the Company operates is set out from page 28.

The Board ensures that the necessary resources are in place for the Company to meet its objectives. It does this predominately through its engagement with third-party service providers. The Board regularly reviews financial forecasts and KPIs, as well as debt financing and gearing. Further details can be found on pages 54 to 59 of the Strategic Report.

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

More detail regarding the principal risks and uncertainties, emerging risks and the sustainability of the business can be found in the Strategic Report on pages 60 to 72.

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

Board Operation

There is a clear division of responsibilities between the Board, the Asset Manager and Investment Adviser. The Directors have agreed a formal schedule of matters specifically reserved for their approval. The schedule of matters reserved to the Board includes, but is not limited to the following:

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

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

The Board, at its regular meetings, undertakes reviews of key investment and financial data, analyses of asset allocation, peer group information, the economy generally, transactions and performance comparisons, Share price (whether at a discount or premium to NAV) and NAV performance. It receives an update from the Asset Manager on property market conditions and trends, movements compared to previous quarters, yields on properties within the portfolio, lease lengths and letting activity, including estimated rental values and vacant properties. The Board also receives an update from the Investment Adviser on investor relations. Discussions also take place on strategic proposals, developments and legal and governance matters.

Representatives of each of the Asset Manager and Investment Adviser regularly attend Board meetings, which facilitates communication and supplements the regular reporting to the Directors.

Board Meeting Attendance

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

Scheduled Board Meetings		
Director	Number entitled to attend	Number attended
Kevin McGrath	4	4
Nicole Burstow*	2	2
Frances Daley	4	4
Stephen Inglis	4	4
Massy Larizadeh	4	4
Daniel Taylor**	3	3

\* Appointed 24 October 2024  
\*\* Resigned 15 October 2024

Additional Board meetings were also held as required during the year, including to deal with corporate transactions such as the equity raise, repayment of the Retail Bond, property disposals and acquisitions and dividends.

The Board follows a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting to all the Directors and other attendees. A typical agenda includes a review of performance with a detailed update from the Asset Manager and Investment Adviser on the property portfolio, investment opportunities and disposals, the Company's financial performance, updates on investor relations and specific regulatory or governance matters. Representatives of the Company's Advisers are invited to attend Board meetings from time to time, particularly the Company's Corporate Brokers, Financial Adviser and Legal Adviser.

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Annual Board Performance Review

The Directors consider the performance review of the Board, its Committees and themselves to be an important aspect of corporate governance, and reviews are undertaken annually. The review undertaken for the 2024 financial year was facilitated internally by the Company Secretary. The Board agreed that the use of an externally facilitated service provider was not necessary this year, however, this will be kept under review.

The questionnaires were designed to evaluate Directors' feedback on Board composition, culture and effectiveness, the Board's performance concerning stakeholder relations and shareholder value, governance, the efficiency of Board and Committee meetings, and to determine whether the operation of such meetings was appropriate. Additionally, the questionnaires aimed to gather any further information necessary to enhance Board discussions. The review also included an assessment of the Directors' independence and their ability to dedicate sufficient time to the Company's activities.

Following conclusion of the review, the Company Secretary provided a report on the outcome, a summary of strengths and areas for development and feedback on how the Board could improve in each area of assessment. The report was reviewed by the Nomination Committee as part of its assessment of Board performance.

The Results

The results of the review process indicated that the Board and its Committees continue to work well and there are no significant concerns among the Directors about Board and Committee effectiveness. It identified areas for potential improvement in the Board's structure and experience, continued focus on strategy, debt management and risk management, and relationships with, and understanding of, all Regional REIT stakeholders.

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

- Raise Regional REIT's profile and enhance interest in the Company
- Develop a more granular understanding of shareholder and stakeholder expectations and needs, particularly retail investors

- The mid to long-term investment strategy for Regional REIT in light of market changes and challenges
- Continue succession plans to increase the number of independent directors and strengthen the Board's experience

The resulting actions agreed by the Directors will be discussed in more detail and monitored during the 2025 financial year and the Board will report on the outcomes in our next Annual Report.

Following the review, the Board is confident that all current Directors contribute effectively and possess the necessary skills and experience for the leadership and direction of the Company. The Board also affirms that all Directors, except for Mr Inglis and Ms Burstow, are independent. Furthermore, the Board confirms that every Director can dedicate sufficient time to the Company's activities, ensuring effective governance and direction.

Actions taken following the previous Board performance review

During the year, the Board took several actions based on the review undertaken in the previous year. These included the repayment of the £50 million Retail Bond and the subsequent reduction in the Company's leverage position, funding capital expenditure to continue to improve the quality of our portfolio and improve EPC ratings, and successfully carrying out the ongoing succession plans put in place by the Board to refresh its composition.

Tenure, Election and Re-election of Directors

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

In accordance with the Company's Articles of Incorporation and the AIC Code, Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter, each Director's appointment is subject to an annual performance review and all Directors submit themselves for annual re-election by shareholders at the AGM. Ms Burstow and Mr Hunter, having been appointed Directors since the last AGM will therefore stand for election at the Company's AGM in 2025 and all other Directors will stand for re-election at that AGM.

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

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

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

Further information on succession planning can be found in the Nomination Committee Report on page 142.

Induction and Training

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Conflicts of Interest

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

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

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

Board Committees

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

Audit Committee

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

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

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Audit Committee may invite anyone to attend Committee meetings at its discretion and representatives of the external Auditor are invited to attend as necessary. The Audit Committee Report is set out on page 136.

Management Engagement and Remuneration Committee ("MERC")

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

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Committee may invite anyone to attend at its discretion. The MERC Report is set out on page 146.

Nomination Committee

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

Only members of the Committee have the right to attend and vote at Committee meetings. However, the Committee may invite anyone to attend at its discretion. The Nomination Committee Report is set out on page 142.

Management of Risk and Internal Controls

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness, ensuring that risk management and control processes are embedded in day-to-day operations.

The Board has established an ongoing process for identifying, evaluating, and managing significant risks with the aim of helping to safeguard the Company's assets. The Board exercises its oversight of financial, reporting, compliance, operational and overall risks by relying on regular reporting on performance and other management information from the Asset Manager and Investment Adviser. These procedures are designed to manage rather than eliminate risk. The Board manages risks as set out below:

- the Board, through the Audit Committee, will conduct a risk and control assessment at least on an annual basis, including a review of the internal controls procedures of the Company's principal third-party service providers;
- the responsibilities for the investment management, asset management, accountancy and depositary functions are segregated, and the procedures of the third-party service providers are designed to safeguard the Company's assets;
- the Board is kept regularly updated by each of the Asset Manager and Investment Adviser outside of scheduled Board meetings and each provides reports at each meeting of the Board; and
- under the terms of the Asset Management Agreement between the Company and the Asset Manager, Board approval is required for purchases of property exceeding £15 million in value and for disposals exceeding £15 million in value.

Details of the Company's internal control and risk management systems in relation to the financial consolidation reporting process can be found on page 140.

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

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks are monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed by the Audit Committee every six months. The principal risks that have been identified by the Board are set out on pages 60 to 72.

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

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

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

Taking into account the principal and emerging risks provided on pages 60 to 72 and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of Board, the Directors:

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

By order of the Board:

MUFG Corporate Governance Limited  
Company Secretary  
24 March 2025



# AUDIT COMMITTEE REPORT



I am pleased to present the Audit Committee Report for the year ended 31 December 2024, which provides an overview of our activities and our role in ensuring the integrity of the Group’s published financial information and the effectiveness of its risk management, controls and related processes.

**Frances Daley**  
Audit Committee Chair

The Audit Committee is a Board Committee with governance responsibilities that include the oversight of financial disclosures and corporate reporting, and it is therefore important that the Committee operates effectively and efficiently. The Committee meets at least three times annually.

**Audit Committee Composition**

During the year under review, the membership of the Audit Committee comprised the Independent Directors. None of the members of the Committee are connected to either the Asset Manager, the Investment Adviser, or the Auditor. For the year under review, the Committee considered it beneficial to have the Chairman of the Company, Mr McGrath, as a member of the Committee as he was independent on appointment and provided significant input into Audit Committee meetings.

With Mr McGrath having left the Company on 18 March 2025 following the end of his nine-year tenure, his successor, David Hunter joined the Audit Committee on 2 January 2025, being the same date as his appointment to the Board. Mr Hunter was independent on his appointment to the Board and his experience and knowledge will provide a significant contribution to Committee deliberations. The Board therefore believe it is appropriate for him to be a member of the Committee, despite his role as Chairman of the Board. Mr Daniel Taylor was a member of the Committee until his resignation on 15 October 2024.

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

**Role of the Audit Committee**

The principal duties of the Audit Committee, as outlined in its terms of reference and which are available on the Company’s website, are:

**Financial Reporting**

- to review the content and integrity of the Annual and Half-Yearly Financial Statements and preliminary results announcements of the Company;
- to review and report to the Board on any significant financial reporting issues and judgements, having regard to any matters communicated to it by the Auditor; and

- to review the contents of the Annual Report and audited financial statements and to advise the Board on whether, taken as a whole, the report is fair, balanced and understandable and provides shareholders with sufficient information to assess the Company’s position and performance, business model and strategy.

**Risk Management and Control**

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

**External Audit**

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

**External Property Valuation**

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

**Other**

- to review the Committee’s terms of reference and evaluate its performance; and
- to report and evaluate to the Board on how it has discharged its responsibilities. The Audit Committee reports and makes recommendations to the Board, as appropriate.

AUDIT COMMITTEE REPORT CONTINUED

Meetings

The Audit Committee met on three occasions during the year under review (and once post the year end to consider the Auditors findings report and the Financial Statements).

Attendance at the scheduled meetings during the year was as follows:

Scheduled Audit Committee Meetings		
Member	Number of meetings entitled to attend	Number attended
Frances Daley (Chair)	3	3
Massy Larizadeh	3	3
Kevin McGrath	3	3
Daniel Taylor	3	3

Matters Considered by the Audit Committee in the Year

At these meetings, the Audit Committee has:

- reviewed the internal controls and risk management systems of the Company and its key third-party service providers;
- reviewed financial results;
- reviewed and, where appropriate, updated the Company's Financial Position and Prospects Procedures; reviewed the Group's banking arrangements;
- reviewed the assessment of the Company's prospects and viability made by the Investment Adviser for the next three years which formed the basis for the viability statement (see page 73);
- agreed the audit plan with the Auditor, including the principal areas of focus, and agreed the audit fee;
- reviewed the half-year and annual valuation reports from Colliers International Property Consultants Limited (trading as Colliers);
- reviewed whether an internal audit function would be of value;
- received and discussed with the Auditor their report on the results of the audit;

- reviewed the provision of non-audit services by the Auditor and reviewed the Auditor's independence;
- made recommendations to the Board regarding the reappointment of the Auditor; and
- reviewed the Group's Financial Statements and advised the Board accordingly.

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

Significant Matters Considered by the Audit Committee

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

Property Portfolio Valuation

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

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

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

The Committee reviewed the Colliers half-year valuation as at 30 June 2024 and, since the year end, the Committee has considered the year-end valuation report. It discussed the year-end report with representatives of Colliers and the Asset Manager. The Committee was satisfied with the valuation report. The performance of the Company's valuers is assessed on an annual basis by the MERC, as set out in their report on page 146.

Capital Raising and Repayment of £50m Retail Bond

The Committee routinely evaluates the Company's leverage position and regularly reviews funding options with a focus on reducing the weighted average cost of capital and extending the weighted average debt maturity. During the year under review, the Committee closely monitored and discussed progress made on the Company's debt refinancing options to repay the £50 million retail bond, which led to the successful completion of the £110.5 million capital raise in July 2024. This significantly bolstered the Company's capital strength compared to the previous financial year and substantially mitigated associated risks, notably through the subsequent repayment of the £50 million Retail Bond.

Going Concern and Long-Term Viability of the Company

The Directors closely monitor the ability of the Group to continue in operational existence by monitoring the Group's cash resources, rental income, acquisition, and disposals of investment properties, elective and committed capital expenditure, dividend distributions and the borrowing facilities and the respective maturities.

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

The Audit Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 December 2024, covering a three-year period, and the underlying factors and assumptions which contributed to the Committee deciding that three

years was an appropriate length of time to consider the Company's long-term viability.

Further information can be found on the going concern and viability statement on page 73.

External Auditor

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

The Company complied throughout the year ended 31 December 2024 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ("CMA Order").

RSM UK Audit LLP has been Auditor to the Company since listing on 6 November 2015. In accordance with professional guidelines on rotation of audit partners, Alan Aitchison has served as the lead audit partner since starting with the interim results for the period ended 30 June 2020. In accordance with the requirements of the CMA order, the Company will conduct a competitive audit tender no later than in respect of financial year ending 31 December 2025. There are no contractual obligations that would restrict the Audit Committee from selecting an alternative external Auditor.

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

Working with the Auditor

Each year, the Audit Committee meets with the lead audit partner before the annual results are prepared to discuss the scope of the audit plan, with a particular focus on risk and materiality. The external Auditor further meets with the Audit Committee post the year end audit work being completed to discuss the findings of the external audit and to consider and evaluate any findings. To facilitate further open dialogue and assurance, the Audit Committee holds a private session with the Auditor without members of the Asset Manager and Investment Adviser being present.

AUDIT COMMITTEE REPORT CONTINUED

Financial Reporting

It is a principal responsibility of the Audit Committee to review and report to the Board on the Group's financial statements, including the Preliminary Statement, the Annual Report and Half-Year Report. When conducting its reviews, the Committee considers the overall requirement that the financial statements present a “true and fair view” of the Company's accounting policies and significant financial judgements. We are pleased to advise the Board that the 2024 Annual Report and the audited Financial Statements taken as a whole are fair, balanced and understandable and provide the necessary information for our shareholders to assess the Company's position and performance, business model and strategy.

Internal Controls and Risk Management Systems

On an annual basis, the Audit Committee reviews the internal controls and risk management systems of the Company's key third-party service providers. No significant matters of concern were raised. The Audit Committee Chair also meets annually with representatives of each of the Asset Manager and Investment Adviser to discuss and review their internal controls and compliance. There were no significant matters of concern identified from these meetings. The Audit Committee has reviewed and updated, where appropriate, the risk matrix. This is done on a six-monthly basis. The Company's principal risks and uncertainties are set out on pages 60 to 72.

Governance

During the year under review, and in addition to work described above, the Committee also devoted time to governance, monitoring the latest developments and reviewing whether any changes to its processes and procedures will be necessary for the Company to comply with the upcoming changes to reporting on the review and effectiveness of internal controls. From 1 January 2026, Provision 34 of the AIC Corporate Governance Code will require that, in addition to monitoring and reviewing the Company's risk management and internal controls framework, the Board will also need to report on, in more detail, how that is carried out; the Directors will also need to make a declaration to shareholders on the effectiveness of the material controls, and describe any that have not operated effectively at the end of our financial year. The Committee is considering these coming changes and will report in more detail on any changes we might introduce to prepare for these enhancements to current reporting.

Internal Audit Function

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

Annual Review of the External Auditor

The Audit Committee has undertaken a review of the effectiveness of the external audit process and considered the reappointment of the Auditor. The review comprised, amongst other factors, the quality of the staff, including the performance of the lead audit partner, the competence and expertise of the audit team, the resources, and communication between the audit team and the Asset Manager and Investment Adviser.

Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 31 December 2024 and the Audit Committee concluded that the quality of the external Auditor's work, and the knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

Audit Fees and Non-Audit Services

An audit fee of £110,000 was agreed in respect of the audit of the Company for the year ended 31 December 2024 (2023: £105,000). The Group's audit fees for the year ended 31 December 2024 totalled £256,650 (2023: £239,000).

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

Auditor Appointment

Following consideration of the performance of the Auditor, the service provided during the year and a review of their independence and objectivity, the Audit Committee has recommended to the Board the continued appointment of RSM UK Audit LLP as the Company's external independent Auditor. As noted above, the Board will run a tender process during the financial year to 31 December 2025 and may appoint a replacement auditor during the year.

Committee Effectiveness

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

Frances Daley

Audit Committee Chair  
24 March 2025

The Auditor provided non-audit services in respect of agreed-upon procedures on the Group's interim financial statements for the period ended 30 June 2024. The fee charged for this service was £32,500 (2023: £31,000). The Audit Committee considered this service to be closely aligned to the role as Auditor. Non-audit services amounting to £150,000 were also provided by RSM UK Corporate Finance LLP, a related party of the audit firm, during the year to 31 December 2024 (31 December 2023: £nil), for Corporate Finance work related to the Share Issue.

Independence and Objectivity of the Auditor

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

In evaluating the performance of the Auditor, the Audit Committee considered the effectiveness of the audit process, taking consideration of the quality of delivery, staff expertise, audit fees and the Auditor's independence, along with matters raised during the audit.

Having considered the Auditor's independence in respect of the year under review, the Audit Committee is satisfied with the Auditor's performance, objectivity, and independence. The Audit Committee reviews the continuing appointment of the Auditor on an annual basis and regularly considers the Auditor's fees and independence, along with matters raised during each audit.



# NOMINATION COMMITTEE REPORT



I am pleased to present our Nomination Committee Report for the year ended 31 December 2024, which provides an update on the Committee’s activities through the year.

**Massy Larizadeh**  
Nomination Committee Chair

**Role of the Nomination Committee**

The role of the Nomination Committee is to undertake the formal process of reviewing the balance, effectiveness, and diversity of the Board and to consider succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company, and those individuals who might best provide them. As part of ongoing succession planning, the Nomination Committee ensures that all Board appointments are subject to a formal, rigorous and transparent procedure.

The Nomination Committee, as and when necessary, makes recommendations to the Board about the criteria for future Board appointments and the methods of selection. It also considers and reviews the appointment of a Senior Independent Director, membership of the Board’s Committees, and the re-appointment of those Directors standing for re-election at AGMs.

In addition, the Nomination Committee is responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to devote to their role, and for reviewing the Directors’ performance review process.

**Composition**

The Nomination Committee membership consists solely of the independent non-executive Directors and me as Chair. Mr Daniel Taylor was a member of the Committee until his resignation on 15 October 2024. The Committee is required to meet at least once annually, and its quorum is two members.

The Committee met on two occasions during the year. Attendance at these scheduled meetings was as follows:

Scheduled Nomination Committee Meetings		
Member	Number of meetings entitled to attend	Number attended
Massy Larizadeh (Chair)	2	2
Frances Daley	2	2
Kevin McGrath	2	2
Daniel Taylor	2	2

**Matters considered by the Nomination Committee during the year to 31 December 2024**

**Succession Planning**

An important aspect of the Nomination Committee’s role is to consider succession planning to ensure the orderly replacement of Board members. Succession planning was a key focus of the Committee for 2024 following its ongoing assessment of the tenure of Board members. The Board and Nomination Committee’s detailed succession plan was put in place to implement a refresh of the Board whilst also ensuring an orderly handover for the Chairman and the Senior Independent Director.

Daniel Taylor, having reached the end of his nine-year tenure, retired from the Board in October 2024, I succeeded him as Senior Independent Director. On 24 October 2024, Nicole Burstow joined the Board as a Non-Executive Director representing Bridgemere Investments Limited, a significant shareholder. The Committee and the Board consider that Ms Burstow’s extensive career in financial services, together with her commercial experience, will be of great benefit to the Company.

NOMINATION COMMITTEE REPORT CONTINUED

In October 2024, Kevin McGrath also reached the end of his nine-year tenure as a Director. However, the Board was of the view that it would be in the best interests of the Company to extend Mr McGrath's tenure to March 2025 to ensure a successful conclusion of last year's equity raise, and subsequently assist the Board in its identification of his successor and help ensure a smooth handover to the Chair designate.

Fidelio Partners, an independent external search consultancy with no connection to the Company, was engaged to assist with the search criteria for candidates to replace Mr McGrath as Chair. The search criteria included a preference for a diverse range of candidates, with strong experience in regional commercial property investments or extensive operational property experience, the ability to build positive relationships and engage with multiple stakeholders and have a sound understanding of Corporate Governance duties and expectations as a Chair of a listed company.

After a thorough search process and due consideration, David Hunter was appointed to the Board with effect from 2 January 2025, being the strongest candidate with relevant knowledge, qualifications, and experience. Mr Hunter replaced Mr McGrath as Chairman in March 2025 after the successful completion of their handover period.

Mr Stephen Inglis, a non-executive director, reached the end of his nine-year tenure on 15 October 2024. However, the board believes that Mr Inglis makes an important and unique contribution to meetings of the Board and consistently demonstrates independence, objectivity, and commitment which is beneficial to the Company. The Directors consider that it is in the best interests of the Company for Mr Inglis to remain on the Board at this time.

Board Diversity

The Board's policy on diversity is to ensure that the Directors have a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. Appointments to the Board are made on merit against objective criteria, having regard to the benefits of diversity and the current and future needs of the business and the other factors set out in the AIC Code and the UK Listing Rules.

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

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

The Company has met or exceeded the above recommendations during the year, having 60% women on the Board, a senior position held by a woman (the Senior Independent Director) and at least one person from a minority ethnic group as at 31 December 2024.

In accordance with UK Listing Rule 6 Annex 1, the below tables, in prescribed format, show the gender and ethnic background of the Directors at the date of this Report. The data was collected through self-reporting by the Directors.

Gender identity or sex	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	2	40%	1
Women	3	60%	1
Not specified/ prefer not to say	-	-	-

Ethnic background	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or White other (including minority white groups)	4	80%	1
Mixed/ Multiple ethnic groups	-	-	-
Asian/ Asian British	-	-	-
Black/ African/ Caribbean/ Black British	-	-	-
Other ethnic group, including Arab	1	20%	1
Not Specified/ Prefer not to say	-	-	-

Board Performance

As detailed on page 132, the Committee reviewed the results of the Board Performance Review.

Election and Re-election of Directors

Ms Burstow and Mr Hunter, having been appointed Directors since the last AGM will stand for election at the Company's AGM in 2025 and all other Directors will stand for re-election. The Committee and the Board have concluded that each Director standing for election and re-election continues to demonstrate the necessary skills, experience, and commitment to contribute effectively and add value to the Board. Biographies of each Director are available on pages 106 to 109. It is the Committee's and the Board's view that the Directors' biographies illustrate why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Committee Effectiveness

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

Massy Larizadeh

Nomination Committee Chair  
24 March 2025

# MANAGEMENT ENGAGEMENT AND REMUNERATION COMMITTEE REPORT



I am pleased to present the Management Engagement and Remuneration Committee Report for the year ended 31 December 2024.

**Massy Larizadeh**  
Management Engagement and Remuneration Committee Chair

## Role of the Management Engagement and Remuneration Committee ("MERC")

The principal duties of the MERC are:

- to recommend and monitor the appropriateness of the ongoing appointment of the Asset Manager and Investment Adviser of the Company and make a recommendation to the Board thereon;
- to recommend and monitor the appropriateness of the level of fees of the Asset Manager and Investment Adviser and make a recommendation to the Board thereon;
- to recommend and monitor the appropriateness of the ongoing appointment of third-party service providers and make a recommendation to the Board thereon;
- to monitor and agree the level and structure of remuneration of the Directors of the Company;
- to authorise the policy for authorising claims for expenses from the Directors; and
- to select, appoint and set the terms of any remuneration consultant who advises the Committee.

## Composition and Meetings

The MERC consists solely of the independent non-executive Directors including me as Chair and met once during the year under review. Mr Daniel Taylor was a member of the Committee until his resignation on 15 October 2024. In accordance with its Terms of Reference, the MERC is required to meet at least once annually.

Attendance at these meetings was as follows:

Scheduled MERC Meetings		
Member	Number of meetings entitled to attend	Number attended
Massy Larizadeh (Chair)	1	1
Frances Daley	1	1
Kevin McGrath	1	1
Daniel Taylor	1	1





## MANAGEMENT ENGAGEMENT AND REMUNERATION COMMITTEE REPORT CONTINUED

### Activities During the Year

The Board keeps the performance of the Asset Manager and Investment Adviser under continual review. In addition, in accordance with the requirements of the AIC Code, the MERC reviews the performance of the Asset Manager's and Investment Adviser's obligations under their respective Asset Management and Investment Management Agreements and considers the need for any variation to the terms of these Agreements on an annual basis. The Committee then makes a recommendation to the Board about the continuing appointment of the Asset Manager and Investment Adviser under the terms of their respective Agreements.

When periodically reviewing the terms of the management agreements, the Committee also considers the remuneration arrangements and the methodology underpinning the annual management and performance fees.

On a regular basis, the Board reviews the acquisition and disposal decisions made by the Asset Manager. To ensure open and regular communication between the Asset Manager, Investment Adviser and the Board, a representative of the Asset Manager, Mr Inglis, has been appointed to the Board and consequently attends all Board meetings. The Asset Manager provides regular updates to the Board on the Company's assets and the property market generally. The Investment Adviser provides regular updates to the Board on the Company's financial performance.

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

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

The MERC also considered the remuneration of the independent non-executive Directors, details of which can be found in the Remuneration Report on page 150. No individual was involved in discussions about their own remuneration.

### Remuneration Advisers

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

### Committee Effectiveness

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

### Massy Larizadeh

Management Engagement and Remuneration Committee Chair  
24 March 2025

# DIRECTORS' REMUNERATION REPORT



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*As Chair of the Management Engagement and Remuneration Committee ("MERC") and on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024.*

**Massy Larizadeh**  
MERC Chair

## Statement from the Chair

This report has been prepared in accordance with the relevant requirements of the UK Listing Rules. The MERC comprises the Independent Directors of the Company.

As at 31 December 2024 and the date of this report, the Board consists entirely of non-executive Directors and the Company has no employees. The MERC reviews Directors' fees on an annual basis. During the year under review, the MERC reviewed the level of Directors' remuneration, having regard to the level of activity of the Company, its financial results, market rates generally and the time commitment and responsibilities required of each Director. As a result of this review, the MERC decided not to make any changes to the Directors' remuneration.

The remuneration of the Directors was last increased on 1 April 2022 by 5%. No change has been proposed to the Directors' remuneration for the year ending 31 December 2024. Directors' fees remain within the approved maximum aggregate amount set out in the Company's Articles of Incorporation of £400,000 in any financial year.

The MERC ensured that the level of remuneration remained aligned to the performance of the Company and will take into consideration the views of shareholders on Directors' remuneration. The MERC has not been provided with any advice or services by any person or organisation in respect of its consideration of the Directors' remuneration. The MERC consults industry benchmarks for Directors' remuneration to ensure that remuneration is competitive in the marketplace with regard to its size and levels of activity expected of Directors.

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## Directors' Remuneration

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

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

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

The Directors may be paid all reasonable travel, hotel and other out-of-pocket expenses properly incurred by them in attending Board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director. None of the Directors claimed any expenses during the year.

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

## Additional Remuneration

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

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

## Payment for Loss of Office and Payments to Past Directors

Compensation will not be made upon early termination of appointment. No payment has been made to any former Director for loss of office and there were no payments for past Directors in the year ended 31 December 2024 (31 December 2023: none).

## Remuneration Consultants

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



DIRECTORS’ REMUNERATION REPORT CONTINUED

Total Director Remuneration (audited)

The remuneration paid to the Directors as fees for their services during the year is set out in the table below:

Director	Fees paid to 31 December 2024	Fees paid to 31 December 2023	Percentage change from 2023 to 2024
Kevin McGrath (Chair)	£77,000	£77,000	0%
Nicole Burstow <sup>1</sup>	£10,369	-	-
Frances Daley	£57,500	£57,500	0%
Stephen Inglis	-	-	-
Massy Larizadeh	£55,000	£55,000	0%
Daniel Taylor <sup>2</sup>	£43,337	£55,000	-
William Eason <sup>3</sup>	-	£22,353	-
Aggregate:	£243,206	£266,853	

1 Appointed on 24 October 2024. Remuneration invoiced by Ms Burstow's employer, Bridgemere Investments Ltd.

2 Resigned on 15 October 2024

3 Resigned on 25 May 2023

The basic fee payable to Directors in respect of the year ended 31 December 2024 and the expected fees payable in respect of the year ending 31 December 2025 are set out in the table below:

	Expected annual fees for the year to 31 December 2025	Annual fees for the year to 31 December 2024
Chairman	£77,000	£77,000
Non-executive Directors	£55,000	£55,000
Audit Committee Chair	£57,500	£57,500
Total remuneration paid to Directors	£244,500	£244,500

Directors’ Shareholdings

Neither the Company's articles of incorporation nor the Directors’ letters of appointment require a Director to own shares in the Company. Any shares held by the Directors and their connected persons have been bought on the open market. Details of the Directors’ interests in shares are provided on page 112.

Shareholder Engagement

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

On behalf of the Board

Massy Larizadeh

Management Engagement and Remuneration  
Committee Chair  
24 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGIONAL REIT LIMITED

Opinion

We have audited the financial statements of Regional REIT Limited (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- are in accordance with UK-adopted International Accounting Standards; and
- comply with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

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

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none"><li>• Valuation of Investment Property</li></ul>
Materiality	Group <ul style="list-style-type: none"><li>• Overall materiality: £9,000,000 (2023: £9,380,000)</li><li>• Performance materiality: £6,750,000 (2023: £7,030,000)</li></ul>
Scope	Our audit procedures covered 90% of revenue, 99% of total assets and 97% of profit before tax.

Key audit matters

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



INDEPENDENT AUDITOR'S REPORT TO THE  
MEMBERS OF REGIONAL REIT LIMITED CONTINUED

Investment Properties	
Key audit matter description	<p>This is detailed in the Audit Committee report on pages 138 to 139; note 3.1.1 of the significant accounting judgements and estimates on page 172; note 4.5 of the significant accounting policies on page 175; note 14 of the notes to the financial statements on page 184 to 187.</p> <p>The Group owns or controls through a portfolio of Special Purpose Vehicles (SPV's) a portfolio of investment properties which include office, industrial and retail properties. The total valuation of the portfolio at 31 December 2024 was £622.5million (2023: £700.7million). These properties are diversified across the UK with a wide geographical spread.</p> <p>The Directors' assessment of the value of the investment properties at the year-end date is considered a key audit matter due to the magnitude of the total amount, the potential impact of the movement in value on the reported results, and the subjectivity and complexity of the valuation process.</p> <p>The valuation is carried out by external valuers, Colliers International Property Consultants, in line with the methodology set out in note 3.1.1.</p>
How the matter was addressed in the audit	<p>We audited the independent valuation of investment properties to evaluate whether they had been prepared on a consistent basis for all properties and in accordance with Royal Institution of Chartered Surveyors standards and are considered to be appropriate and correctly recorded in the consolidated financial statements in line with the financial reporting framework. We assessed the external valuers' qualifications and expertise and considered their terms of engagement, we also considered their objectivity and any other existing relationships with the group and concluded that there was no evidence that the valuers' objectivity had been compromised. We specifically enquired of any challenge that had been made on their valuation report from parties related to the Group.</p> <p>We engaged a property valuation specialist, as our auditor's expert, and based on our initial discussions we identified 45 properties for detailed testing based on a sample of the individually material properties, or where the current year valuation movement fell outwith current market expectations or the yield fell outwith expectations from our overall review of the portfolio.</p> <p>We discussed and challenged the valuation of 25 of these properties with the valuer directly. The valuer demonstrated a detailed knowledge of each property, the geographical location, the tenant status and the overall asset desirability. We corroborated the additional information provided to support these movements.</p> <p>In addition, our auditor's expert carried out a review of the valuations for the remaining 20 properties. Our expert considered the specific inputs to these valuations and also considered the comparable transaction evidence that was used by management's expert in preparing their valuation.</p> <p>We tested a sample of the inputs used by the valuer and ensured these reflected the correct inputs for a sample of properties.</p> <p>We audited the accuracy and completeness of the disclosures in the financial statements.</p>
Key observations	<p>We concluded that the fair values of the investment properties being adopted by the group were appropriate.</p>

Our application of materiality

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

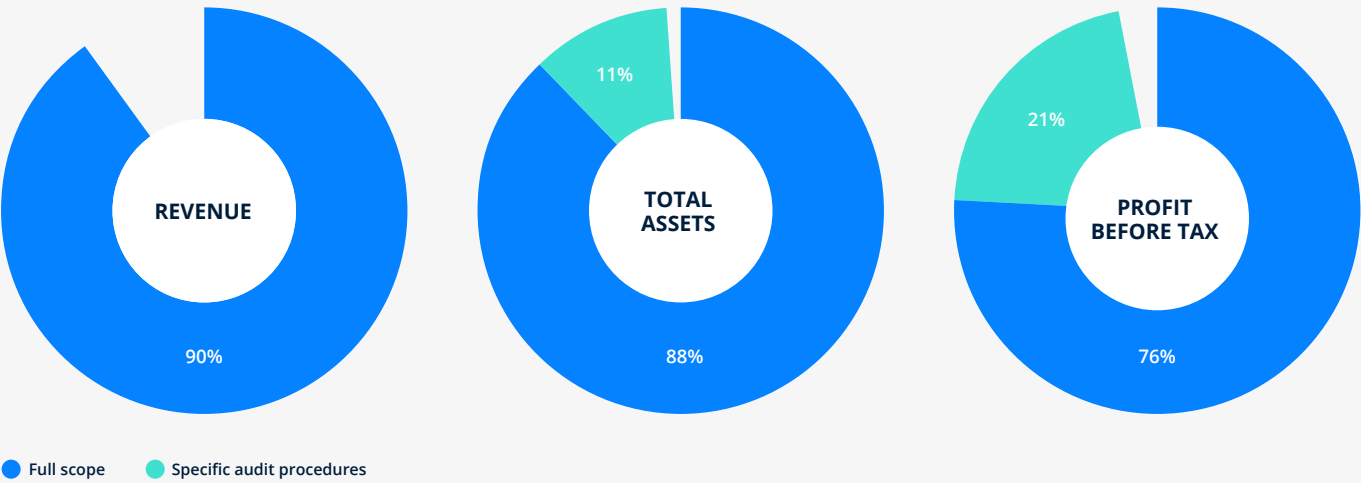
	Group
Overall materiality	£9,000,000 (2023: £9,380,000)
Basis for determining overall materiality	1.2% (2023: 1.2%) of Total Assets
Rationale for benchmark applied	Total assets was used as a benchmark as it was assessed that the shareholders will be primarily interested in the growth in the value of property, represented by the property valuation.
Performance materiality	£6,750,000 (2023: £7,030,000)
Basis for determining performance materiality	75% of overall materiality
Materiality levels for those classes of transactions where materiality levels are lower than overall materiality	The statement of comprehensive income was tested to the lower Performance Materiality figure of £1,440,000 (2023: £1,710,000) to ensure adequate coverage of these values. This has been calculated as 4.0% (2023: 4.0%) of Operating profit before gains and losses on property assets and other investments.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £450,000 (2023: £469,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGIONAL REIT LIMITED CONTINUED

An overview of the scope of our audit

The group consists of 59 components, located in the following countries; Guernsey; Jersey; and the United Kingdom.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 11 components, with 14 components subject to specific audit procedures.

The specific audit procedures for 11 components included the audit of the investment properties held by those components and the change in fair value of investment properties. The specific audit procedures for 2 components included procedures on cash and cash equivalents, and additionally on interest payable for 1 of these. The specific audit procedures for the final component included procedures on the derivative financial instruments and net movement in fair value of derivative financial instruments .

All audit work on the components was performed by RSM UK Audit LLP with no work performed by other component auditors.

Conclusions relating to going concern

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

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

We have no key observations to make.

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

INDEPENDENT AUDITOR'S REPORT TO THE  
MEMBERS OF REGIONAL REIT LIMITED CONTINUED

Corporate governance statement

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

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

- Directors’ statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73;
- Directors’ explanation as to its assessment of the group’s prospects, the period this assessment covers and why this period is appropriate set out on page 73 to 74;
- Directors’ statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 73;
- Directors’ statement on fair, balanced and understandable set out on page 119;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 135;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 135; and,
- Section describing the work of the audit committee set out on page 137 to 141.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 118, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE  
MEMBERS OF REGIONAL REIT LIMITED CONTINUED

The most significant laws and regulations were determined as follows:

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

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

Risk	Audit procedures performed by the Group audit engagement team and component auditors:
Management override of internal controls	Testing the appropriateness of journal entries and other adjustments using a data analytics tool to select a risk based sample;  Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and  Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Revenue recognition	Performing substantive analytical review to test the rental income that is recognised and assessing whether this is recognised in accordance with the latest signed tenancy agreements;  Testing a sample of tenancies to rental agreement; and  Testing the accuracy of disclosures made in the financial statements in respect of revenue.
Investment property valuation	See the key audit matters section of this report for work performed on this area.

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this auditor's report. This description, which is located at page 163, forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the audit committee on 06 November 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is ten years, covering the years ending 31 December 2015 to 31 December 2024.

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

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

Use of our report

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

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

Alan Aitchison

For and on behalf of RSM UK AUDIT LLP, Auditor  
Chartered Accountants  
Third Floor, Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

24 March 2025

APPENDIX 1:

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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# FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<b>Continuing Operations</b>			
<b>Revenue</b>			
Rental and property income	5	90,981	91,880
Property costs	6	(45,021)	(38,161)
<b>Net rental and property income</b>		<b>45,960</b>	<b>53,719</b>
Administrative and other expenses	7	(9,851)	(10,626)
<b>Operating profit before gains and losses on property assets and other investments</b>		<b>36,109</b>	<b>43,093</b>
Loss on disposal of investment properties	14	(3,180)	(726)
Change in fair value of investment properties	14	(56,732)	(86,350)
Change in fair value of right of use assets	26	(138)	(139)
<b>Operating loss</b>		<b>(23,941)</b>	<b>(44,122)</b>
Finance income	9	1,394	79
Finance expenses	10	(15,224)	(16,210)
Net movement in fair value of derivative financial instruments	25	(1,703)	(7,194)
<b>Loss before tax</b>		<b>(39,474)</b>	<b>(67,447)</b>
Taxation	11	(65)	(9)
<b>Total comprehensive losses for the year (attributable to owners of the parent company)</b>		<b>(39,539)</b>	<b>(67,456)</b>
<b>Losses per Share – basic and diluted (2023 restated)</b>	12	<b>(33.5)p</b>	<b>(82.9)p</b>

The notes on pages 170 to 205 are an integral part of these consolidated financial statements.

Total comprehensive losses all arise from continuing operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	31 December 2024 £'000	31 December 2023 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	14	607,458	687,695
Right of use assets	26	10,849	10,987
Investments in associates	16	276	-
Non-current receivables on tenant loan	17	144	385
Derivative financial instruments	25	11,608	16,009
		<b>630,335</b>	<b>715,076</b>
<b>Current assets</b>			
Trade and other receivables	18	35,079	32,837
Cash and cash equivalents	19	56,719	34,505
		<b>91,798</b>	<b>67,342</b>
<b>Total assets</b>		<b>722,133</b>	<b>782,418</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	(31,647)	(33,039)
Deferred income	21	(14,364)	(15,597)
Retail eligible bonds	24	-	(49,907)
Deferred tax liabilities	22	(741)	(708)
		<b>(46,752)</b>	<b>(99,251)</b>
<b>Non-current liabilities</b>			
Bank and loan borrowings	23	(312,323)	(365,603)
Lease liabilities	26	(11,444)	(11,475)
		<b>(323,767)</b>	<b>(377,078)</b>
<b>Total liabilities</b>		<b>(370,519)</b>	<b>(476,329)</b>
<b>Net assets</b>		<b>351,614</b>	<b>306,089</b>
<b>Equity</b>			
Stated capital	27	618,266	513,762
Accumulated losses		(266,652)	(207,673)
<b>Total equity attributable to owners of the parent company</b>		<b>351,614</b>	<b>306,089</b>
<b>Net asset value per Share – basic and diluted (2023 restated)</b>	28	<b>216.9p</b>	<b>376.2p</b>

The notes on pages 170 to 205 are an integral part of these consolidated financial statements.

These consolidated group financial statements were approved by the Board of Directors and authorised for issue on 24 March 2025 and signed on its behalf by:

**David Hunter**  
Chairman  
24 March 2025

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

Attributable to owners of the parent company				
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
<b>Balance at 1 January 2024</b>		513,762	(207,673)	306,089
Total comprehensive losses		-	(39,539)	(39,539)
Dividends paid	13	-	(19,440)	(19,440)
Shares issued	27	110,515	-	110,515
Cost of shares issued	27	(6,011)	-	(6,011)
<b>Balance at 31 December 2024</b>		618,266	(266,652)	351,614

### For the year ended 31 December 2023

Attributable to owners of the parent company				
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
<b>Balance at 1 January 2023</b>		513,762	(110,820)	402,942
Total comprehensive losses		-	(67,456)	(67,456)
Dividends paid	13	-	(29,397)	(29,397)
<b>Balance at 31 December 2023</b>		513,762	(207,673)	306,089

The notes on pages 170 to 205 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<b>Cash flows from operating activities</b>		
Loss for the year before taxation	(39,474)	(67,447)
Change in fair value of investment properties	56,732	86,350
Change in fair value of financial derivative instruments	1,703	7,194
Loss on disposal of investment properties	3,180	726
Change in fair value of right of use assets	138	139
Finance income	(1,394)	(79)
Finance expense	15,224	16,210
Increase in trade and other receivables	(2,027)	(2,380)
Increase/(decrease) in trade and other payables	295	(3,611)
Decrease in deferred income	(1,233)	(1,064)
<b>Cash generated from operations</b>	<b>33,144</b>	<b>36,038</b>
Interest paid	(13,229)	(14,775)
Taxation paid	(4)	-
<b>Net cash flow generated from operating activities</b>	<b>19,911</b>	<b>21,263</b>
<b>Investing activities</b>		
Investments in associates	(276)	-
Investment property acquisitions and subsequent expenditure	(8,249)	(10,260)
Sale of investment properties	28,574	24,969
Interest received	1,391	89
<b>Net cash flow generated from investing activities</b>	<b>21,440</b>	<b>14,798</b>
<b>Financing activities</b>		
Proceeds received on derivative financial instruments	2,698	1,246
Dividends paid	(22,301)	(31,978)
Proceeds from share issue	110,515	-
Share issue costs	(4,837)	-
Bank borrowings advanced	-	3,729
Bank borrowings repaid	(54,016)	(23,771)
Bank borrowing costs paid	(761)	(495)
Repayment of retail eligible bonds	(50,000)	-
Lease repayments	(435)	(435)
<b>Net cash flow used in financing activities</b>	<b>(19,137)</b>	<b>(51,704)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>22,214</b>	<b>(15,643)</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>34,505</b>	<b>50,148</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>56,719</b>	<b>34,505</b>

The notes on pages 170 to 205 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information

The Group’s consolidated financial statements for the year ended 31 December 2024 comprise the results of the Company and its subsidiaries (together constituting the “Group”) and were approved by the Board and authorised for issue on 24 March 2025.

The Company is a company limited by Shares incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended (the “Law”). The Company’s Ordinary Shares are admitted to the Official List of the Financial Conduct Authority (“FCA”) and traded on the London Stock Exchange (“LSE”).

The Company was incorporated on 22 June 2015 and is registered with the Guernsey Financial Services Commission as a Registered Closed-Ended Collective Investment Scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Registered Collective Investment Scheme Rules & Guidance 2021.

The Company did not begin trading until 6 November 2015 when the Shares were admitted to trading on the LSE.

The nature of the Group’s operations and its principal activities are set out in the Strategic Report on pages 20 to 103.

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

2. Basis of preparation

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

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

2.1 Functional and presentation currency

The financial information is presented in Pounds Sterling, which is also the functional currency of all Group companies, and all values are rounded to the nearest thousand (£’000) pound, except where otherwise indicated.

2.2 Going concern

The Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue as a going concern. This expectation is underpinned by having made an assessment of the Group’s ability to continue in operational existence, giving due consideration to the Group’s cashflow forecast, which encompasses cash resources, rental income, acquisition and disposals of investment properties, elective and committed capital expenditure, dividend distributions and the borrowing facilities and the respective maturities.

Following the successful completion of the £110.5 million equity capital raise in July 2024, the Group ended the year under review with £56.7 million of cash and cash equivalents, of which £55.9 million was unrestricted cash. The borrowing facilities remained compliant with all loan covenants, with a net LTV of c.41.8%, based upon the value of the Group’s investment properties as at 31 December 2024. Rental income collections remained robust with 98.6% of rent invoiced in the year collected as at 14 March 2025.

Given the substantial amount of unrestricted cash currently held by the Group and, with the next borrowing due to mature being the Royal Bank of Scotland, Bank of Scotland and Barclays £99.8 million facility in August 2026, the Directors are satisfied that the Group and Company have adequate resources to continue in operational existence for a period of at least 12 months from the date that these Financial Statements were approved. Based on the above, together with available market information, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Accordingly, the Directors consider that it is appropriate to continue to prepare the Financial Statements on a going concern basis.

2.3 Business combinations

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. For an acquisition of a business where an integrated set of activities are acquired in addition to the property, the Group accounts for the acquisition as a business combination under IFRS 3 Business Combinations (“IFRS 3”).

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

2.4 New standards, amendments and interpretations

New standards, amendments to standards and interpretations which came into effect for accounting periods starting on or after 1 January 2024 are as follows:

**Amendments to IAS 1 ‘Presentation of Financial Statements’** (effective for periods beginning on or after 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of or actual events after the reporting date. The amendments also give clarification to the definition of settlement of a liability.

**Amendments to IAS 1 ‘Presentation of Financial Statements’** (effective for periods beginning on or after 1 January 2024) give clarification with respect to covenants when assessing whether liabilities are classified as either current or non-current.

**Amendments to IFRS 16 ‘Leases’** (effective for periods beginning on or after 1 January 2024) include requirements to explain how an entity accounts for a sale and leaseback after the date of transaction.

**Amendments to IAS 7 ‘Cash Flow Statements’ and IFRS 7 ‘Financial Instruments: Disclosure’** (effective for periods beginning on or after 1 January 2024) require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk.

During the year ended 31 December 2024, none of the above had a material impact on the financial statements.

2.5 New standards, amendments and interpretations effective for future accounting periods

A number of new standards, amendments to standards and interpretations are effective for periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. These are:

**IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information** (effective for periods beginning on or after 1 January 2024 but not yet endorsed for use in the UK).

**IFRS S2 Climate-related Disclosures** (effective for periods beginning on or after 1 January 2024 but not yet endorsed for use in the UK).

**Amendments to IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’** (effective for periods beginning on or after 1 January 2025) provides clarification upon treatment for transactions in a foreign currency that is not exchangeable into another currency at the measurement date.

**IFRS 18 ‘Presentation and Disclosure in Financial Statements’** (effective for periods beginning on or after 1 January 2027 but not yet endorsed for use in the UK) replaces IAS 1 ‘Presentation of Financial Statements’.

**IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’** (effective for periods beginning on or after 1 January 2027 but not yet endorsed for use in the UK)) specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The Directors are assessing the impact these new amendments and standards will have on the preparation of the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Critical accounting estimates and assumptions

The principal estimates that may be material to the carrying amount of assets and liabilities are as follows:

3.1.1 Valuation of investment property

The value of investment property, is determined by independent property valuation experts to be the estimated amount for which a property should exchange on the date of the valuation in an arm’s length transaction less the value of assets arising from rent smoothing. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques applying the principles of both IAS 40 and IFRS 13.

The value of the properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed the fair value as referred to in VPS4 item 7 of the RICS Red Book. Under these provisions, the term “Fair Value” means the definition adopted by the International Accounting Standards Board (“IASB”) in IFRS 13, namely “The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in note 14. Sensitivity analysis for investment property valuations are included in note 14.

The fair value of investment property is equal to the independent property valuer’s valuation of £622.5m (2023: £700.7m) less the prepayment for rent smoothing of £15.0m (2023: £13.0m).

3.2 Critical judgements in applying the Group’s accounting policies

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.2.1 Operating lease contracts – the Group as lessor

The Group has acquired investment properties that are subject to commercial property leases with tenants. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all of the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

3.2.2 Consolidation of entities in which the Group holds less than 50% but has power to control

Management considered that up until 9 November 2018, the Group had de facto control of View Castle Limited and its 27 subsidiaries (the “View Castle Sub Group”) by virtue of the amended and restated Call Option Agreement dated 3 November 2015. Following a restructure of the View Castle Sub Group, the majority of properties held within the View Castle Sub Group now reside in a new special purpose vehicle (“SPV”). A new call option was entered into dated 9 November 2018 with View Castle Limited and five of its subsidiaries (the “View Castle Group”). As per the previous amended and restated Call Option Agreement, under this new option the Group may acquire any of the properties held by the View Castle Group for a fixed nominal consideration. Despite having no equity holding, the Group is deemed to have control over the View Castle Group as the Option Agreement means that the Group is exposed to, and has rights to, variable returns from its involvement with the View Castle Group, through its power to control.

3.2.3 Recognition of income

Service charges and other similar receipts are included in net rental and property income gross of the related costs as the Directors consider the Group acts as principal in this respect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

4. Summary of significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the financial statements for the year ended 31 December 2023 and have been consistently applied for the year ended 31 December 2024. A new asset class has arisen in the year addressed in the accounting policy 4.3.

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the date of the Statement of Financial Position.

4.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets and liabilities acquired, and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The excess of the consideration transferred, and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired, is recognised as goodwill.

4.2.1 Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.3 Associates

Associates are entities over which the investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies, and holds 20% or more of the voting power.

The Group adopts the equity method of accounting on such assets. On initial recognition, the investment in an associate is recognised at cost, and the carrying amount is increased or decreased, to recognise the investor's share of the profit or loss in the associate after the date of acquisition less distributions received.

The Group's share of the Associates' profit or loss is recorded in the Consolidated Income Statement.

4.4 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of Directors.

After a review of the information provided for management purposes, it was determined that the Group has one operating segment and therefore segmental information is not disclosed in these consolidated financial statements. No single customer comprises in excess of 10% of the Group's revenue in either 2024 or 2023.

4.5 Investment property

Investment property comprises freehold or leasehold properties that are held to earn rentals or for capital appreciation, or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is recognised, usually, on legal completion, when the risks and rewards of ownership have been transferred, and is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of being utilised in the manner intended. Subsequent to initial recognition, investment property is stated at fair value. The Group recognise the fair value of investment property to be the value calculated by the independent property valuer less the value of assets arising from rent smoothing. Gains or losses arising from changes in the fair value are included in the Group's Consolidated Statement of Comprehensive Income in the period in which they arise under IAS 40, 'Investment Property'.

Additions to investment property include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits, which are expected to accrue to the Group. All other property expenditure is charged in the Group's Consolidated Statement of Comprehensive Income as incurred.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset (being the fair value at the start of the financial year) would result in either gains or losses

at the retirement or disposal of investment property. Any gains or losses are recognised in the Group's Consolidated Statement of Comprehensive Income in the period of retirement or disposal.

4.6 Derivative financial instruments

Derivative financial instruments, comprising interest rate caps and swaps for hedging purposes, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to sell or transfer the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the lender and its counterparties. The gain or loss at each fair value remeasurement date is recognised in the Group's Consolidated Statement of Comprehensive Income.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

4.7 Financial assets

The Group classifies its financial assets as at fair value through profit or loss or at amortised cost, depending on the purpose for which the asset was acquired. Currently the only assets classified at fair value through profit or loss are derivative financial instruments.

Assets held at amortised cost arise principally from the provision of goods and services (e.g. trade and other receivables), but also incorporate other financial assets where the objective is to hold these assets in order to collect contractual cash flows which comprise the payment of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less provision for impairment.

The Group's financial assets comprise, 'trade and other receivables', 'tenant loan' and 'cash and cash equivalents'.

The tenant loan relates to a loan made to a tenant which is subject to interest. The amount receivable has been recognised at amortised cost using the effective interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

4.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently carried at amortised cost less provision for impairment. Where the time value of money is material, receivables are carried at amortised cost using the effective interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9.

The Group recognises a loss allowance for expected credit losses on trade receivables. The loss allowance is based on lifetime expected credit losses. Trade receivables are grouped based on shared credit risk characteristics and the days past due. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Impaired balances are reported net, however, impairment provisions are recorded within a separate provision account with the loss being recognised within administration costs within the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Lease premiums and other lease incentives provided to tenants are recognised as an asset and amortised over the period from date of lease commencement to termination date.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at banks with original maturities of three months or less. Cash also includes amounts held in restricted accounts that are unavailable for everyday use.

4.10 Trade and other payables

Trade and other payables are initially recognised at their fair value being at their invoiced value inclusive of any VAT that may be applicable. Payables are subsequently measured at amortised cost using the effective interest method.

4.11 Bank and other borrowings

All bank and other borrowings (comprising bank loans and retail eligible bonds) are initially recognised at cost net of attributable transaction costs. Any attributable transaction costs relating to the issue of the bank borrowings are amortised through the Group's Statement of Comprehensive Income over the life of the debt instrument on a straight-line basis. After initial recognition, all bank and other borrowings are measured at amortised cost, using the effective interest method.

Bank and other borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in Group's Consolidated Statement of Comprehensive Income.

4.12 Dividends payable to Shareholders

Equity dividends are recognised and accrued from the date declared and when they are no longer at the discretion of the Company.

4.13 Rental and property income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in gross rental and property income in the Group's Consolidated Statement of Comprehensive Income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and are recognised as an expense over the lease term on the same basis as the lease income.

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Surrender premiums received from tenants to terminate leases or surrender premises are recognised in the Group's Statement of Comprehensive Income when the right to receive them arises.

Dilapidation income is recognised in the Group's Statement of Comprehensive Income when the right to receive it arises.

When the Group is acting as an agent, the commission, rather than gross income, is recorded as revenue.

Income arising from expenses recharged to tenants is recognised in the year in which the compensation becomes receivable. Service charges and other similar receipts are included in net rental and property income gross of the related costs as the Directors consider the Group acts as principal in this respect.

4.14 Property costs

Non-recoverable property costs contain service and management charges related to empty properties.

Service and management charges are recognised in the accounting period in which the services are rendered.

Recoverable property costs contain service charges and other similar costs which are recognised in the accounting period in which the services are rendered.

4.15 Interest income

Interest income is recognised as interest accrued on cash balances held by the Group. Interest charged to a tenant on any overdue rental income is also recognised within interest income.

4.16 Finance costs

Interest costs are expensed in the period in which they occur. Arrangement fees that a Group entity incurs in connection with bank and other borrowings are amortised over the term of the loan.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

4.17 Taxation

As the Company is managed and controlled in the UK, it is considered to be tax resident in the UK.

The tax currently payable is based on the taxable profit/(loss) for the period. Taxable profit/(loss) differs from net profit/(loss) as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current and deferred tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

The Group elected to be treated as a UK REIT with effect from 7 November 2015. The UK REIT rules exempt the profits of the Group's UK property rental business from UK Corporation Tax. Gains on UK properties are also exempt from tax, provided that they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to UK Corporation Tax.

There are a small number of entities within the Group which fall outside the REIT rules and are subject to UK taxes on profits and property gains.

4.18 Deferred tax

Deferred tax is provided in full using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit/(loss). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates (and tax laws) enacted or substantively enacted at the date of the Statement of Financial Position. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available for offset.

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming that the property will be recovered entirely through sale.

Deferred tax has been recognised on the unrealised property valuation gains/(losses) of properties owned by Group entities which fall outside of the REIT tax rules.

The current rate of UK Corporation Tax is 25%.

4.19 Stated capital

Stated capital represents the consideration received by the Company for the issue of Ordinary Shares. Ordinary Shares are classed as equity.

4.20 Share-based payments

The Group has entered into performance fee arrangements with the Asset Manager and Investment Adviser which depend on the growth in the net asset value of the Group exceeding a hurdle rate of return over a performance period. The fee will be partly settled in cash and partly in equity and the equity portion is therefore a Share-based payment arrangement. The fair value of the obligation is measured at each reporting period, and the cost recognised as an expense. The part of the obligation to be settled in Shares is credited to equity reserves. If circumstances change and the fee is no longer settled by the issue of Shares, then the amounts previously credited to equity reserves are reversed. In the current and prior year, no cash or equity rewards have been made.

4.21 Leased assets

The Group has a number of leases concerning the long-term lease of land associated with its long leasehold investment properties. These leased assets are capitalised as "right of use assets" by recognising the present value of the lease payments as an asset and a financial liability representing the obligation to make future lease payments.

Right of use assets are valued at fair value and the change in fair value is recognised in the Consolidated Statement of Comprehensive Income.

The associated financial liability is valued at the present value of future lease payments using an applicable incremental borrowing rate. The value of the financial liability is revalued at each reporting date. Lease payments reduce the financial liability and interest on the financial liability is recognised in finance costs.

5. Rental and property income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Rental income - freehold property	53,406	57,845
Rental income - long leasehold property	11,833	12,210
Recoverable service charge income and other similar items	25,742	21,825
Total	90,981	91,880

6. Property costs

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Other property expenses and irrecoverable costs	19,279	16,336
Recoverable service charge expenditure and other similar costs	25,742	21,825
Total	45,021	38,161

7. Administrative and other expenses

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Investment management fees	1,362	1,944
Property management fees	2,541	2,677
Asset management fees	1,360	1,944
Directors' remuneration (see note 8)	265	293
Administrative fees	679	727
Legal and professional fees	2,509	2,203
Marketing and promotion	71	87
Other administrative costs	186	194
Allowance/(credit) for doubtful debts	454	542
Abortive refinancing costs	412	-
Bank charges	12	15
Total	9,851	10,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

Services provided by the Company's Auditor and its associates

The Group has obtained the following services from the Company's Auditor and its associates:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	110	105
Fees payable to the Group's Auditor and its associates for the audit of the Company's subsidiaries	147	134
<b>Total fees payable for audit services</b>	<b>257</b>	<b>239</b>
Fees payable to the Group's Auditor and its associates for other services:		
Audit-related services	33	31
Corporate finance work for the share issue	150	-
<b>Total fees payable to the Group's Auditor and its associates</b>	<b>440</b>	<b>270</b>

8. Directors' remuneration

Key management comprises the Directors of the Company. A summary of the Directors' emoluments is set out in the Directors' Remuneration Report on page 152.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Directors' fees	243	267
Employer's National Insurance contributions	22	26
<b>Total</b>	<b>265</b>	<b>293</b>

9. Finance income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Interest income	1,394	79
<b>Total</b>	<b>1,394</b>	<b>79</b>

10. Finance expense

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Interest payable on bank borrowings	11,881	12,517
Amortisation of loan arrangement fees	1,497	875
Bond interest	1,344	2,250
Bond issue costs amortised	93	155
Bond expenses	5	8
Lease interest	404	405
<b>Total</b>	<b>15,224</b>	<b>16,210</b>

11. Taxation

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Corporation tax charge	32	-
Increase in deferred tax liability	33	9
<b>Total</b>	<b>65</b>	<b>9</b>

The current tax charge is reduced by the UK REIT tax exemptions. The tax charge for the year can be reconciled to the profit / (loss) in the Consolidated Statement of Comprehensive Income as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Loss before taxation	(39,474)	(67,447)
UK Corporation Tax rate	25.00%	23.52%
Theoretical tax at UK Corporation Tax rate	(9,868)	(15,864)
Effects of:		
Revaluation of investment property	14,183	20,310
Permanent differences	(169)	(387)
Profits from the tax-exempt business	(4,114)	(4,059)
Deferred tax movement	33	9
<b>Total</b>	<b>65</b>	<b>9</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

Permanent differences are the differences between an entity's taxable profits and its results as stated in the financial statements. These arise because certain types of income and expenditure are nontaxable or disallowable, or because certain tax charges or allowances have no corresponding amounts in the financial statements.

The Group elected to be treated as a UK REIT with effect from 7 November 2015. The UK REIT rules exempt the profits of the Group's UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading purposes or sold in the three years after completion of development. The Group is otherwise subject to UK corporation tax.

As a REIT, Regional REIT Ltd is required to pay PID's equal to at least 90% of the Group's exempted net income. To retain UK REIT status, there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

12. Earnings per Share

Earnings per Share amounts are calculated by dividing (losses)/profits for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

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

UK Corporation Tax arises on entities which form part of the Group consolidated accounts but do not form part of the REIT group.

Due to the Group's REIT status and its intention to continue meeting the conditions required to maintain this status for the foreseeable future, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments held by entities within the REIT group.

No deferred tax asset has been recognised in respect of losses carried forward.

In accordance with IAS 33 "Earnings per Share", the weighted average number of shares have been recalculated as though the bonus issue and share consolidation were in place from 1 January 2024. Consequently, the EPS calculations for the year ended 31 December 2024 have been restated.

The weighted average number of Ordinary shares in issue for the year ended December 2023 was previously stated at 515,736,583. This figure has been multiplied by a bonus factor of 1.5777 representing the bonus issue and 0.1 representing the share consolidation.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<b>Calculation of earnings per Share</b>		
<b>Net loss attributable to Ordinary Shareholders</b>	<b>(39,539)</b>	(67,456)
Adjustments to remove:		
Change in value of investment properties	<b>56,732</b>	86,350
Change in value of right of use assets	<b>138</b>	139
Loss on disposal of investment properties	<b>3,180</b>	726
Changes in fair value of interest rate derivatives and financial assets	<b>1,703</b>	7,194
Abortive costs	<b>412</b>	-
Deferred tax charge	<b>33</b>	9
<b>EPRA net profit attributable to Ordinary Shareholders</b>	<b>22,659</b>	26,962
<b>Weighted average number of Ordinary Shares (2023 restated)</b>	<b>118,199,045</b>	81,367,206
<b>Loss per Share - basic and diluted (2023 restated)</b>	<b>(33.5)p</b>	(82.9)p
<b>EPRA earnings per Share – basic and diluted (2023 restated)</b>	<b>19.2p</b>	33.1p

13. Dividends

All dividend rates stated in this note represent the dividend rates announced to the London Stock Exchange. Following a share issue and 1 for 10 share consolidation on 29 July 2024, the number of Ordinary Shares in issue decreased from 515,736,583 Ordinary Shares to 162,088,483 Ordinary Shares.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 October – 31 December	<b>6,188</b>	8,509
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 January – 31 March	<b>6,189</b>	8,510
Dividend of 2.20 (2023: 1.20) pence per Ordinary Share for the period 1 April – 30 June	<b>3,566</b>	6,189
Dividend of 2.20 (2023: 1.20) pence per Ordinary Share for the period 1 July – 30 September	<b>3,567</b>	6,189
Unpaid dividends held by Registrar	<b>(70)</b>	-
<b>Total</b>	<b>19,440</b>	29,397

On 22 February 2024, the Company announced a dividend of 1.20 pence per Share in respect of the period 1 October 2023 to 31 December 2023. The dividend payment was made on 5 April 2024 to shareholders on the register as at 1 March 2024.

On 22 May 2024, the Company announced a dividend of 1.20 pence per Share in respect of the period 1 January 2024 to 31 March 2024. The dividend payment was made on 2 July 2024 to shareholders on the register as at 31 May 2024.

On 10 September 2024, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 April 2024 to 30 June 2024. The dividend payment was made on 18 October 2024 to shareholders on the register as at 20 September 2024.

On 13 November 2024, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 July 2024 to 30 September 2024. The dividend payment was made on 10 January 2025 to shareholders on the register as at 22 November 2024.

On 20 February 2025, the Company announced a dividend of 2.20 pence per Share in respect of the period 1 October 2024 to 31 December 2024. The dividend will be paid on 4 April 2025 to shareholders on the register as at 28 February 2025. The financial statements do not reflect this dividend.

The Board intends to pursue a dividend policy with quarterly dividend distributions. The level of future payment of dividends will be determined by the Board having regard to, amongst other things, the financial position and performance of the Group at the relevant time, UK REIT requirements, and the interest of shareholders.



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14. Investment properties

In accordance with International Accounting Standard, IAS 40, 'Investment Property', investment property has been independently valued at fair value by Colliers International Property Consultants Limited, an accredited independent valuer with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued.

The valuations have been prepared in accordance with the RICS Red Book and incorporate the recommendations of the International Valuation Standards Committee which are consistent with the principles set out in IFRS 13.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

Group Movement in investment properties for the year ended 31 December 2024	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation at 1 January 2024	562,395	138,325	700,720
Property additions - acquisitions	-	-	-
Property additions - subsequent expenditure	7,286	963	8,249
Property disposals	(28,574)	-	(28,574)
Loss on disposal of investment properties	(3,180)	-	(3,180)
Change in valuation during the period	(45,031)	(9,704)	(54,735)
Valuation at 31 December 2024	492,896	129,584	622,480
Value advised by the property valuers	492,896	129,584	622,480
Less adjustment for rent smoothing assets (note 18)	(13,371)	(1,651)	(15,022)
Fair Value at 31 December 2024	479,525	127,933	607,458

Group Movement in investment properties for the year ended 31 December 2023	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation at 1 January 2023	643,630	145,850	789,480
Property additions - acquisitions	5	85	90
Property additions - subsequent expenditure	7,921	2,249	10,170
Property disposals	(25,004)	35	(24,969)
Loss on disposal of investment properties	(691)	(35)	(726)
Change in fair value during the period	(63,466)	(9,859)	(73,325)
Valuation at 31 December 2023	562,395	138,325	700,720
Value advised by the property valuers	562,395	138,325	700,720
Less adjustment for rent smoothing assets (note 18)	(9,532)	(3,493)	(13,025)
Fair Value at 31 December 2023	552,863	134,832	687,695

The net book value of properties disposed of during the year amounted to £31,754,000 (2023: £25,695,000).

The historic cost of the properties is £850,152,000 (2023: £899,236,000).

Bank borrowings are secured by charges over investment properties held by certain asset-holding subsidiaries.

The banks also hold charges over the shares of certain subsidiaries and any intermediary holding companies of those subsidiaries. The independent valuer's assessment of the value of investment properties secured at 31 December 2024 was £622,480,000 (2023: £700,720,000).

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

	31 December 2024 £'000	31 December 2023 £'000
Change in valuation during the period	(54,735)	(73,325)
Change in rent smoothing assets adjustment	(1,997)	(13,025)
Total	(56,732)	(86,350)

The following table provides the fair value measurement hierarchy for investment property:

Date of valuation:	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
31 December 2024	607,458	-	-	607,458
31 December 2023	687,695	-	-	687,695

The hierarchy levels are defined in note 30.

It has been determined that the entire investment properties portfolio should be classified under the level 3 category. The table below shows the movement in the year on the level 3 category:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Balance at the start of the year	687,695	789,480
Additions	8,249	10,260
Disposals	(28,574)	(24,969)
Loss on the disposal of investment properties	(3,180)	(726)
Change in fair value during the year	(56,732)	(86,350)
Balance at the end of the year	607,458	687,695

The determination of the fair value of the investment properties held by each consolidated subsidiary requires the use of estimates such as future cash flows from investment properties, which take into consideration lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property, and discount rates applicable to those assets. Future revenue streams comprise contracted rent (passing rent) and Estimated Rental Value (ERV) after the contract period. In calculating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

As at 31 December 2024, the estimated fair value of each property has been primarily derived using comparable recent market transactions on arm's length terms and assessed in accordance with the relevant parts of the RICS Red Book.

The impact of climate change on the portfolio and the principal risk around environmental and energy efficiency standards are disclosed in the Strategic Report on pages 76 to 96.

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Techniques used for valuing investment properties

The following descriptions and definitions relate to valuation techniques and key significant inputs made in determining the fair values:

Valuation technique: market comparable method

Under the market comparable method (or market approach), a property's fair value is estimated based on comparable transactions in the market.

Significant input: market rental

The rent at which space could be let in the market conditions prevailing at the date of valuation range: £14,200 - £3,715,000 per annum (2023: £16,200 - £3,237,000 per annum)

Significant input: rental growth

The decrease in rent is based on contractual agreements: 8.64 % (2023: decrease 6.49%). There is a gross contracted rent reduction, as per normal operations it is a combination of property disposals, space under refurbishments and lease expiries.

Significant input: equivalent yield

The time-weighted average return that a property will produce including purchase costs. The equivalent yield generally sits between the net initial yield and reversionary yield. See below table.

Unobservable inputs:

The significant unobservable inputs (level 3) are sensitive to changes in the estimated future cash flows from investment properties such as increases and decreases in contracted rents, operating expenses and capital expenses, plus transactional activity in the real estate market.

Geographical and sector specific market evidence reviewed in the course of preparing the December 2024 valuation had an initial yield range of 6.00% to 25.19% (2023: 5.78% to 15.0%).

As set out within the significant accounting estimates and judgements, the Group's property portfolio valuation is open to judgement and is inherently subjective by nature, and actual values can only be determined in a sales transaction.

Equivalent yield range by sector:

Fair Value		Significant Unobservable Inputs	
Sector	£'000	ERV Range (per sq ft per annum)	Equivalent Yield Range
Industrial	£23,075.00	£3.50 - £9.49	6.51% - 24.94%
Retail	£22,570.00	£4.50 - £45.02	6.00% - 30.97%
Alternatives	£12,150.00	£5.00 - £13.50	4.75% - 9.68%
Office by Region			
Office South East	£106,100.00	£5.00 - £29.01	8.27% - 13.28%
Office South West	£59,275.00	£12.28 - £22.90	9.33%- 13.45%
Office Midlands	£116,650.00	£3.01 - £35.04	9.05% - 12.13%
Office North West	£86,625.00	£6.61 - £29.59	8.57% - 13.14%
Office North East	£92,265.00	£5.63 - £30.05	8.18% - 12.90%
Office Wales	£18,350.00	£10.00 - £13.50	8.89% - 10.85%
Office Scotland	£85,420.00	£4.50 - £24.02	9.09% - 52.34%
Total	£622,480.00		

The impact of changes to the significant unobservable inputs:

	2024 Impact on statement of comprehensive income £'000	2024 Impact on statement of financial position £'000	2023 Impact on statement of comprehensive income £'000	2023 Impact on statement of financial position £'000
Improvement in ERV by 5%	27,490	27,490	31,464	31,464
Worsening in ERV by 5%	(27,009)	(27,009)	(30,966)	(30,966)
Improvement in yield by 0.125%	9,064	9,064	10,361	10,361
Worsening in yield by 0.125%	(8,792)	(8,792)	(10,101)	(10,101)

15. Investment in subsidiaries

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

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

All of the above entities have been included in the Group's consolidated financial statements.

By virtue of an Amended and Restated Call Option Agreement dated 3 November 2018, the Directors consider that the Group has control of View Castle Limited and its subsidiaries (the "View Castle Group").

Under this option, the Group has the ability to acquire any of the properties held by the View Castle Group by issuing an option notice for a nominal consideration of £1. The recipient of the option notice will be obliged to convey its title within one month after receipt of the option notice.

Despite having no equity holding, the Group controls the View Castle Group as the option agreement has the effect that the Group is exposed to, and has rights to, variable returns from its involvement with the View Castle Group through its power to control.

The companies which make up the View Castle Group are as follows:

List of subsidiaries that are controlled by the Group:	Country of incorporation	Control %
Credential (Wardpark North) Ltd	United Kingdom	100%
Credential Estates Ltd	United Kingdom	100%
Rocket Unit Trust	Jersey	100%
Squeeze Newco 2 Ltd	United Kingdom	100%
View Castle Ltd	United Kingdom	100%
View Castle (Milton Keynes) Ltd	United Kingdom	100%
View Castle (Properties) Ltd	United Kingdom	100%

All of the above entities have been included in the Group's consolidated financial statements up to 31 December 2024.

16. Investment in associates

During the year, the Company invested £276,000 in a new joint venture, Sugarbird Solar (UK) Limited ("SolarCo"), which represents 40% of the issued share capital. Sunbird Solar International (Cyprus) Limited contributed £408,000 (60% of the share capital).

The investment represents a minority interest with significant influence but not control over SolarCo. SolarCo is operated and managed by Sunbird Solar International (Cyprus) Limited.

In addition the Company has holdings in two property management companies acquired for nil value.

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

	31 December 2024 £'000	31 December 2023 £'000
At start of year	-	-
Amounts paid for investment	276	-
Share of profits	-	-
At end of year	276	-

List of companies not wholly owned by the Group:	Country of incorporation	Holding %
HCP (Estate Management) Limited	United Kingdom	49%
BHSE Chilterns Stokenchurch Management Company Limited	United Kingdom	38%
Sugarbird Solarco (UK) Limited	United Kingdom	40%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

### 17. Non-current receivables on tenant loans

	31 December 2024 £'000	31 December 2023 £'000
<b>At start of year</b>	<b>578</b>	770
Amounts repaid in the year	(241)	(192)
<b>At end of year</b>	<b>337</b>	578
Asset due within 1 year (note 18)	193	193
Asset due after 1 year	144	385
	<b>337</b>	578

During 2016, the Group entered into a loan agreement with a tenant for £1,926,000. The loan is subject to interest of 4% above the base rate of the Bank of Scotland on late payments and is repayable in instalments over ten years. No impairment has been recognised against the non current receivable as at 31 December 2024 or 31 December 2023.

### 18. Trade and other receivables

	31 December 2024 £'000	31 December 2023 £'000
Gross amount receivable from tenants	9,696	8,704
Less provision for impairment	(1,451)	(915)
<b>Net amount receivable from tenants</b>	<b>8,245</b>	7,789
Current receivables – tenant loans (note 16)	193	193
Income tax	24	52
Other receivables	1,495	760
Prepayment for rent smoothing (note 14)	15,022	13,025
Prepayments	10,100	11,018
	<b>35,079</b>	32,837

The maximum exposure to credit risk at the reporting date is £10,077,000 as disclosed in the financial instruments table in note 30.1. The Group does not hold any collateral as security.

The aged analysis of trade receivables that are past due but not impaired was as follows:

	31 December 2024 £'000	31 December 2023 £'000
< 30 days	3,928	3,604
30–60 days	722	650
> 60 days	5,046	4,450
<b>Net amount receivable from tenants</b>	<b>9,696</b>	8,704
Less provision for impairment	(1,451)	(915)
<b>Net amount receivable from tenants</b>	<b>8,245</b>	7,789

The Directors consider the fair value of receivables equals their carrying amount.

The table above shows the aged analysis of trade receivables included in the table above which are past due but not impaired. These relate to tenants for whom there is no recent history of default.

Provision for impairment of trade receivables movement as follows:

	31 December 2024 £'000	31 December 2023 £'000
<b>At start of year</b>	<b>915</b>	902
Provision for impairment in the year	1,739	903
Receivables written off as uncollectable	(195)	(670)
Unused provision reversed	(1,008)	(220)
<b>At end of year</b>	<b>1,451</b>	915

Other categories within trade and other receivables do not include impaired assets. Receivables are written off as uncollectable where there is no reasonable expectation of recovery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

## 19. Cash and cash equivalents

	31 December 2024 £'000	31 December 2023 £'000
<b>Group</b>		
Cash held at bank	55,869	30,679
Restricted cash held at bank	850	3,826
<b>At end of year</b>	<b>56,719</b>	<b>34,505</b>

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

### Restricted cash balances of the Group comprise:

- £850,000 (2023: £3,826,000) of funds held in blocked bank accounts which are controlled by the Group's lenders and are released once certain loan conditions are met. The restricted funds arose on net proceeds from investment property disposals.
  - £2,698,000 (2023: £2,846,000) of cash funds represent tenants' rental deposits.
- The restricted cash balances are all accessible within 90 days so meet the definition of cash and cash equivalents

The following amounts are not analysed as restricted balances:

- £9,847,000 (2023: £7,863,000) of cash funds represent service charge income received from tenants for settlement of future service charge expenditure.

## 20. Trade and other payables

	31 December 2024 £'000	31 December 2023 £'000
Withholding tax due on dividends paid	429	668
Dividends announced but not paid	3,567	6,189
Trade payables	2,377	2,862
Other payables	19,182	15,350
Value added tax	1,974	1,387
Accruals	4,118	6,583
<b>At end of year</b>	<b>31,647</b>	<b>33,039</b>

Other payables principally include rent deposits held and service charge costs.

The Directors consider the fair value of trade and other payables to equal their carrying amounts.

## 21. Deferred income

Deferred rental income of £14,364,000 (31 December 2023: £15,597,000) represents rent received in advance from tenants.

## 22. Deferred tax liabilities

	31 December 2024 £'000	31 December 2023 £'000
Deferred tax	741	708
<b>At end of year</b>	<b>741</b>	<b>708</b>
<b>The movement on deferred tax liability is shown below:</b>		
<b>At start of year</b>	<b>708</b>	699
Deferred tax on the valuation of investment properties	33	9
<b>At end of year</b>	<b>741</b>	<b>708</b>

The deferred tax liability relates to the potential tax liability that may crystallise when investment properties are sold. It is calculated on the revaluation gains of investment properties held by the Group which fall outside of the REIT regime.

## 23. Bank and loan borrowings

Bank borrowings are secured by charges over investment properties held by certain asset-holding subsidiaries. The banks also hold charges over the Shares of certain subsidiaries and any intermediary holding companies of those subsidiaries. Any associated fees in arranging the bank borrowings unamortised as at the year end are offset against amounts drawn on the facilities as shown in the table below:

	31 December 2024 £'000	31 December 2023 £'000
<b>Bank borrowings drawn at start of year</b>	<b>370,750</b>	390,792
Bank borrowings drawn	-	3,729
Bank borrowings repaid	(54,016)	(23,771)
<b>Bank borrowings drawn at end of year</b>	<b>316,734</b>	<b>370,750</b>
Less: unamortised costs at start of year	(5,147)	(5,527)
Less: loan issue costs incurred in the year	(761)	(495)
Add: loan issue costs amortised in the year	1,497	875
<b>At end of year</b>	<b>312,323</b>	<b>365,603</b>
<b>Maturity of bank borrowings</b>		
Repayable within 1 year	-	-
Repayable between 1 to 2 years	99,789	-
Repayable between 2 to 5 years	216,945	310,721
Repayable after more than 5 years	-	60,029
Unamortised loan issue costs	(4,411)	(5,147)
	<b>312,323</b>	<b>365,603</b>

As detailed in note 24, the Group has no (31 December 2023: £50,000,000) retail eligible bonds in issue.

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The table below lists the Group's borrowings.

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value**	Annual interest rate	Amortisation
Royal Bank of Scotland, Bank of Scotland and Barclays	99,789	99,789	Aug-26	51.3%	2.40% over 3 months £ SONIA	Mandatory prepayment
Scottish Widows Ltd & Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	51.3%	3.28% Fixed	None
Scottish Widows Ltd	34,467	34,467	Dec-28	47.5%	3.37% Fixed	None
Santander UK	49,848	49,848	Jun-29	51.0%	2.20% over 3 months £ SONIA	Mandatory prepayment
Total bank borrowings	316,734	316,734				

SONIA = Sterling Over Night Indexed Average  
\* Before unamortised debt issue costs  
\*\* Based upon Colliers International Property Consultants Limited property valuations

The percentage of borrowings at variable rates of interest was 47.2% (2023: 43.3%).

The weighted average term to maturity of the Group's debt at the year end was 2.9 years (2023: 3.5 years).

The weighted average interest rate payable by the Group on its total bank borrowings, excluding hedging costs, as at the year end was 5.2% (2023: 5.4%).

The Group weighted average interest rate, including and hedging activity at the year end, amounted to 3.4% per annum (2023: 3.5% per annum).

The Group has been in compliance with all of the financial covenants relating to the above facilities as applicable throughout the year covered by these consolidated financial statements. Each facility has distinct covenants which generally include: historic interest cover, projected interest cover, LTV cover and debt service cover. A breach of agreed covenant levels would typically result in an event of default of the respective facility, giving the lender the right, but not the obligation, to declare the loan immediately due and payable. Where a loan is repaid in these circumstances, early repayment fees will apply, which are generally based on a percentage of the loan repaid or calculated with reference to the interest income foregone by the lenders as a result of the repayment.

As shown in note 25, the Group uses a combination of interest rate swaps and fixed rate bearing loans to hedge against cash flow interest rate risks. The Group's exposure to interest rate volatility is minimal.

24. Retail Eligible Bonds

The table below shows the movement on the Company's £50,000,000 4.5% Retail Eligible Bonds that matured on 6 August 2024. These unsecured bonds were listed on the London Stock Exchange ORB platform until their maturity in the year.

	31 December 2024 £'000	31 December 2023 £'000
Bond principal at start of year	50,000	50,000
Unamortised issue costs at start of year	(93)	(248)
Amortisation of issue costs	93	155
Maturity	(50,000)	-
At end of year	-	49,907

25. Derivative financial instruments

Interest rate caps and swaps are in place to mitigate the interest rate risk that arises as a result of entering into variable rate borrowings.

	31 December 2024 £'000	31 December 2023 £'000
Fair value at start of period	16,009	24,449
Proceeds received from a reduction in notional amounts	(2,698)	(1,246)
Revaluation in period	(1,703)	(7,194)
Fair value at end of period	11,608	16,009

The calculation of fair value of interest rate caps and swaps is based on the following calculation: the notional amount multiplied by the difference between the swap rate and the current market rate and then multiplied by the number of years remaining on the contract and discounted. Further details can be found in note 30.1.

During the year the notional amount on derivative instruments was reduced with a cash amount realised of £2,698,000 (2023: £1,246,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

The table below lists the hedging and swap notional amounts and rates against the details of the Group's loan facilities.

Lender	Facility £'000	Outstanding debt* £'000	Maturity date	Annual interest rate	Notional amount £'000	Swap/cap rate
Royal Bank of Scotland, Bank of Scotland and Barclays	99,789	99,789	Aug-26	2.40% over 3mth £ SONIA	54,827 44,961	0.97% 0.97%
Scottish Widows Ltd & Aviva Investors Real Estate Finance	132,630	132,630	Dec-27	3.28% Fixed	n/a	n/a
Scottish Widows Ltd	34,467	34,467	Dec-28	3.37% Fixed	n/a	n/a
Santander UK	49,848	49,848	Jun-29	2.20% over 3mth £ SONIA	41,319 8,529	1.39% 1.39%
Total bank borrowings	316,734	316,734				

\* Before unamortised debt issue costs  
SONIA = Sterling Over Night Indexed Average

As at 31 December 2024, the swap notional arrangements were £96.1 million (2023: £120.4 million) and the cap notional arrangements amounted to £53.5 million (2023: £61.8 million).

It is the Group's target to hedge at least 90% of the total debt portfolio using interest rate derivatives and fixed-rate facilities. As at the year end, the total proportion of hedged debt equated to 100.0% (2023: 100.0%), as shown below.

The Group weighted average effective interest rate was 3.4% (2023: 3.5%) inclusive of hedging costs and the Retail Eligible Bond.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative liabilities.

	31 December 2024 £'000	31 December 2023 £'000
Total bank borrowings	316,734	370,750
Notional value of interest rate caps and swaps	149,637	182,250
Fixed rate borrowings	167,097	188,500
	316,734	370,750
Proportion of hedged debt	100.0%	100.0%

Table may not sum due to rounding

26. Leases

	31 December 2024 £'000	31 December 2023 £'000
Right of use asset		
At start of year	10,987	11,126
Fair value movement	(138)	(139)
At end of year	10,849	10,987

	31 December 2024 £'000	31 December 2023 £'000
Lease liability		
At start of year	11,475	11,505
Lease payments	(435)	(435)
Interest charges	404	405
At end of year	11,444	11,475

The Group's lease commitments which are now represented by the right of use asset and lease liability are spread across 10 separate leases with the two largest leases at Northern Cross Basingstoke and Quantum Court Edinburgh making up 48% of the balance. Total commitments on leases in respect of land and buildings are as follows:

	31 December 2024 £'000	31 December 2023 £'000
Group		
Payable within 1 year	435	435
Payable between 1 and 2 years	435	435
Payable between 2 and 5 years	1,305	1,305
Payable after 5 years	33,563	33,999
At end of year	35,738	36,174

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

## 27. Stated capital

Stated capital represents the consideration received by the Company for the issue of Ordinary Shares.

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

	31 December 2024 £'000	31 December 2023 £'000
<b>Group</b>		
<b>Issued and fully paid Shares of no par value</b>		
At start of the year	513,762	513,762
Shares issued in year	110,515	-
Share issue costs	(6,011)	-
<b>At end of the year</b>	<b>618,266</b>	<b>513,762</b>
<b>Number of Shares in issue</b>		
At start of the year	515,736,583	515,736,583
Shares issued in year	1,105,149,821	-
Reduction in shares (See note above)	(1,458,797,921)	-
<b>At end of the year</b>	<b>162,088,483</b>	<b>515,736,583</b>

## 28. Net asset value (NAV) per Share

Basic NAV per Share is calculated by dividing the net assets in the Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the year. See Note 27 for further explanation.

Further detail of the EPRA performance measures can be found on pages 208 to 211.

The number of shares have been recalculated as though the bonus issue and share consolidation were in place at 31 December 2023.

The number of Ordinary shares in issue at 31 December 2023 was previously stated at 515,736,583. This figure has been multiplied by a bonus factor of 1.5777 representing the bonus issue and 0.1 representing the share consolidation.

Prior to this restatement the NAV and EPRA NTA were previously stated at 59.3p and 56.4p respectively.

	31 December 2024 £'000	31 December 2023 £'000
<b>Group</b>		
<b>Net asset value per Consolidated Statement of Financial Position</b>	<b>351,614</b>	<b>306,089</b>
Adjustment for calculating EPRA net tangible assets:		
Derivative financial instruments	(11,608)	(16,009)
Deferred tax liability	741	708
<b>EPRA Net Tangible Assets</b>	<b>340,747</b>	<b>290,788</b>
<b>Number of Ordinary Shares in issue (2023 restated)</b>	<b>162,088,483</b>	<b>81,367,206</b>
<b>Net asset value per Share – basic and diluted (2023 restated)</b>	<b>216.9p</b>	<b>376.2p</b>
<b>EPRA Net Tangible Assets per Share – basic and diluted (2023 restated)</b>	<b>210.2p</b>	<b>357.4p</b>

## 29. Notes to the Statement of Cash Flows

### 29.1 Reconciliation of changes in liabilities to cash flows arising from financing activities

	Bank loans and borrowings £'000	Retail Eligible Bonds £'000	Lease liabilities £'000	Total £'000
<b>Balance at 1 January 2024</b>	<b>365,603</b>	<b>49,907</b>	<b>11,475</b>	<b>426,985</b>
Changes from financing cash flows:				
Bank borrowings repaid	(54,016)	-	-	(54,016)
Bank and bond borrowing costs paid	(761)	-	-	(761)
Repayment of bond	-	(50,000)	-	(50,000)
Lease payments	-	-	(435)	(435)
<b>Total changes from financing cash flows</b>	<b>(54,777)</b>	<b>(50,000)</b>	<b>(435)</b>	<b>(105,212)</b>
Amortisation of issue costs	1,497	93	-	1,590
Unwinding of discount	-	-	404	404
<b>Total other changes</b>	<b>1,497</b>	<b>93</b>	<b>404</b>	<b>1,994</b>
<b>Balance at 31 December 2024</b>	<b>312,323</b>	<b>-</b>	<b>11,444</b>	<b>323,767</b>

	Bank loans and borrowings £'000	Retail Eligible Bonds £'000	Lease liabilities £'000	Total £'000
<b>Balance at 1 January 2023</b>	<b>385,265</b>	<b>49,752</b>	<b>11,505</b>	<b>446,522</b>
Changes from financing cash flows:				
Bank and bond borrowings advanced	3,729	-	-	3,729
Bank borrowings repaid	(23,771)	-	-	(23,771)
Bank and bond borrowing costs paid	(495)	-	-	(495)
Lease payments	-	-	(435)	(435)
<b>Total changes from financing cash flows</b>	<b>(20,537)</b>	<b>-</b>	<b>(435)</b>	<b>(20,972)</b>
Amortisation of issue costs	875	155	-	1,030
Unwinding of discount	-	-	405	405
<b>Total other changes</b>	<b>875</b>	<b>155</b>	<b>405</b>	<b>1,435</b>
<b>Balance at 1 January 2023</b>	<b>365,603</b>	<b>49,907</b>	<b>11,475</b>	<b>426,985</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

30. Financial risk management

30.1 Financial instruments

The Group’s principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group’s other principal financial assets and liabilities are bank and other loan borrowings, amounts due to interest rate derivatives and lease liabilities, the main purpose of which is to finance the acquisition and development of the Group’s investment property portfolio.

Set out below is a comparison by class of the carrying amounts of the Group’s financial instruments that are carried in the financial statements and their fair value:

	31 December 2024		31 December 2023	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
<b>Group</b>				
<b>Financial assets – measured at amortised cost</b>				
Trade and other receivables	10,077	10,077	9,127	9,127
Cash and short-term deposits	56,719	56,719	34,505	34,505
<b>Financial assets – measured at fair value through profit or loss</b>				
Interest rate derivatives	11,608	11,608	16,009	16,009
<b>Financial liabilities – measured at amortised cost</b>				
Trade and other payables	(29,244)	(29,244)	(30,984)	(30,984)
Bank and loan borrowings	(312,323)	(301,293)	(365,603)	(354,124)
Retail eligible bonds	-	-	(49,907)	(46,700)
Lease liability	(11,444)	(11,444)	(11,475)	(11,475)

The following financial liabilities are recorded in the Consolidated Statement of Financial Position at amortised cost but their fair value is different as disclosed above. Their fair values are determined as follows:

- The fair value of bank and loan borrowings is determined by reference to mark-to-market valuations provided by the lenders.
- The fair value of Retail Eligible Bonds is determined by their published market value.
- The fair value of the lease liability has been determined as the present value of future cash flows discounted using the Group’s incremental borrowing rate.

The following financial assets and liabilities are recorded in the Consolidated Statement of Financial Position at fair value which is determined as follows:

- The fair value of interest rate derivatives is recorded in the Consolidated Statement of Financial Position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

Fair value hierarchy

The following table provides the fair value measurement hierarchy for financial assets and liabilities measured at fair value through profit or loss.

	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
<b>Balance at 31 December 2024</b>				
Interest rate derivatives	11,608	-	11,608	-
<b>31 December 2023</b>				
Interest rate derivatives	16,009	-	16,009	-

The different levels are defined as follows.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

There have been no transfers between levels during the year.

30.2 Risk management

The Group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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30.3 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the Group's bank balances along with a number of interest rate swaps entered into to mitigate interest rate risk.

The Group's interest rate risk arises from long-term borrowings issued at variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to fair value interest rate risk. The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps, interest rate caps and interest rate swaps. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Interest rate caps limit the exposure to a known level.

30.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from both its leasing activities and financing activities, including deposits with banks and financial institutions. Credit risk is mitigated by tenants being required to pay rentals in advance under their lease obligations. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

Outstanding trade receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

30.5 Credit risk related to trade receivables

Trade receivables, primarily tenant rentals, are presented in the Group's Statement of Financial Position net of provisions for impairment. Credit risk is primarily managed by requiring tenants to pay rentals in advance and performing tests around strength of covenant prior to acquisition.

30.6 Credit risk related to financial instruments and cash deposits

One of the principal credit risks of the Group arises with the banks and financial institutions. The Board of Directors believes that the credit risk on short-term deposits and current account cash balances is limited because the counterparties are banks, who are committed lenders to the Group, with high credit ratings assigned by international credit-rating agencies.

The list of bankers for the Group, with their latest Fitch credit ratings, was as follows:

Bankers	Fitch Ratings
Barclays Bank Plc	A Stable
Royal Bank of Scotland	A+ Positive
Bank of Scotland plc	AA- Stable
Santander UK	A+ Stable
Aviva	A+ Stable
Scottish Widows Limited	A+ Stable

30.7 Liquidity risk

Liquidity risk arises from the Group's management of working capital and, going forward, the finance charges and principal repayments on its borrowings. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Group's assets are investment properties and are therefore not readily realisable. The Group's objective is to ensure that it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

While the bank borrowings aged liability interest rate derivative aged liability within the below table are presented separately, the payment obligation of the bank borrowings is the net of the two balances.

	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	After 5 years £'000	Total £'000
Group at 31 December 2024					
Trade and other payables	(29,244)	-	-	-	(29,244)
bank borrowings and interest payments	(16,875)	(114,129)	(233,016)	-	(364,020)
Interest rate derivatives	6,554	5,025	4,919	-	16,498
Retail eligible bonds	-	-	-	-	-
Lease liability	(435)	(435)	(1,305)	(33,563)	(35,738)
	(40,000)	(109,539)	(229,402)	(33,563)	(412,504)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024 CONTINUED

Group at 31 December 2023	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	After 5 years £'000	Total £'000
Trade and other payables	(30,984)	-	-	-	(30,984)
bank borrowings and interest payments	(20,104)	(20,104)	(344,139)	(62,282)	(446,629)
Interest rate derivatives	7,810	7,810	10,735	1,185	27,540
Retail eligible bonds	(51,125)	-	-	-	(51,125)
Lease liability	(435)	(435)	(1,305)	(33,999)	(36,175)
	(94,838)	(12,729)	(334,709)	(95,096)	(537,373)

31. Capital management

The primary objective of the Group's capital management is to ensure that it remains a going concern and continues to qualify for UK REIT status.

The Group's capital is represented by reserves and bank borrowings. The Board, with the assistance of the Asset Manager and Investment Adviser, monitors and reviews the Group's capital so as to promote the long-term success of the business, facilitate expansion, deliver a quarterly dividend distribution and to maintain sustainable returns for shareholders.

The Group's policy on borrowings is as follows: the level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds, while maintaining flexibility in the underlying security requirements and the structure of both the portfolio and of Regional REIT.

Based on current market conditions, the Board will target Group net borrowings of 40% of Investment Property Values at any time. However, the Board may modify the Group's borrowing policy (including the level of gearing) from time to time in light of then-current economic conditions, relative costs of debt and equity capital, fair value of the Company's assets, growth and acquisition opportunities or other factors the Board deems appropriate.

The optimal debt financing structure for the Group will have consideration for key metrics including: fixed or floating interest rate charged, debt type, maturity profile, substitution rights, covenant and security requirements, lender type, diversity and the lender's knowledge and relationship with the property sector.

32. Operating leases

The future minimum lease payments receivable under non-cancellable operating leases in respect of the Group's property portfolio are as follows:

Group	31 December 2024 £'000	31 December 2023 £'000
Receivable within 1 year	47,096	51,207
Receivable between 1-2 years	42,215	45,008
Receivable between 2-5 years	85,709	96,923
Receivable after 5 years	66,075	67,798
	241,095	260,936

The Group has in excess of 940 operating leases.

The number of years remaining on these operating leases varies between 1 and 997 years. The amounts disclosed above represent total rental income receivable up to the next lease break point on each lease. If a tenant wishes to end a lease prior to the break point, a surrender premium will be charged to cover the shortfall in rental income received.

33. Segmental information

After a review of the information provided for management purposes, it was determined that the Group has one operating segment and therefore segmental information is not disclosed in these consolidated financial statements.

34. Transactions with related parties

Transactions with the Directors

The following persons and entities are related parties because they have significant influence over the reporting entity or are key management personnel or the reporting entity.

Directors' remuneration is disclosed within the Remuneration Report on page 150 and note 8 to the financial statements. Directors' beneficial interests in the Ordinary Shares of the Company are disclosed within the Directors' Report.

The Asset Manager and Investment Adviser do not meet the definition of a related party transaction. Full details of the management arrangements are on page 101.

35. Subsequent Events

On 20 February 2025, the Company declared the Q4 2024 dividend of 2.20pps, which will be paid to shareholders on 4 April 2025.

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# ADDITIONAL INFORMATION

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EPRA PERFORMANCE MEASURES

The Group is a member of the European Public Real Estate Association (“EPRA”).

EPRA has developed and defined the following performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards. The Group is pleased to disclose the following measures which are calculated in accordance with EPRA guidance:

EPRA Performance Measure	Definition	EPRA Performance Measure	Year ended 31 December 2024	Year ended 31 December 2023
EPRA EARNINGS	Earnings from operational activities.	EPRA Earnings	£22,659,000	£26,962,000
		EPRA Earnings per Share (basic and diluted)	19.2p	33.1p*
The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.				
EPRA Net Reinstatement Value	EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	EPRA Net Reinstatement Value	£381,885,000	£337,030,000
		EPRA Net Reinstatement Value per Share (diluted)	235.6p	414.2p*
EPRA Net Tangible Assets	EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	EPRA Net Tangible Assets	£340,747,000	£290,788,000
		EPRA Net Tangible Assets per Share (diluted)	210.2p	357.4p*
EPRA Net Disposal Value	EPRA NAV metric which represents the Shareholders’ value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	EPRA Net Disposal Value	£362,644,000	£320,775,000
		EPRA Net Disposal Value per Share (diluted)	223.7p	394.2p*
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property with (estimated) purchasers’ costs.	EPRA Net Initial Yield	6.3%	6.6%
EPRA ‘Topped-up’ NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-freeperiods (or other unexpired lease incentives such as discounted rent periods and stepped rents).	EPRA ‘Topped-up’ Net Initial Yield	7.3%	7.5%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacancy space divided by ERV of the whole portfolio.	EPRA Vacancy Rate	22.5%	20.0%
EPRA Costs Ratio	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	EPRA Costs Ratio	44.7%	38.5%
		EPRA Costs Ratio (excluding direct vacancy costs)	17.4%	16.4%
EPRA LTV	Debt divided by the market value of property	EPRA LTV	44.8%	58.6%

\* See note 12.

NOTES TO THE CALCULATION OF EPRA PERFORMANCE MEASURES

1. EPRA earnings

For calculations, please refer to note 12 to the financial statements.

2. EPRA Net Reinstatement Value

	31 December 2024	31 December 2023
NAV per the financial statements	351,614	306,089
Fair value of derivative financial instruments	(11,608)	(16,009)
Purchaser costs	41,138	46,242
Deferred tax liability	741	708
EPRA Net Reinstatement Value	381,885	337,030
Dilutive number of Shares (2023 restated)	162,088,483	81,367,206
EPRA Net Reinstatement Value per Share (2023 restated)	235.6p	414.2p

3. EPRA Net Tangible Assets

	31 December 2024	31 December 2023
NAV per the financial statements	351,614	306,089
Fair value of derivative financial instruments	(11,608)	(16,009)
Deferred tax liability	741	708
EPRA Net Tangible Assets	340,747	290,788
Dilutive number of Shares (2023 restated)	162,088,483	81,367,206
EPRA Net Tangible Assets per Share (2023 restated)	210.2p	357.4p

4. EPRA Net Disposal Value

	31 December 2024	31 December 2023
NAV per the financial statements	351,614	306,089
Adjustment for the fair value of bank borrowings	11,030	11,479
Adjustment for the fair value of retail eligible bonds	-	3,207
EPRA Net Disposal Value	362,644	320,775
Dilutive number of Shares (2023 restated)	162,088,483	81,367,206
EPRA Net Disposal Value per Share (2023 restated)	223.7p	394.2p

## NOTES TO THE CALCULATION OF EPRA PERFORMANCE MEASURES

### 5. EPRA Net Initial Yield

Calculated as the value of investment properties divided by annualised net rents:

	31 December 2024	31 December 2023
Investment properties	622,480	700,720
Purchaser costs	41,138	46,241
	663,618	746,961
Annualised cash passing rental income	53,840	59,522
Property outgoings	(11,901)	(10,077)
<b>Annualised net rents</b>	<b>41,939</b>	<b>49,445</b>
Add notional rent expiration of rent-free periods or other lease incentives	6,604	6,670
<b>Topped-up net annualised rent</b>	<b>48,543</b>	<b>56,115</b>
<b>EPRA NIY</b>	<b>6.3%</b>	<b>6.6%</b>
<b>EPRA topped up NIY</b>	<b>7.3%</b>	<b>7.5%</b>

### 6. EPRA Vacancy Rate

	31 December 2024	31 December 2023
Estimated Market Rental Value (ERV) of vacant space	17,303	16,650
Estimated Market Rental Value (ERV) of whole portfolio	77,029	83,314
<b>EPRA Vacancy Rate</b>	<b>22.5%</b>	<b>20.0%</b>

### 7. EPRA Cost Ratios

	Year ended 31 December 2024	Year ended 31 December 2023
Property costs	45,021	38,161
Less recoverable service charge income and other similar costs	(25,742)	(21,825)
Add administrative and other expenses	9,851	10,626
<b>EPRA costs (including direct vacancy costs)</b>	<b>29,130</b>	<b>26,962</b>
Direct vacancy costs	(17,791)	(15,441)
<b>EPRA costs (excluding direct vacancy costs)</b>	<b>11,339</b>	<b>11,521</b>
Gross rental income	90,981	91,880
Less recoverable service charge income and other similar items	(25,742)	(21,825)
<b>Gross rental income less ground rents</b>	<b>65,239</b>	<b>70,055</b>
<b>EPRA Cost Ratio (including direct vacancy costs)</b>	<b>44.7%</b>	<b>38.5%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs)</b>	<b>17.4%</b>	<b>16.4%</b>

The Group has not capitalised any overhead or operating expenses in the accounting years disclosed above.

### 8. EPRA LTV

	31 December 2024 £'000	31 December 2023 £'000
Borrowings from financial institutions	316,734	370,750
Retail eligible bonds	-	50,000
Net payables	12,460	17,188
Cash and cash equivalents	(56,719)	(34,505)
<b>EPRA Net debt</b>	<b>272,475</b>	<b>403,433</b>
Investment properties at fair value*	607,458	687,695
Financial Assets – loans	337	578
<b>Total property value</b>	<b>607,795</b>	<b>688,273</b>
<b>EPRA LTV</b>	<b>44.8%</b>	<b>58.6%</b>

\* Colliers' valuation net of smoothing see note 3.1.1

Trade and other receivables - current	35,079	32,837
Less tenant loans	(193)	(193)
Current liabilities	(46,752)	(49,344)
Right of use asset	10,849	10,987
Finance lease liabilities	(11,444)	(11,475)
<b>Net receivables/(payables)</b>	<b>(12,461)</b>	<b>(17,188)</b>



2023



2024

### EPRA BPR Awards

The Company is pleased to have been granted again an EPRA BPR Gold Award in respect of the Company's compliance with EPRA's Best Practice Recommendations for financial reporting of listed property companies.

PROPERTY RELATED CAPITAL EXPENDITURE ANALYSIS

	31 December 2024	31 December 2023
Acquisitions	-	5
Development	-	-
Investment properties		
Incremental lettable space	-	-
No incremental lettable space	8,262	10,255
Tenant incentives	-	-
Other material non-allocated types of expenditure	-	-
Capitalised interest	-	-
<b>Total capital expenditure</b>	<b>8,262</b>	<b>10,260</b>
Conversion from accruals to cash basis	-	-
<b>Total capital expenditure on cash basis</b>	<b>8,262</b>	<b>10,260</b>

Acquisitions – this represents the purchase cost of investment properties and associated incidental purchase expenses such as stamp duty land tax, legal fees, agents’ fees, valuations and surveys.

Subsequent capital expenditure - this represents capital expenditure which has taken place post the initial acquisition of an investment property.

OTHER PERFORMANCE MEASURES

Net LTV

	31 December 2024 £'000	31 December 2023 £'000
Borrowings from financial institutions	316,734	370,750
Retail eligible bonds	-	50,000
Cash and cash equivalents	(56,719)	(34,505)
<b>Net debt</b>	<b>260,015</b>	<b>386,245</b>
<b>Investment properties at valuation</b>	<b>622,480</b>	<b>700,720</b>
<b>Net LTV</b>	<b>41.8%</b>	<b>55.1%</b>





GLOSSARY  
OF TERMS

**AIC** – Association of Investment Companies. A trade body for closed-end investment companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

**AIF** – Alternative Investment Fund.

**AIFMD** – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a closed-ended investment company nevertheless remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

**AIFM** – Alternative Investment Fund Manager. The entity which ensures the Company complies with the AIFMD. The Company's AIFM is ESR Europe Investment Management Limited.

**Alternative Performance Measures (APMs)** – APMs are key performance indicators used by the Board to assess the Company's performance.

**Asset and Property Manager** – ESR Europe PM Limited.

**Auditor** – RSM UK Audit LLP.

**Board** – the Board of Directors of the Company.

**Borrowings** – aggregate amount of total drawn bank facilities and the retail eligible bond.

**Break Option** – a clause in a lease which provides the landlord or tenant with an ability to terminate the lease before its contractual expiry date.

**CAPEX** – capital expenditure relates to spend used by the organisation to maintain or upgrade physical assets.

**Company** – Regional REIT Limited (Company Number 60527).

**Company Adjusted Earnings** – a company specific earnings measure which adds back the performance fee charged in the accounts to EPRA Earnings.

**Core Plus Property** – growth and income properties with the ability to increase cash flows through asset management initiatives.

**Core Property** – stable income properties with low risk.

**Directors** – the Directors of the Company whose names are set out on page 220.

**EPC** – Energy Performance Certificate.

**EPRA** – European Public Real Estate Association, a real estate industry body, which has issued Best Practice Recommendations to provide consistency and transparency in real estate financial reporting across Europe.

**EPRA Cost Ratio** – ratio of overheads and operating expenses against gross rental income. Net overheads and operating expenses relate to all administrative and operating expenses including the share of joint ventures' overheads and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses.

**EPRA Dividend Cover** – EPRA earnings per Share divided by the dividend per Share.

**EPRA Earnings** – profit after taxation excluding investments and development property revaluations and gains/losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

**EPRA LTV** – EPRA Loan-To-Value is calculated as debt (including net payables) divided by market value of property as defined in the EPRA Best Practice Guidelines

**EPRA Net Asset Value (EPRA NAV)** – IFRS assets excluding the mark-to-market on effective cash flow hedges and related debt instruments and deferred taxation revaluations.

**EPRA Net Initial Yield (EPRA NIY)** – annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property with (estimated) purchasers' costs.

**EPRA Net Tangible Assets (EPRA NTA)** – EPRA Net Asset Value Measure assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

**EPRA Occupancy Like for Like** – the like-for-like movement in EPRA Occupancy against the same period in the prior year, on properties owned throughout both comparable periods.

**EPRA Occupancy Rate** – occupancy expressed as a percentage being the ERV of let space divided by ERV of the whole portfolio. Occupancy Rate should only be calculated for all completed properties but excluding those properties which are under development.

**EPRA "Topped Up" Net Initial Yield** – this measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

**EPRA Total Return** – the movement in EPRA NTA plus the dividend distributions paid during the period, expressed as a percentage of the EPRA NTA at the beginning of the period.

**EPRA Triple NAV (EPRA NNNAV)** – EPRA net assets adjusted to include deferred tax liabilities and the fair values of financial instruments and debt.

**EPRA Vacancy Rate** – occupancy expressed as a percentage being the ERV of vacant space divided by ERV of the whole portfolio. Vacancy Rate should only be calculated for all completed properties but excluding those properties which are under development.

**Equivalent Yield** – weighted average of the initial yield and reversionary yield, representing the return that a property will produce based on the occupancy data of the tenant leases.

**ESG** – Environmental, Social and Corporate Governance refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

**Estimated Rental Value (ERV) or Market Rent (MR)** – external valuers’ opinion as to what the open market rental value of the property is on the valuation date and which could reasonably be expected to be the rent obtainable on a new letting of that property on the valuation date.

**External Valuer** – independent external valuer of a property. The Company’s external valuer is Colliers International Property Consultants Ltd.

**Fair Value Adjustment** – accounting adjustment to change the book value of an asset or liability to its market value.

**GRESB** – the Global Real Estate Sustainability Benchmark. The assessment is the investor-driven global ESG benchmark and reporting framework for listed property companies, private property funds, developers and investors that invest directly in real estate.

**Gross Asset Value** – the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time.

**Gross Investment Property Assets** – investment properties encompassing the entire property portfolio of freehold and leasehold assets.

**Gross Loan-to-Value (LTV) Ratio** – (Borrowings)/ (Investment Properties Value), expressed as a percentage.

**Gross Rental Income** – see Rent Roll.

**Group** – Regional REIT Limited and its subsidiaries.

**IAS** – an international accounting standard established by the International Accounting Standards Board.

**Investment Adviser** - ESR Europe Private Markets Limited.

**IPO** – Initial Public Offering. The Company’s admission to the London Stock Exchange was on 6 November 2015.

**ISA** – Individual Savings Account.

**Law** – The Companies (Guernsey) Law 2008, as amended.

**Lease** – legally binding contract between a landlord and a tenant which sets out the basis on which the tenant is permitted to occupy a property, including the lease length.

**Lease Incentive** – payment used to encourage a tenant to take on a new lease; for example, a landlord paying a tenant a sum of money to contribute to the cost of a tenant’s fit-out of a property or by allowing a rent-free period.

**Lease Re-gear** – renegotiation of a lease during the term and often linked to another lease event; for example, a Break Option or Rent Review.

**Lease Renewal** – renegotiation of a lease with the existing tenant at its contractual expiry.

**Lease Surrender** – agreement whereby the landlord and tenant bring a lease to an end other than by contractual expiry or the exercise of a Break Option. This will frequently involve the negotiation of a surrender premium by one party to the other.

**Mark-to-Market (MTM)** – difference between the book value of an asset or liability and its market value.

**Net Asset Value (NAV) (or Shareholders’ Funds) (Prior EPRA methodology)** – the value of the investments and other assets of an investment company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an investment company at a point in time.

**Net Debt** – total cash and cash equivalents less short- and long-term debt.

**Net Gearing** – (Borrowings – cash and cash equivalents)/ (Total Issued Shares + Retained Earnings).

**Net Loan-to-Value (LTV) Ratio / Net Borrowings** – (Borrowings (before debt issuance costs) – less cash)/ (Investment Properties Value) expressed as percentage.

**Occupancy Percentage** – percentage of the total area of all properties and units currently let to tenants.

**Ongoing Charges** – a measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company, which is calculated in line with AIC methodology.

**Ordinary Resolution** – a resolution passed by more than 50 per cent. majority in accordance with the Companies Law.

**Over Rented** – when the Contracted Rent is higher than the ERV.

**Passing Rent** – the rent that is payable at any particular time, allowing for lease incentives. This phrase is often used for Contracted Rent.

**Property Income Distributions (PID)** – profits from property related business distributed to Shareholders which are subject to tax in the hands of the Shareholders as property income. PIDs are normally paid net of withholding tax, currently at 20%, which the REIT pays to the tax authorities on behalf of the Shareholder. Certain types of Shareholder (i.e. pension funds) are tax exempt and receive PIDs without withholding tax. Property companies also pay out normal dividends, called non-PIDs, which are treated as not subject to withholding tax.

**Prospectus** – the Company’s prospectus issued on 27 June 2024.

**REIT** – a qualifying entity which has elected to be treated as Real Estate Investment Trust for tax purposes. In the UK such entities must be listed on a recognised stock exchange, must be predominately engaged in property investments activities and must meet certain ongoing qualifications as set out under section 705 E of the Finance Act 2013.

**Rent Review** – periodic review of rent during the term of a lease, as provided for within a lease agreement.

**Rent Roll** – is the contracted gross property rent receivable which becomes payable after tenant incentives in the letting have expired.

**Reversion** – expected increase in rent estimated by the Company’s External Valuers, where the passing rent is below the ERV. The increases to rent arise on rent reviews and lettings.

**Reversionary Yield** – anticipated yield, excluding lease expiry, to which the Net Initial Yield will rise (or fall) once the rent reaches the Estimated Rental Value. ERV/ Investment Properties Value expressed as a percentage.

**Shareholder** – a holder of Shares in the Company.

**Shares** – ordinary Shares issued by the Company.

**SIPP** – self-invested personal pension.

**SONIA** – Sterling Overnight Index Average.

**SSAS** – small self-administered scheme.

**TCFD** – Task Force on Climate-Related Financial Disclosures created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

**Total Shareholder Return** – the movement in the Share price, plus the dividend distributions received and reinvested in the period, expressed as percentage of the Share price at the beginning of the period.

**Triple Net Initial Yield (NNNIY)** – (Annualised current passing rent net of property related taxes, building insurance, and maintenance costs (the three “nets”))/ (Investment Properties Value).

**UN SDG** – the Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

**Weighted Average Cost of Debt (WACD)** – Group borrowings interest and net derivative costs per annum at the period end, divided by total Group debt in issue at the period end.

**Weighted Average Debt Duration (WADD)** – is calculated by multiplying each tranche of Group debt by the remaining period to its maturity, with the sum of the results being divided by total Group debt in issue at the period end.

**Weighted Average Debt to Maturity (WAD)** – each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

**Weighted Average Effective Interest Rate** – the Group’s loan interest and hedging derivative costs per annum divided by total Group debt in issue at the period end.

**Weighted Average Unexpired Lease Term (WAULT)** – is the average lease term remaining to first break, or expiry, across the portfolio weighted by rental income (including rent-free).

**Yield Compression** – occurs when the net equivalent yield of a property decreases, measured in basis points.



AIFMD DISCLOSURES

The Alternative Investment Fund Managers’ Directive (“AIFMD”) requires certain information to be made available to investors before they invest in Alternative Investment Funds and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within the Initial Public Offering (“IPO”) prospectus and subsequent equity capital raise prospectuses, which can be found on the Group’s website at: [www.regionalreit.com](http://www.regionalreit.com).

Management agreement

In April 2023, ESR Europe LSPIM Limited (formerly ARA Asset Management Limited) acquired a majority stake in London & Scottish Property Investment Management Limited.

In October 2023, ESR Europe Private Markets Limited (formerly ARA Europe Private Markets Limited) was appointed as the Company's Investment Adviser.

In August 2024, ESR Europe Investment Management Limited was appointed as the Alternative Investment Fund Manager (AIFM), replacing Toscafund Asset Management LLP.

ESR Europe Investment Management Limited was authorised by the UK’s Financial Conduct Authority on 1 August 2024.

Continuing appointment of the AIFM

The Board continually reviews the performance of the AIFM. The Board, through its Management Engagement and Remuneration Committee, has considered the performance of the AIFM and the terms of its engagement. It is the opinion of the Board that the continuing appointment of the AIFM on the terms agreed is in the interests of Shareholders as a whole. The Board believe that by calculating the management fee on the basis of EPRA NTA, the interests of the Asset Manager and Investment Adviser are closely aligned with those of the Shareholders.

Principal risks and uncertainties

An explanation of the principal risks and how they are managed and the policy and practice with respect to financial instruments are contained in note 30 on pages 200 to 203.

Leverage

Leverage is defined in the AIFMD as any method by which the Group increases its exposure, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

Leverage has been measured in terms of the Group’s exposure and is expressed as a ratio of net asset value. The AIFMD requires this ratio to be calculated in accordance with both the Gross Method and the Commitment Method. Details of these methods of calculation can be found by referring to the AIFMD. In summary, these methods express leverage as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. The principal difference between the two methods is that the Commitment Method enables derivative instruments to be netted off to reflect hedging arrangements and the exposure is effectively reduced, while the Gross Method aggregates the exposure.

The AIFMD introduced a requirement for the AIFM to set maximum levels of leverage for the Group. The Company’s AIFM has set a maximum limit of 400 for both the Gross and Commitment Methods of calculating leverage.

At 31 December 2024, this gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum	400	400
Actual	266	285

In accordance with the AIFMD, any changes to the maximum level of leverage set by the Group will be communicated via the Group’s website to the Shareholders.



Coach Works, Leeds



# COMPANY INFORMATION

## DIRECTORS

- David Hunter** (Chairman and Independent Non-Executive Director)
- Massy Larizadeh** (Senior Independent Non-Executive Director, Chair of the Nomination Committee and Management Engagement and Remuneration Committee)
- Nicole Burstow** (Non-Executive Director)
- Frances Daley** (Independent Non-Executive Director, Chair of the Audit Committee)
- Stephen Inglis** (Non-Executive Director)

**Registered Office**

Regional REIT Limited  
Mont Crevelt House  
Bulwer Avenue  
St. Sampson  
Guernsey  
GY2 4LH

**Company Secretary**

MUFG Corporate Governance Ltd  
51 Lime Street, London,  
EC3M 7DQ

**Asset Manager**

ESR Europe LSPIM Limited  
300 Bath Street Glasgow  
G2 4JR

**Investment Adviser**

ESR Europe Private Markets Limited  
15 Marylebone Road  
London  
NW1 5JD

**Financial Adviser and Joint Broker**

Peel Hunt LLP  
7th Floor  
100 Liverpool Street London  
EC2M 2AT

**Joint Broker**

Shore Capital  
Cassini House  
57 St James's Street  
London  
SW1A 1LD

**Legal Adviser to the Company**

Macfarlanes LLP  
20 Cursitor Street  
London  
EC4A 1LT

**Administrator**

Orbitus Fund Services (Guernsey)  
Limited  
Mont Crevelt House  
Bulwer Avenue  
St. Sampson  
Guernsey  
GY2 4LH

**Sub-Administrator**

Waystone Administration Solutions  
(UK) Limited  
Broadwalk House  
Southernhay West  
Exeter  
EX1 1TS

**Registrar**

MUFG Corporate Markets (Guernsey)  
Limited  
Mont Crevelt House  
Bulwer Avenue  
St Sampson  
Guernsey  
GY2 4LH

**Independent Auditor**

RSM UK Audit LLP  
Third Floor  
Centenary House  
69 Wellington Street Glasgow  
G2 6HG

**Depository**

Ocorian Depositary (UK) Limited  
20 Fenchurch Street  
London  
EC3M 3BY

**Public Relations**

FTI Consulting  
200 Aldersgate  
Aldersgate Street, London  
EC1A 4HD

**Property Valuer**

Colliers International Property  
Consultants Limited  
95 Wigmore Street  
London  
W1U 1FF

**Tax Adviser**

KPMG LLP  
319 St Vincent Street  
Glasgow  
G2 5AS

**Regional REIT Limited ISIN:**

GG00BSY2LD72

**SEDOL:**

BSY2LD72

**Legal Entity Identifier:**

549300D8G4NKLRIKBX73

**Company website**

www.regionalreit.com

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# FORTHCOMING EVENTS

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**15 MAY**  
Q1 Trading Update



**9 SEPT**  
Interim Results  
Announcement



**12 NOV**  
Q3 Trading Update

*Note: all future dates are provisional and subject to change.*

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# SHAREHOLDER INFORMATION

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Please phone: **0371 664 0300** for any questions about:

- changing your address or other details
- your Shares
- buying and selling Shares

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 09:00 and 17:30, Monday to Friday, excluding public holidays in England and Wales. For Shareholder enquiries, please email: **[shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com)**



DIVIDEND HISTORY

Total dividend								
Year	Period	Announcement date	Ex-date	Record date	Payment date	PID	Non-PID	Pence per share
2024	Q4 2024	20/02/2025	27/02/2025	28/02/2025	04/04/2025	2.20	-	2.20
	Q3 2024	13/11/2024	21/11/2024	22/11/2024	10/01/2025	2.20	-	2.20
	Q2 2024*	10/09/2024	19/09/2024	20/09/2024	18/10/2024	2.20	-	2.20
	Q1 2024	22/05/2024	30/05/2024	31/05/2024	02/07/2024	1.20	-	1.20
						7.80	-	7.80
2023	Q4 2024	22/02/2024	29/02/2024	01/03/2024	05/04/2024	1.20	-	1.20
	Q3 2023	09/11/2023	16/11/2023	17/11/2023	12/01/2024	1.20	-	1.20
	Q2 2023	12/09/2023	21/09/2023	22/09/2023	19/10/2023	1.20	-	1.20
	Q1 2023	24/05/2023	01/06/2023	02/06/2023	04/08/2023	1.65	-	1.65
						5.25	-	5.25
2022	Q4 2022	23/02/2023	02/03/2023	03/03/2023	06/04/2023	1.65	-	1.65
	Q3 2022	10/11/2022	17/11/2022	18/11/2022	12/01/2023	1.65	-	1.65
	Q2 2022	24/08/2022	01/09/2022	02/09/2022	14/10/2022	1.65	-	1.65
	Q1 2022	25/05/2022	01/06/2022	06/06/2022	15/07/2022	1.65	-	1.65
						6.60	-	6.60
2021	Q4 2021	24/02/2022	03/03/2022	04/03/2022	08/04/2022	1.70	-	1.70
	Q3 2021	11/11/2021	18/11/2021	19/11/2021	12/01/2022	1.60	-	1.60
	Q2 2021	26/08/2021	09/09/2021	10/09/2021	15/10/2021	1.60	-	1.60
	Q1 2021	19/05/2021	27/05/2021	28/05/2021	16/07/2021	1.60	-	1.60
						6.50	-	6.50
2020	Q4 2020	25/02/2021	04/03/2021	05/03/2021	09/04/2021	1.50	-	1.50
	Q3 2020	12/11/2020	19/11/2020	20/11/2020	08/01/2021	1.50	-	1.50
	Q2 2020	26/08/2020	03/09/2020	04/09/2020	16/10/2020	1.50	-	1.50
	Q1 2020	21/05/2020	04/06/2020	05/06/2020	17/07/2020	1.90	-	1.90
						6.40	-	6.40
2019	Q4 2019	27/02/2020	05/03/2020	06/03/2020	09/04/2020	2.55	-	2.55
	Q3 2019	14/11/2019	21/11/2019	22/11/2019	19/12/2019	1.90	-	1.90
	Q2 2019	29/08/2019	05/09/2019	06/09/2019	15/10/2019	1.90	-	1.90
	Q1 2019	23/05/2019	06/06/2019	07/06/2019	12/07/2019	1.90	-	1.90
						8.25	-	8.25
2018	Q4 2018	21/02/2019	28/02/2019	01/03/2019	11/04/2019	2.50	-	2.50
	Q3 2018	15/11/2018	22/11/2018	23/11/2018	21/12/2018	1.85	-	1.85
	Q2 2018	31/08/2018	13/09/2018	14/09/2008	15/10/2018	1.85	-	1.85
	Q1 2018	17/05/2018	24/05/2018	25/05/2018	13/07/2018	1.85	-	1.85
						8.05	-	8.05
2017	Q4 2017	22/02/2018	01/03/2018	02/03/2018	12/04/2018	2.21	0.25	2.45
	Q3 2017	14/11/2017	23/11/2017	24/11/2017	22/12/2017	1.62	0.18	1.80
	Q2 2017	31/08/2017	07/09/2017	08/09/2017	13/10/2017	1.08	0.72	1.80
	Q1 2017	25/05/2017	08/06/2017	09/06/2017	14/07/2017	1.26	0.54	1.80
						6.17	1.69	7.85

Q1 1 Jan to 31 Mar  
Q2 1 Apr to 30 Jun  
Q3 1 Jul to 30 Sep  
Q4 1 Oct to 31 Dec

\* 1 for 10 share consolidation 29/7/2024

## NOTES

## NOTES

## NOTES

## NOTES





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[www.regionalreit.com](http://www.regionalreit.com)

