

HALF YEARLY REPORT

For the period ended 30 June 2024

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



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.





ABOUT US

Regional REIT Limited (“Regional REIT” or the “Company”) and its subsidiaries¹ (the “Group”) is a UK based real estate investment trust that launched in November 2015. It is managed by London & Scottish Property Investment Management Limited, the Asset Manager, and ESR Europe Private Markets Limited (“ESR Europe”), the Investment Manager (together the “Managers”).

Regional REIT’s commercial property portfolio is comprised primarily of UK office assets located in regional centres predominately outside of the M25 motorway. The portfolio is geographically diversified, with 132 properties, 1,305 units and 832 tenants as at 30 June 2024, with a valuation of £647.9 million.

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 to its Shareholders, targeting greater than 10% per annum (“pa”), with a strong focus on income supported by additional capital growth prospects.

For more information, visit the Group’s website:

www.regionalreit.com

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

¹ 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 Half Year Report does not distinguish between the activities of the Company and those of its subsidiaries.



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OUR PURPOSE

The purpose of the Company is to deliver long-term returns for Shareholders with income generated from investment in UK offices predominately outside of the M25 motorway. To us this means being a responsible owner of offices 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

As the Company has no employees, the Company's culture is a reflection of the Board's engagement with third party providers and stakeholders. The Board is responsible for embedding the Company's culture across the Company's operations.

For more details on the Company's values, culture and strategy, please refer to page 101 of the 2023 Annual Report.

KEY FINANCIALS

Period Ended 30 June 2024

	Portfolio Valuation	£647.9m (31 December 2023: £700.7m)
	IFRS NAV per Share	51.7p (31 December 2023: 59.3p)
	EPRA* NTA per Share	48.8p (31 December 2023: 56.4p)
	Net Loan to Value Ratio*	58.3% (31 December 2023: 55.1%)
	Weighted Average Cost of Debt*	3.5% (31 December 2023: 3.5%)
	Weighted Average Debt Duration*	3.0 yrs (31 December 2023: 3.5 yrs)

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 62 to 65.

* Alternative Performance Measures. Details as provided on page 66 and in the Glossary of terms on pages 68 to 71.

CHAIRMAN'S STATEMENT

The Chairman's Statement, together with the Asset Manager and Investment Managers' Report, forms part of the Interim Management Report, covering the six month period to 30 June 2024.

Overview

My below summary of the Group's performance for the six months to 30 June 2024, has been overshadowed by subsequent events with the completion on 18 July 2024 of the successful £110.5m equity capital raise.

The transformational raise enabled the Company's £50m Retail Bond to be fully repaid, eliminating this short term liability and further reduced the constraints caused by the requirement to pay coupon distributions on the Retail Bond. In addition, some £26m are to be used to reduce bank facilities, which will result in the Company having greater headroom under the covenants in such facilities. The remaining proceeds of the net capital raise will provide additional flexibility to fund selective capital expenditure on assets, which will enhance earnings in the near term and value in the mid to long-term, further underpinning dividends going forward.

Notwithstanding the constrained commercial real estate transactional market conditions, our Asset Manager, in line with our strategy, continued to focus upon the disposal of non-core assets, which in the period under review amounted to £20.7m (net of costs) at a net initial yield of 9.3% (10.7% excluding vacant units). The proceeds from the disposals were promptly allocated to our stated near-term objectives of reducing borrowing levels, with £17.4m being repaid to lenders. Planned capital expenditure amounting to £5.2m was utilised to drive property values and increase occupancy.

After adjusting for disposals and capital expenditure during the period, the Company's portfolio experienced a £52.8m decrease in value to £647.9m (31 December 2023: £700.7m); this reflects a like-for-like decrease of 5.1%, with a Loan-to-Value (LTV) of 58.3%. The Group's post period end equity raise described later in my statement has substantially reduced this figure to 42.2%.

Rent collection remained strong throughout the period to 30 June 2024. As at 30 August 2024, rent collection for the period to 30 June 2024, amounted to 98.0% (equivalent period for the six months to 30 June 2023 98.8%). Enquiry levels for space requirements continued to increase through the period under review, however the continued wider macroeconomic conditions saw potential occupiers adopting a cautious approach with the EPRA occupancy standing at 78.0% at the period end (30 June 2023: 82.5%). If fully occupied the rental income is estimated at ERV £83.7m, reflects an equivalent yield of 10.2% (June 2023: 9.5%). EPRA earnings per share were 21.3p (six months to June 2023: 24.6p)¹.

The Board's focus remained on the continued disposal of non-core assets and reducing the LTV, which has been achieved following the successful fundraise completed in July, whilst maintaining dividend payments to our shareholders.

Financial Resources

The EPRA NTA saw a reduction to £251.6m (IFRS NAV: £266.6m) as of 30 June 2024, a decrease from the 31 December 2023 figure of £290.8m (IFRS NAV: £306.1m). This contraction is primarily attributed to the lower revaluation of the investment property portfolio, which mirrors the broader challenges faced by the market.

Despite these headwinds, the Company maintained a robust cash balance of £25.7m as of 30 June 2024 (31 December 2023: £34.5m), with £21.8m of this being unrestricted funds (31 December 2023: £30.7m).

Our debt strategy, characterised by 100% fixed and hedged interest rate debt, shielded the Company from rate fluctuations, maintaining a stable weighted average cost of debt at 3.5%. The maturity of the £50m 4.5% Retail Eligible Bond in August 2024 remained a focal point for the Board and more details can be found in the Subsequent Events section.

¹ Prior to the Company share consolidation of 1 new share for every 10 ordinary shares after the period end EPRA earnings per share would have been 2.1p (six months to June 2023: 2.5p).



“

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: to our shareholders."

: **Kevin McGrath**

: Chairman

Sustainability

As of 30 June 2024, I am pleased to report that 81.8% of our properties attained an EPC rating of C+ or higher, a significant improvement from 73.7% as recorded on 31 December 2023. Properties rated B+ and Exempt have surged to 56.3%, up from 42.1% at 31 December 2023. These milestones place us firmly on the path to surpassing the Minimum Energy Efficiency Standard (MEES) target of an EPC rating of B well before the 2030 deadline.

Board Composition

As noted in the Prospectus published by the Company on 27 June 2024, both Dan Taylor and I, having each served on the Board for nine years, intend to step down from the Board, subject to replacement directors being appointed in our place. The Company and its new significant shareholder, Bridgemere, have agreed, through the Subscription Agreement of the Capital Raising, that Dan will be replaced by a director to be identified by Bridgemere. In addition to his non-executive Director duties, Dan currently also serves as our Senior Independent Director, therefore, as part of the Board's succession plan, one of the Board members will be appointed as the new Senior Independent Director to replace Dan. The Nomination Committee has commenced the process to identify a new non-executive Chair to replace me. We will report to shareholders on the progress, and expect to be able to make the appropriate announcements through a Regulatory Information Service in due course.

Dividends

For the period under review, the Company declared covered dividends of 1.2 pence per share ("pps") for the first quarter 2024 and a dividend of 2.2pps* for the second quarter 2024, (declared on 9 September 2024) being post the capital raise and the subsequent share consolidation (six months to June 2023: 2.85pps). Please see Subsequent Events for more information.

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 -50.8%, versus the return of -2.4% for the FTSE EPRA NAREIT UK Total return Index over the same period. The EPRA total return from listing on 6 November 2015 was 7.5% and the annualised EPRA Total Return was 0.8%. Total Shareholder Return since listing was -65.9%, compared with the FTSE EPRA NAREIT UK Total Return Index of -10.3%.

Subsequent Events

Following shareholder support and approval at the extraordinary general meeting held on 18 July 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 Raise was fully underwritten by Bridgemere Investments Limited, whom we now welcome as a significant new Shareholder with a holding of 18.7%.

As announced on 29 July 2024, the Company completed a share consolidation, representing a consolidation ratio of 1 new share for every 10 ordinary shares.

The Company repaid in full the 4.50% £50m retail bond (ISIN XS1849479602), which matured on 6 August 2024.

ESR Europe Investment Management Ltd ("ESR Europe IM") obtained its FCA licence on the 1st August 2024 and the process of changing the AIFM for Regional REIT Ltd from Toscafund Asset Management LLP to ESR Europe IM completed on 30 August 2024.

On 9 September 2024, the Company declared a dividend of 2.20pps in respect of the period 1 April 2024 to 30 June 2024. The dividend is payable to the 162,088,483 shares in issue on the record date of 20 September 2024.

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



Three
Hundred
Bath
Street

ASSET AND INVESTMENT MANAGERS' REPORT



The six months to 30 June 2024 was another challenging period for UK commercial real estate, with persistently high interest rates and poor investor sentiment both consistent headwinds. Despite this, the Company's operational performance remained robust, and we are pleased to note that the regional office market has begun to show early signs of reaching an inflection point.



During the six months to 30 June 2024, though the Company's portfolio valuation declined on a like-for-like basis by 5.1%, after adjusting for disposals and capital expenditure, it outperformed the MSCI UK regional office benchmark, which saw a decline of 6.4% over the same period. In the main this was due to our high-quality, blue-chip tenant base, the continued asset management programme, and the diversification and quality of our portfolio in terms of sector and geography. Given the recent cut to the base rate, we hope to see wider market conditions improve in the coming months, confirming that valuations have passed their nadir.

In June 2024, we announced a capital raise of £110.5m, by way of a fully underwritten placing. We are pleased to note that this was strongly supported by Shareholders and it successfully completed post period end. This has enabled us to repay, in full, the 4.5% £50 million retail bond, provides us with greater headroom within the Group's covenants, greater flexibility for capital expenditure and opportunities to increase shareholder value.

Looking ahead to the remainder of 2024, we will continue to adopt an active approach to portfolio management, taking steps to improve the quality of core assets, reduce the Group's LTV, improve occupancy and EPC ratings, and grow the Company's rent roll.

We would again like to thank shareholders for their continued support during this period and we look forward to updating you on our progress over the coming months."

: **Stephen Inglis**
: CEO of London & Scottish Property
: Investment Management,
: Asset Manager



ASSET AND INVESTMENT MANAGERS' REPORT

Investment Activity in the UK Commercial Property Market

Although 2023 proved to be a challenging year with investment in the UK commercial property market totalling £37.4 billion, improving investment volumes in the final quarter suggested the market bottomed out in 2023, signalling the early stages of an upward trend and a reason to be optimistic moving into 2024, according to research from Lambert Smith Hampton ("LSH")¹. The most recent data from LSH shows that investment in UK commercial property improved in the first half of 2024 reaching £21.0 billion, 19.3% above the same period in 2023. Investment volumes in Q2 2024 reached £11.1 billion, 11.6% above Q1 volume of £9.9 billion, as a result of a rise in the number of deals that took place, with transaction activity approximately 5.0% above the five-year average. Recent investment levels show signs of recovery which is expected to continue in the second half of 2024. Although uncertainty remains in financial markets, the most recent ONS figures show that UK inflation (CPI) remains at the 2.0% target set by the Bank of England, a considerable improvement from the 7.9% recorded in June 2023². Additionally, forecasts from HM Treasury indicate that interest rates are set to fall from 5.0% to 4.75% by the end of 2024 and to 3.75% at the end of 2025³.

Single asset investment activity

Research by LSH highlights the importance of the regional markets, with the regions outperforming when compared to London for a third consecutive quarter. At £3.8 billion, investment in single assets across the UK regional markets in Q2 2024 was 21.9% higher than the level of investment in Greater London – well above the five-year quarterly average margin of 9.6%. Four regions experienced robust levels of investment in Q2 2024 when compared to their corresponding averages, namely Yorkshire and the Humber, Scotland, East Midlands and the North East. Data from LSH shows the South East of England accounted for the largest share of regional investment in Q2 2024 for the third successive quarter.

Single office investment activity

Overall, investment in regional offices reached £1.0 billion in H1 2024, 5.0% below the same period in 2023. As can be seen from the table overleaf in Figure 1, LSH's data on the split between London and the regions is hard to interpret because of a growing proportion of portfolio transactions, some of which will include both London and Regional properties. Although investment in the regional office market was below trend in H1 2024, optimism is supported by positive office attendance figures. Data from the ONS shows that despite the rise in hybrid working as a result of Covid-19, the vast majority of people do not work from home, with 68.0% of employees reporting that they exclusively travel to work or worked on a hybrid basis, with only 11.0% of workers reporting that they worked exclusively from home – down from 26% in mid-January 2022⁴. Moreover, the most recent CEO Outlook published by KPMG shows that c. 87% of CEOs are more inclined to reward those employees that work from the office on a regular basis in the form of better projects, salary increases and promotions. The majority of respondents (64%) anticipate a full return to the office over the next three years⁵.

1 Lambert Smith Hampton, UKIT, Q2 2024
 2 ONS, Labour Market Overview, UK, July 2024
 3 Colliers, UK Property Snapshot, July 2024
 4 ONS, Characteristics of homeworkers, June 2024
 5 KPMG, CEO Outlook, 2023

Quarterly Investment Volumes

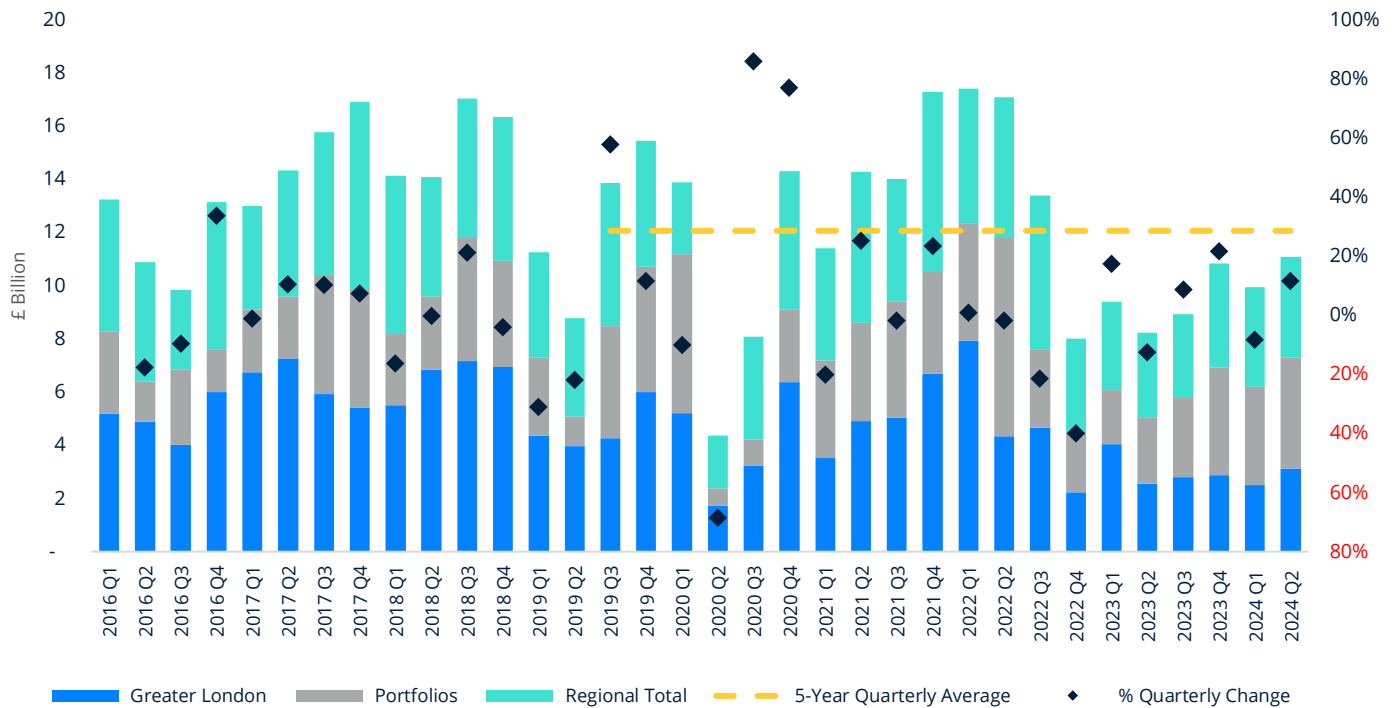


Figure 1: Lambert Smith Hampton Research (July 2024)

Overseas investment in the UK commercial property market accounted for 53.9% of total investment in Q2 2024 and drove overall investment at the larger end of the market. Figures indicate that overseas investment reached £6.0 billion in Q2 2024, 54.8% higher than the previous quarter, and in line with the five-year quarterly average. International investment in the second quarter of the year brought the H1 2024 total to £9.8 billion, 8.3% above the same period in 2023. Overseas investment was largely supported by North American buyers with investment of £3.4 billion, which accounted for approximately 56.2% of all overseas investment. LSH research suggests that North American investors were the most acquisitive net buyers at £2.4 billion. Moreover, investors from Europe, the Far East and Middle East were also net buyers in Q2 2024 at £0.5 billion, £0.5 billion and £2.0 million, respectively.

Hampshire Corporate Park, Eastleigh



Occupational Demand in the UK Regional Office Market

Avison Young estimate that take-up of office space across the nine regional markets⁶ reached 1.6 million sq. ft. in Q2 2024, bringing the half year total to 3.5 million sq. ft., 7.4% above the five year average take-up for the first 6 months of the year. City Centre activity accounted for the largest proportion of take-up (61.6%) in H1 2024 at 2.2 million sq. ft., 9.2% above the five year average. When comparing this to the same period in 2023, city centre take-up as a proportion of total take-up has increased from 58.5% in H1 2023. In the first half of 2024 approximately 1.3 million sq. ft. was transacted in the out of town market, 4.6% above the five year average, and accounting for 38.4% of total H1 2024 take-up.

Occupational demand in the regional office markets continued to be driven by the professional services sector, which accounted for the highest proportion of take-up at 20.3% in the first six months of 2024. Moreover, public services, education & health, and technology, media & telecoms sector accounted for the second and third largest proportion of take-up in the regional cities, accounting for 16.6% and 14.2%, respectively⁷. Savills research indicates that although office market sentiment is going through a period of change, the same key sectors continue to drive demand for UK office stock as the three most active sectors prior to the Covid-19 pandemic remain in the top three in the first half of 2024.

According to Savills, there was a rise in availability for regional office stock across six regional UK markets⁸, with total availability in H1 2024 to 10.5 million sq. ft. Despite the up tick in availability in the first half of 2024 supply across the six regional markets remains 3.5% below the long-term average. Research from PwC⁹ suggests that there is likely to be a number of stranded assets, given an EPC rating of C will be required by 2027 in order to let a property and then a rating of B from 2030. Currently, approximately 8.9% of office properties in the UK are unlettable as they have an EPC rating of F or G. Additionally, 50.0% (261.5 million Sq. Ft.) of office floor space in the UK is rated D and below, which PwC suggest may be classed as ‘stranded’ going forward due to the extensive capital expenditure (capex) that would be required, indicating the scale of the challenges faced by landlords. However, lower returns due to subdued market and subsequently lower rental growth will result in investors finding it more difficult to justify capex. Ultimately, this could lead to a fall in office stock going forward as stranded assets are repositioned for alternative use. At present, only 10.8% of assets have an EPC rating of B or above.

In terms of speculative development, it is estimated that approximately 3.4 million sq. ft. of office space is currently under construction in the Big Nine regional markets, down from 3.7 million sq. ft. for the same period last year, with Manchester, Bristol, and Leeds accounting for 27.4%, 20.1% and 12.7%, respectively. Approximately 32.6% of office buildings currently under construction are already pre-let.

Regional Supply: Annual Office Supply

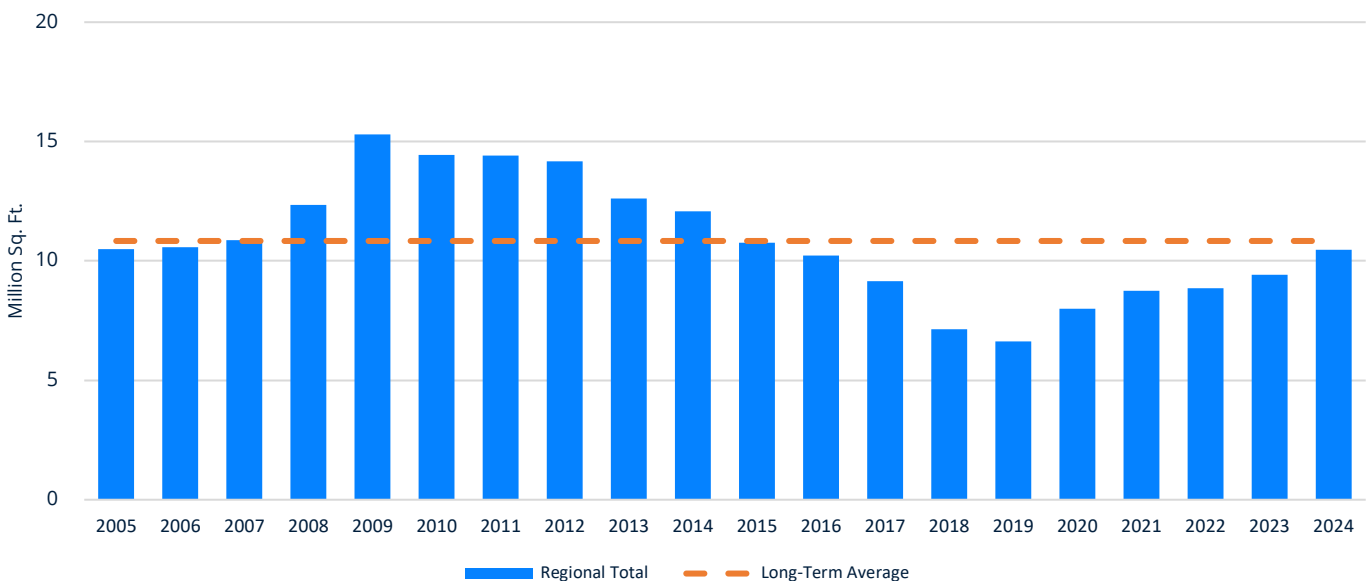


Figure 2: Savills (August 2024)

6 Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle
 7 Savills, The Regional Office Market Review, Q2 2024
 8 Six regional office markets mentioned by Savills includes: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester
 9 PwC, UK Office Outlook & Investor Consideration, September 2023

Rental Growth in the UK Regional Office Market

According to monthly data from MSCI, rental value growth slowed for the Rest of UK office markets in the 12 months ended June 2024 with growth of 1.8%, 5.0% above trend. Similarly, central London offices experienced a fall in rental growth to 1.9% over the same period. Avison Young expects rental growth to continue across most markets for the remainder of 2024 and into 2025. Demand for quality office space has put an upward pressure on rents, with growth of 4.5% recorded across the Big Nine regional markets in the first half of 2024, with average headline rents now sitting at £38.14 per sq. ft., according to research from Avison Young.

Regional REIT's Office Assets

EPRA occupancy of the Group's regional offices as at 30 June 2024 was 77.0% (30 June 2023: 81.6%). A like-for-like comparison of the Group's regional offices EPRA occupancy, 30 June 2024 versus 30 June 2023, shows that occupancy of 77.0% (30 June 2023: 82.8%).

WAULT to first break was 2.8 years (30 June 2023: 2.8 years); like-for-like WAULT to first break was 2.8 years (30 June 2023: 2.8 years).

Rental Value Growth (vs previous 12 months)



Figure 3: MSCI (June 2024)

Property Portfolio

As at 30 June 2024, the Group's property portfolio was valued at £647.9 million (30 June 2023: £752.2 million; 31 December 2023: £700.7 million), with rent roll of £63.5 million (30 June 2023: £69.8 million; 31 December 2023: £67.8 million), and an EPRA occupancy rate of 78.0% (30 June 2023: 82.5%; 31 December 2023: 80.0%). On a like-for-like basis, 30 June 2024 versus 30 June 2023 EPRA occupancy was 78.0% (30 June 2023: 83.8%).

As at 30 June 2024, the net initial yield on the portfolio was 6.1% (30 June 2023: 6.1%; 31 December 2023: 6.2%), the equivalent yield was 10.2% (30 June 2023: 9.5%; 31 December 2023: 9.9%) and the reversionary yield was 11.2% (30 June 2023: 10.4%; 31 December 2023: 10.8%).

There were 132 properties (30 June 2023: 150; 31 December 2023: 144), in the portfolio, with 1,305 units (30 June 2023: 1,535; 31 December 2023: 1,483) and 832 tenants (30 June 2023: 1,038; 31 December 2023: 978). If the portfolio was fully occupied at Colliers view of market rents, the rental income would be £83.7 million per annum (30 June 2023: £88.9 million; 31 December 2023: £87.0 million).



300 Bath Street, Glasgow

Property Portfolio by Sector as at 30 June 2024

Sector	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WALUT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	EPRA net initial yield (%)	Equivalent yield (%)	Reversionary yield (%)
Office	113	592.8	91.5	5.2	77.0	2.8	57.7	14.74	78.3	114.02	6.0	10.3	11.5
Retail	13	20.4	3.1	0.3	94.0	3.2	2.7	11.09	2.3	76.82	8.8	9.4	9.9
Industrial	4	22.3	3.4	0.4	85.3	4.6	1.9	5.38	2.2	53.12	6.0	7.8	8.2
Other	2	12.5	1.9	0.1	98.5	10.0	1.1	12.48	0.9	131.81	8.3	8.1	6.8
Total	132	647.9	100.0	6.0	78.0	3.0	63.5	13.77	83.7	108.38	6.1	10.2	11.2

Property Portfolio by Region as at 30 June 2024

Region	Properties	Valuation (£m)	% by valuation	Sq. ft. (m)	Occupancy (EPRA) (%)	WALUT to first break (yrs)	Gross rental income (£m)	Average rent (£psf)	ERV (£m)	Capital rate (£psf)	EPRA net initial yield (%)	Equivalent yield (%)	Reversionary yield (%)
Scotland	29	108.3	16.7	1.1	72.8	4.0	10.3	13.34	16.3	95.16	4.8	10.7	12.0
South East	26	118.6	18.3	0.9	77.7	2.8	11.5	16.48	15.5	127.72	6.1	10.0	11.2
North East	19	99.4	15.3	0.8	76.8	2.7	9.0	13.40	11.7	117.13	5.6	9.7	10.7
Midlands	23	132.9	20.5	1.3	81.9	3.4	14.0	12.84	17.0	99.31	7.0	10.3	11.3
North West	17	89.6	13.8	0.9	72.4	1.8	9.0	13.48	12.0	100.74	6.0	10.6	11.9
South West	12	61.7	9.5	0.4	85.4	2.3	5.9	17.46	7.1	154.11	7.1	10.1	10.8
Wales	6	37.5	5.8	0.4	87.6	3.4	3.7	10.13	4.1	86.11	7.5	9.0	9.5
Total	132	647.9	100.0	6.0	78.0	3.0	63.5	13.77	83.7	108.38	6.1	10.2	11.2

* Tables may not sum due to rounding

Top 15 Investments (market value) as at 30 June 2024

Property	Sector	Anchor tenants	Market value (£m)	% of portfolio	Lettable area (Sq. Ft.)	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAVLT to first break (years)
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd, Goldbeck Construction Ltd	18.3	2.8	132,690	54.5%	1.3	2.1	3.1
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd, Silverstream Technologies (UK) Ltd	17.8	2.7	84,043	100.0%	1.8	2.8	3.2
300 Bath Street, Glasgow	Office	University of Glasgow, Glasgow Tay House Centre Ltd, Fairhurst Group LLP, London & Scottish Property Investment Management	17.5	2.7	156,853	84.0%	1.2	1.9	1.4
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Accenture (UK) Ltd	17.2	2.7	118,530	98.9%	1.9	3.1	6.6
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, EDF EPR Engineering UK Ltd	16.2	2.5	73,292	100.0%	1.5	2.4	2.3
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd, Contemporary Travel Solutions Ltd	15.2	2.3	107,760	79.3%	1.5	2.3	2.2
Beeston Business Park, Nottingham	Office/Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, SMS Product Services Ltd	15.2	2.3	215,330	56.3%	1.1	1.7	5.5
Orbis 1, 2 & 3, Pride Park, Derby	Office	First Source Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	13.7	2.1	121,883	100.0%	1.8	2.9	2.9
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M.London Fashion Ltd, CVS (Commercial Valuers & Surveyors) Ltd	12.9	2.0	161,502	80.8%	1.1	1.8	1.7
Lightyear - Glasgow Airport, Glasgow	Office	Loganair Ltd, Rolls-Royce Submarines Ltd, Heathrow Airport Ltd	12.2	1.9	73,499	95.5%	1.4	2.2	5.0
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Senceive Ltd, Aztech IT Solutions Ltd, Autotech Recruit Ltd	12.1	1.9	107,352	100.0%	1.4	2.2	2.1
Ashby Park, Ashby De La Zouch	Office	Ashfield Healthcare Ltd, Ceva Logistics Ltd, Brush Electrical Machines Ltd	11.7	1.8	87,872	100.0%	1.2	1.9	3.4
Portland Street, Manchester	Office	Evolution Money Group Ltd, Mott MacDonald Ltd, NCG (Manchester) Ltd, Simard Ltd	11.5	1.8	55,787	95.9%	1.1	1.7	1.5
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, BDW Trading Ltd	10.9	1.7	86,758	50.2%	0.7	1.1	3.4
1-4 Llansamlet Retail Park, Nantylfin Rd, Swansea	Retail	Wren Kitchens Ltd, NCF Furnishings Ltd, A Share & Sons Ltd, Carpetright Ltd	10.5	1.6	74,425	100.0%	1.2	1.9	2.4
Total			212.7	32.8	1,657,576	84.9%	20.4	32.1	3.2

* Tables may not sum due to rounding

Top 15 Tenants (share of rental income) as at 30 June 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	5.0	109,114	1.7	2.7
Global Banking School Ltd	Norfolk House, Smallbrook Queensway, Birmingham	Education	8.4	73,628	1.4	2.2
Virgin Media Ltd	Eagle Court, Coventry Road, Birmingham Southgate Park, Peterborough	Information and communication	3.2	75,309	1.3	2.1
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	4.6	116,238	1.2	1.9
Firstsource Solutions UK Ltd	Orbis 1, 2 & 3, Pride Park, Derby	Administrative and support service activities	2.8	62,433	1.0	1.6
E.ON UK Plc	E.ON UK Plc	Electricity, gas, steam and air conditioning supply	0.8	99,142	0.9	1.5
Shell Energy Retail Ltd	Columbus House, Coventry	Electricity, gas, steam and air conditioning supply	0.5	53,253	0.9	1.4
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.6	41,743	0.9	1.4
SPD Development Company Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	9.5	58,167	0.8	1.3
Aviva Central Services UK Ltd	Hampshire Corporate Park, Eastleigh	Other service activities	1.4	42,612	0.8	1.2
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	11.3	41,542	0.8	1.2
Care Inspectorate	Compass House, Dundee Quadrant House, Dundee	Public sector	3.8	51,852	0.7	1.1
Please Hold (UK) Ltd	Oakland House, Manchester	Professional, scientific and technical activities	1.2	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	2.5	40,529	0.6	1.0
University of Glasgow	300 Bath Street, Glasgow	Education	0.2	29,885	0.6	0.9
Total			4.1	955,809	14.3	22.5

* Tables may not sum due to rounding

Capitol Park, Leeds



PROPERTY PORTFOLIO SECTOR AND REGION SPLITS BY VALUATION AND INCOME AS AT 30 JUNE 2024

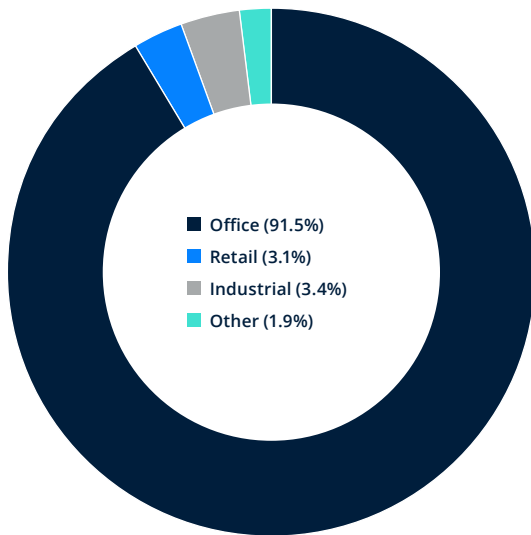
By Valuation

As at 30 June 2024, 91.5% (June 2023: 92.0%, December 2023: 92.1%) of the portfolio by market value was offices and 3.1% (June 2023: 3.5%, December 2023: 3.1%) was retail. The balance was made up of industrial, 3.4% (June 2023: 3.0%, December 2023: 3.2%) and other, 1.9% (June 2023: 1.5%, December 2023: 1.7%). By UK region, as at 30 June 2024, Scotland represented 16.7% (June 2023: 16.4%, December 2023: 16.2%) of the portfolio and England 77.5% (June 2023: 78.4%, December 2023: 78.4%) the balance of 5.8% (June 2023: 5.1%, December 2023: 5.4%) was in Wales. In England, the largest regions were the Midlands, South East and the North East.

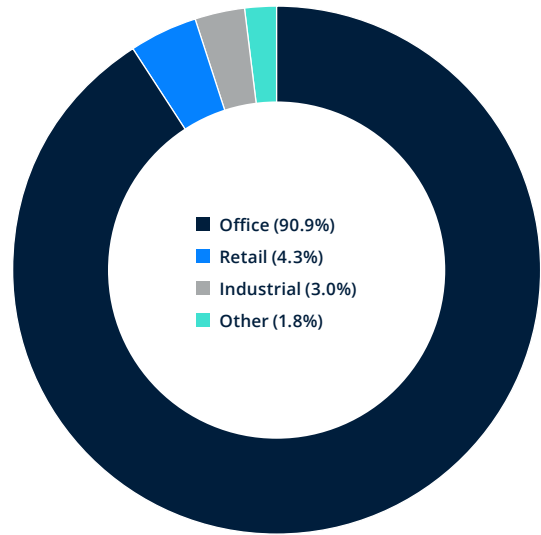
By Income

As at 30 June 2024, 90.9% (June 2023: 91.4%, December 2023: 91.3%) of the portfolio by income was offices and 4.3% (June 2023: 4.6%, December 2023: 4.2%) was retail. The balance was made up of industrial, 3.0% (June 2023: 2.7%, December 2023: 2.8%), and other, 1.8% (June 2023: 1.4%, December 2023: 1.7%). By UK region, as at 30 June 2024, Scotland represented 16.3% (June 2023: 16.5%, December 2023: 15.8%) of the portfolio and England 77.9% (June 2023: 78.1%, December 2023: 78.6%); the balance of 5.8% was in Wales (June 2023: 5.5%, December 2023: 5.6%). In England, the largest regions were the Midlands, the South East and the North East.

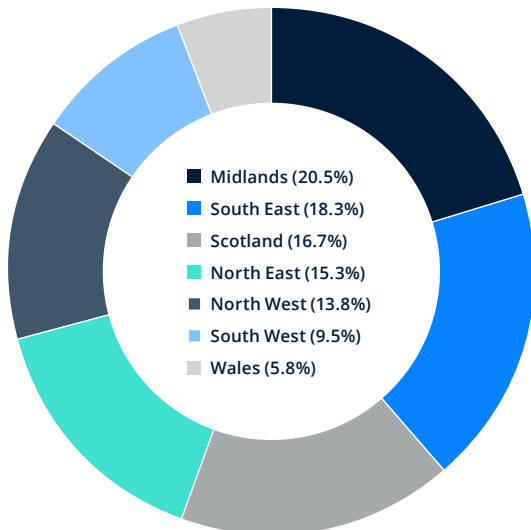
Sector Split by Valuation



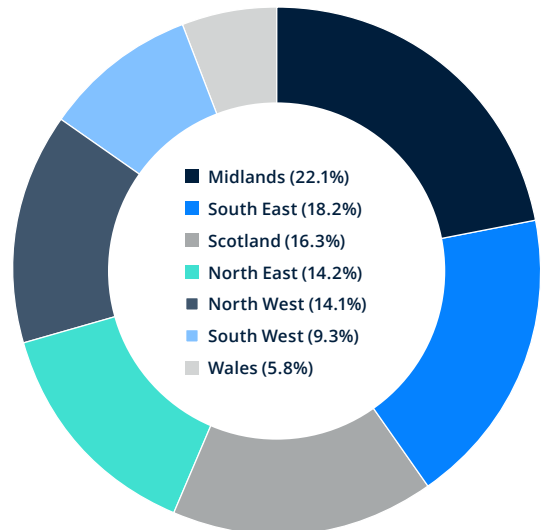
Sector Split by Income



Regional Split by Valuation



Regional Split by Income



Source: LSPIM.

* Charts may not sum due to rounding.

Norfolk House, Birmingham



Tailored spaces your way

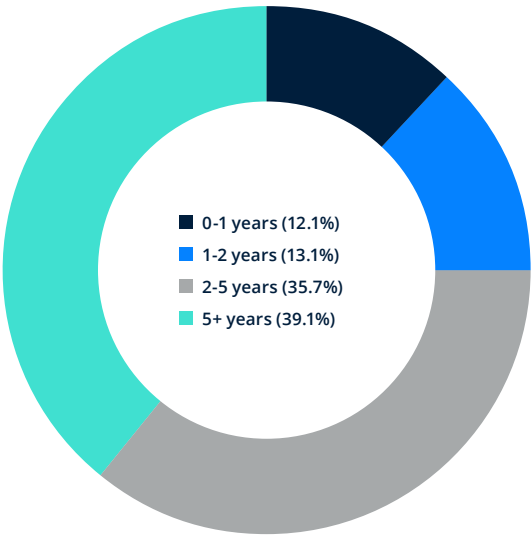


Hampshire Corporate Park, Eastleigh

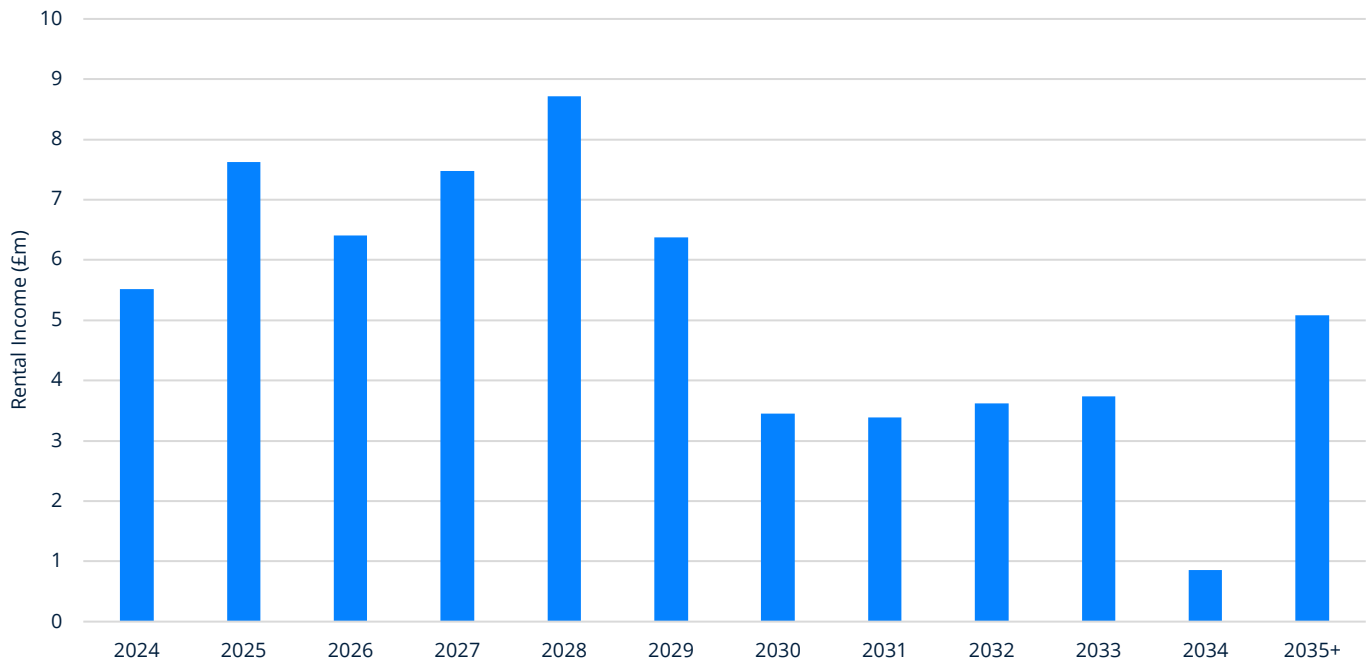
Lease Expiry Profile

The WAULT on the portfolio is 4.7 years (30 June 2023: 4.8; 31 December 2023: 4.7); WAULT to first break is 3.0 years (30 June 2023: 3.0; 31 December 2023: 2.8). As at 30 June 2024, 12.1% (30 June 2023: 14.0%; 31 December 2023: 15.9%) of income was from leases, which will expire within one year, 13.1% (30 June 2023: 12.6%; 31 December 2023: 10.7%) between one and two years, 35.7% (30 June 2023: 30.9%; 31 December 2023: 33.3%) between two and five years and 39.1% (30 June 2023: 42.5%; 31 December 2023: 40.1%) after five years.

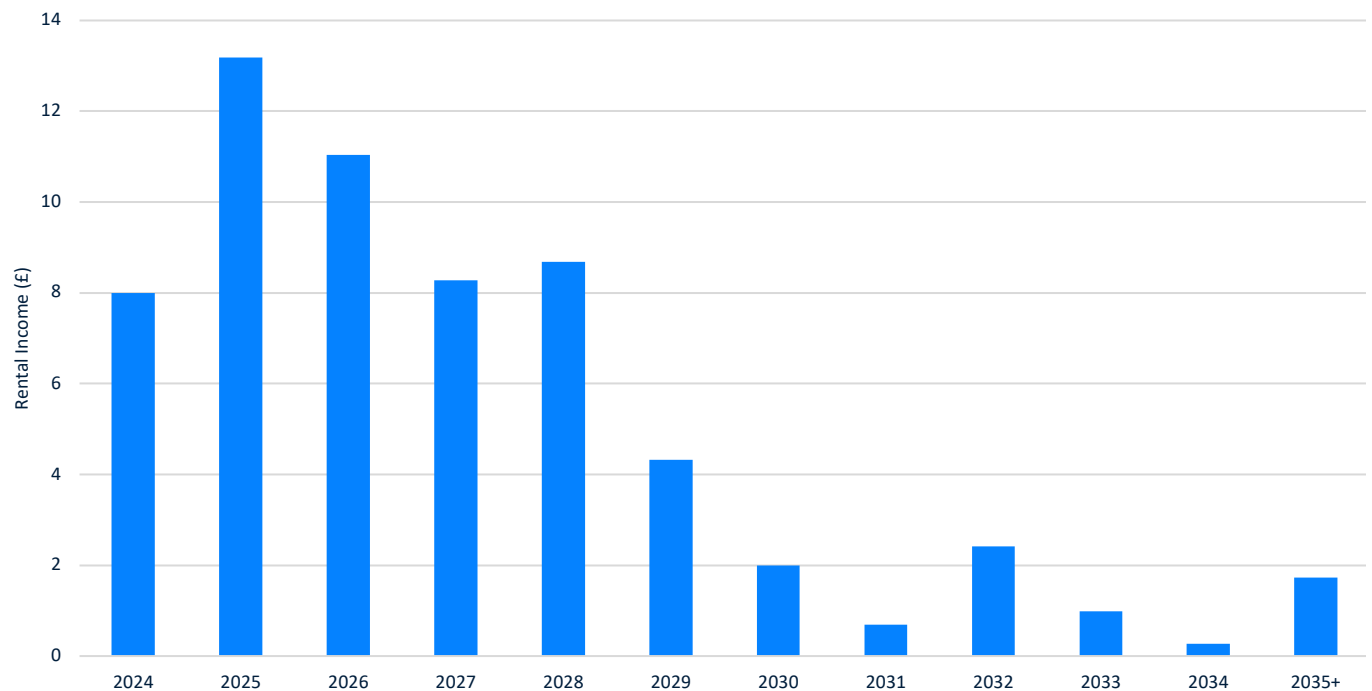
Lease Expiry Income Profile



Lease Expiry Income Profile by year



Lease Expiry to First Break Income Profile by Year



Charts may not sum due to rounding

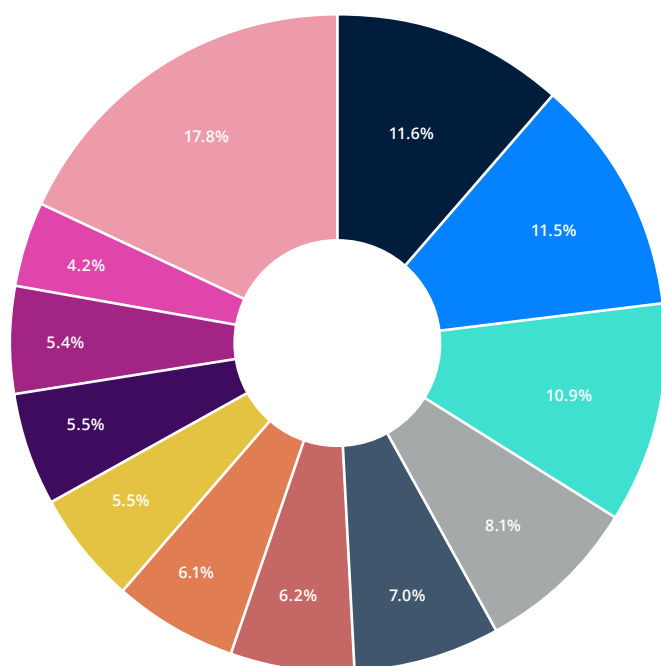


Tenants by Standard Industrial Classification as at 30 June 2024

As at 30 June 2024, 11.6% of income was from tenants in the information and communication sector (30 June 2023: 12.9%; 31 December 2023: 12.2%), 11.5% from the professional, scientific and technical activities sector (30 June 2023: 12.5%; 31 December 2023: 11.5%), 10.9% from the administrative and support service activities sector (30 June 2023: 10.9%; 31 December 2023: 10.4%), 8.1% from the wholesale and retail trade sector (30 June 2023: 7.8%; 31 December 2023: 8.0%), 7.0% from the financial and insurance activities (30 June 2023: 8.3%; 31 December 2023: 8.7%), 6.2% from the education sector (30 June 2023: 4.6%; 31 December 2023: 5.6%), and 6.1% from the electricity, gas, steam and air conditioning supply (30 June 2023: 7.2%; 31 December 2023: 6.5%). The remaining exposure is broadly spread.

No tenant represents more than 3% of the Group's rent roll as at 30 June 2024, the largest being 2.7% (30 June 2023: 2.5%; 31 December 2023: 2.5%).

Tenants by SIC Codes (% of gross rent)



SIC Code	% of Headline Rent
Information and communication	11.6%
Professional, scientific and technical activities	11.5%
Administrative and support service activities	10.9%
Wholesale and retail trade	8.1%
Financial and insurance activities	7.0%
Education	6.2%
Electricity, gas, steam and air conditioning supply	6.1%
Human health and social work activities	5.5%
Public Sector	5.5%
Manufacturing	5.4%
Construction	4.2%
Other*	17.8%
Total	100.0%

Chart may not sum due to rounding.

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

⋮ FINANCIAL REVIEW



FINANCIAL REVIEW

Net Asset Value

Between 1 January 2024 and 30 June 2024, the EPRA NTA* of the Group decreased to £251.6m (IFRS NAV: £266.6m) from £290.8m (IFRS NAV: £306.1m) as at 31 December 2023, equating to a decrease in the diluted EPRA NTA of 7.6pps to 48.8pps (IFRS: 51.7pps). This is after the dividends declared in the period amounting to 2.4pps.

In the six months to 30 June 2024, the investment property revaluation decrease amounted to £36.1m, for the properties held as at 30 June 2024.

The investment property portfolio was valued at £647.9m (30 June 2023: £752.2m; 31 December 2023: £700.7m). The decrease of £52.8m since the December 2023 year-end is a reflection of revaluation movement loss of £36.1m, £20.7m of net property disposals and £1.2m loss on the disposal of investment properties, offset by subsequent expenditure of £5.2m. Overall, on a like-for-like basis, the portfolio value decreased by 5.1% during the period.

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

	Six months to 30 June 2024 (£million)	Six months to 30 June 2023 (£million)	Year ended 31 December 2023 (£million)
Acquisitions			
Net (after costs)	0.0	0.1	0.1
Gross (before costs)	0.0	0.0	0.0
Disposals			
Net (after costs)	20.7	14.1	25.0
Gross (before costs)	21.9	14.6	26.1
Capital Expenditure			
Net (after dilapidations)	5.2	6.7	10.2
Gross (before dilapidations)	5.2	6.8	11.0

The diluted EPRA NTA per share decreased to 48.8pps (31 December 2023: 56.4pps). The EPRA NTA is reconciled in the table below:

	Six months to 30 June 2024	
	£m	Pence per Share
Opening EPRA NTA (31 December 2023)	290.8	56.4
Net rental and property income	23.8	4.6
Administration and other expenses	(4.7)	(0.9)
Loss on the disposal of investment properties	(1.2)	(0.2)
Change in the fair value of investment properties	(37.9)	(7.3)
Change in value of right of use	(0.1)	(0.0)
EPRA NTA after operating profit	270.8	52.6
Net finance expense	(8.1)	(1.6)
Realised gain on derivative financial instruments	1.3	0.2
Taxation	0.0	0.0
EPRA NTA before dividends paid	264.0	51.2
Dividends paid**	(12.4)	(2.4)
Closing EPRA NTA (30 June 2024)	251.6	48.8

Tables may not sum due to rounding

* The Group has determined that EPRA net tangible assets (NTA) is the most relevant measure. Further detail on the new EPRA performance measures can be found in the full Annual Report.

** As at 30 June 2024, there were 515,736,583 Shares in issue.

Income Statement

Operating profit before gains and losses on property assets and other investments for the six months ending 30 June 2024 amounted to £19.1m (six months to 30 June 2023: £20.6m). Loss after finance and before taxation of £27.1m (six months to 30 June 2023: loss £12.1m). The six months to 30 June 2024 included a full rent roll for the portfolio of properties held as at 30 June 2024, plus the partial rent roll for properties disposed of during the period.

Realised loss on the disposal of investment properties amounted to £1.2m (six months to 30 June 2023: loss £0.4m). The disposal losses were from the aggregate disposal of 12 properties and three part property sales in the period, on which individual asset management plans had been completed. The change in the fair value of investment properties amounted to a loss of £37.9m (six months to 30 June 2023: loss of £29.5m). Net capital expenditure amounted to £5.2m (six months to 30 June 2023: £6.7m). The change in value of right of use asset amounted to a charge of £0.1m (six months to 30 June 2023: charge £0.1m).

Rental and property income amounted to £32.2m, excluding recoverable service charge income and other similar items (six months to 30 June 2023 £34.3m). The decrease was primarily the result of the rent roll being held over the six months to 30 June 2024.

Currently more than 80% of the rental income is collected within 30 days of the due date and the bad debts provision in the period amounted to £0.2m (30 June 2023: £0.4m). Trade and other receivables increased predominately due to a one-off systems migration. Subsequently, it abated with rent collection at 30 August 2024 for the period ending 30 June 2024 at 98.0% (equivalent collection period in 2023: 98.8%).

Non-recoverable property costs, excluding recoverable service charge income and other similar costs, amounted to £8.4m (six months to 30 June 2023: £8.3m), and the rent roll decreased to £63.5m (six months to 30 June 2023: £69.8m).

Finance expenses amount to £8.2m (six months to 30 June 2023: £8.0m). The six months to 30 June 2023 was lower due to the decrease of amortisation of borrowings costs.

The EPRA cost ratio, including direct vacancy costs, was 40.6% (30 June 2023: 39.9%). The EPRA cost ratio, excluding direct vacancy costs was 13.4% (30 June 2023: 17.3%). The ongoing charges for the year ending 30 June 2024 were 9.1% (30 June 2023: 7.0%) and excluding direct vacancy costs 3.0% (30 June 2023: 3.1%).

The EPRA Total Return from Listing to 30 June 2024 was 7.5% (30 June 2023: 20.8%), with an annualised rate of 0.8% pa (30 June 2023: 2.5% pa).

Dividend

During the period from 1 January 2024 to 30 June 2024, the Company declared dividends totalling 2.40pps (six months to 30 June 2023: 3.3pps).

Debt Financing and Gearing

Borrowings comprise third-party bank debt and the retail eligible bond. The bank debt is secured over properties owned by the Group and repayable over the next two to five years. The weighted average maturity of the bank debt and retail eligible bond is 3.0 years (30 June 2023: 4.0 years; 31 December 2023: 3.5 years).

The Group's borrowing facilities are with the Royal Bank of Scotland, Bank of Scotland and Barclays, Scottish Widows Limited & Aviva Investors Real Estate Finance, Scottish Widows Limited, Santander UK. The total bank borrowing facilities at 30 June 2024 amounted to £353.3m (30 June 2023: £381.7m; 31 December 2023: £370.8m) (before unamortised debt issuance costs), with nil available to be drawn. In addition to the bank borrowings, the Group had a £50m 4.5% retail eligible bond, repaid in August 2024. In aggregate, the total debt available at 30 June 2024 amounted to £403.3m (30 June 2023: £437.4m; 31 December 2023: £420.8m).

At 30 June 2024, the Group's cash and cash equivalent balances amounted to £25.7m (30 June 2023: £41.2m; 31 December 2023: £34.5m), of which £21.8m (30 June 2023: £26.0m; 31 December 2023: £30.7m) was unrestricted cash.

The Group's net loan to value ("LTV") ratio stands at 58.3% (30 June 2023: 51.9%; 31 December 2023: 55.1%) before unamortised costs. The Board continues to target a net LTV ratio of 40%.

Debt Profile and LTV Ratios as at 30 June 2024

Lender	Facility amount £'000	Outstanding debt* £'000	Maturity date	Gross loan to value** %	Annual interest rate %
Royal Bank of Scotland, Bank of Scotland & Barclays	115,961	115,961	Aug-26	56.10	2.40 over 3 months £ SONIA
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	147,500	147,500	Dec-27	54.80	3.28 Fixed
Scottish Widows Ltd.	36,000	36,000	Dec-28	48.80	3.37 Fixed
Santander UK	53,852	53,852	Jun-29	53.50	2.20 over 3 months £ SONIA
	353,313	353,313			
Retail eligible bond***	50,000	50,000	Aug-24	N/A	4.50 Fixed
	403,313	403,313			

Table may not sum due to rounding

* Before unamortised debt issue costs

** Based on Colliers International Property Consultants Ltd.

*** The retail bond which matured on 6 August 2024 has been repaid in full.

The Managers continue to monitor the borrowing requirements of the Group. As at 30 June 2024, the Group had sufficient headroom against its borrowing covenants.

The net gearing ratio (net debt to Ordinary Shareholders' equity of the Group) was 141.6% as at 30 June 2024 (30 June 2023: 104.5%; 31 December 2023: 126.2%).

Interest cover, excluding amortised costs, stands at 2.6 times (30 June 2023: 2.8 times; 31 December 2023: 2.9 times) and including amortised costs, stands at 2.3 times (30 June 2023: 2.6 times; 31 December 2023: 2.7 times).

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.

	Six months ended 30 June 2024 %	Six months ended 30 June 2023 %	Year ended 31 December 2023 %
Borrowings interest rate hedged	100.0	101.6	100.0
Thereof:			
Fixed	57.9	56.4	56.7
Swap	28.9	28.4	28.6
Cap	13.3	16.6	14.7
Weighted Average Cost of Debt ("WACD") ¹⁰	3.5	3.5	3.5

Table may not sum due to rounding

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.

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

At 30 June 2024, the Group recognised a tax charge of nil (30 June 2023: nil tax charge).

¹⁰ WACD - Weighted Average Effective Interest Rate including the cost of hedging

PRINCIPAL RISKS AND UNCERTAINTIES

For Regional REIT, effective risk management is a cornerstone of delivering our strategy and integral to the achievement of our objective of delivering long term value through active asset management across the portfolio. The principal risks and uncertainties the Group faces are summarised below and described in detail on pages 58 to 70 of the 2023 Annual Report, which is available on the Group’s website: www.regionalreit.com – Annual Report 2023.

The Audit Committee, which assists the Board with its responsibilities for managing risk, regularly reviews the risk appetite of the Company. Taking into consideration the latest information available, the Company is able to assess and respond quickly to new and emerging risks.

Despite the improvement in the operating environment, with the level of enquiries for office space remaining robust and the risks associated with Covid-19 pandemic considerably lessened, the continued conflicts in Ukraine, Israel and Palestine and the UK election process continued to impact the wider UK economy.

A summary of the Group’s principal risks for the first half of 2024 is provided here.



Strategic risk

Investment decisions could result in lower dividend income and capital returns to our Shareholders.

Valuation risk

The valuation of the Group's portfolio, undertaken by the external valuer, Colliers International Property Consultants Ltd could impact the Group's profitability and net assets.

Healthcare risk

The economic disruption after-effects resulting from the pandemic, coupled with potential new strains of infectious diseases, could further impact rental incomes, the Group's property portfolio valuations, the ability to access funding at competitive rates, maintain a progressive dividend policy, and adhere to the HMRC REIT regime requirements.

Economic and Political risk

The macro-health of the UK economy could impact on borrowing and hedging costs, demand by tenants for suitable properties and the quality of the tenants. Also, there is a risk that in the wake of wider geopolitical consequences of Russia's invasion of Ukraine and the conflict in the Middle East, property valuations could be impacted.

Funding risk

The Group may not be able to secure funding on acceptable terms, which could impinge upon investment opportunities and the ability to grow the Group. Bank reference rates may remain heightened or rise due to wider economic challenges. 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.

Tenant risk

Type and concentration of tenants could result in a lower rental income. A higher concentration of lease term maturity and/or break options could result in a more volatile rental income.

Financial and Tax Change risk

Changes to UK financial legislation and the tax regime could result in lower rental income.

Operational risk

Business disruption could result in lower rental income. Information security, cyber threats, and technology outages could result in data loss, or negative regulatory, reputational, operational (including GDPR), or financial impacts.

Accounting, Legal and Regulatory risk

Changes to accounting, legal and regulatory requirements could affect current operating processes and the Board's ability to achieve the investment objectives and provide favourable returns to our Shareholders. Potential loss of REIT status.

Environmental and Energy Efficiency Standards

Changes to the environment could impact upon the Group's cost base, operations and legal requirements which need to be adhered to. All of these risks could impinge upon the profitability of the Group. An Energy Performance Rating of E and below may impact the Company's ability to sell/lease an asset.

INTERIM MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITY STATEMENT

Interim Management Report

The important events that have occurred during the period under review, the principal risks and uncertainties and the key factors influencing the financial statements for the remaining six months of the year are set out in the Chairman's Statement and the Asset and Investment Managers' Report.

The principal risks and uncertainties faced by the Group are substantially unchanged since the date of the Annual Report and Accounts for the year ended 31 December 2023 and are summarised above.

The condensed consolidated financial statements for the period from 1 January 2024 to 30 June 2024 have not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information and do not constitute annual statutory accounts for the purposes of the Law.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern. This assessment included consideration of the Group's cash resources, borrowing facilities, rental income, acquisition and disposals of investment properties, elective and committed capital expenditure and dividend distributions.

The Group ended the period under review with £25.7m of cash and cash equivalents, of which £21.8m was unrestricted cash. Borrowing facilities decreased from £420.8m at 31 December 2023 to £412.4m as at 30 June 2024, with an LTV of 58.3%, based upon the value of the Group's investment properties as at 30 June 2024. Following the announcement on 18 July 2024 of the successful £110.5m capital raise, the retail bond was repaid on 6 August 2024, in accordance with the maturity date. Borrowing facilities after repayment were £353.3m with an LTV of 42.2%*. The next bank facility to mature is the £116.0m facility in August 2026 which is held with the Royal Bank of Scotland, Bank of Scotland and Barclays.

Based on the above, the Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date these Financial Statements are approved. This is underpinned by the robust rent collections and the level of committed capital expenditure in the forthcoming 12 months. Furthermore, 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 prepare the Financial Statements on a going concern basis.

Responsibility Statement of the Directors in respect of the Half-Yearly Report

In accordance with Disclosure Guidance and Transparency Rule 4.2.10R we, the Directors of the Company (whose names are listed in full at the end of this report), confirm that to the best of their knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as contained in UK-adopted International Accounting Standards, as required by Disclosure Guidance and Transparency Rule DTR 4.2.4R, and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;
- this Half-Yearly Report includes a fair review, required under DTR 4.2.7R, of the important events that have occurred during the first six months of the financial year, their impact on the condensed set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- this Half-Yearly Report includes a fair review, required under DTR 4.2.8R, of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position and or performance of the Group during that period; and any changes in the related party transaction described in the last Annual Report that could do so.

This Half-Yearly Report was approved and authorised for issue by the Board of Directors on 9 September 2024 and the above responsibility statement was signed on its behalf by:

: **Kevin McGrath**
 : Chairman
 :
 :
 : 9 September 2024

* Based upon 30 June 2024 Colliers International Property Consultants Ltd. valuation of £647.9m, 30 June 2024 cash balance of £25.7m and the capital raise net proceeds of £104.7m less the repayment of the £50.0m retail bond.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Continuing Operations				
Revenue				
Rental and property income	5	44,232	44,415	91,880
Property costs	6	(20,403)	(18,438)	(38,161)
Net rental and property income		23,829	25,977	53,719
Administrative and other expenses	7	(4,724)	(5,341)	(10,626)
Operating profit before gains and losses on property assets and other investments		19,105	20,636	43,093
Loss on disposal of investment properties	13	(1,156)	(403)	(726)
Change in fair value of investment properties	13	(37,858)	(29,491)	(86,350)
Change in fair value of right of use assets		(69)	(69)	(139)
Operating loss		(19,978)	(9,327)	(44,122)
Finance income	8	134	17	79
Finance expenses	9	(8,229)	(7,953)	(16,210)
Net movement in fair value of derivative financial instruments	16	962	5,128	(7,194)
Loss before tax		(27,111)	(12,135)	(67,447)
Taxation	10	-	-	(9)
Total comprehensive loss for the period (attributable to owners of the parent Company)		(27,111)	(12,135)	(67,456)
Loss per Share - basic and diluted	11	(52.6)p	(23.5)p	(130.8)p
Loss per Share - basic and diluted (prior to 1 for 10 share consolidation)	11	(5.3)p	(2.4)p	(13.1)p

Total comprehensive loss arises from continuing operations.

The notes below are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Assets				
Non-current assets				
Investment properties	13	633,166	752,226	687,695
Right of use assets		10,918	11,057	10,987
Non-current receivables on tenant loan		337	452	385
Derivative financial instruments	16	15,704	29,577	16,009
		660,125	793,312	715,076
Current assets				
Trade and other receivables		43,887	33,068	32,837
Cash and cash equivalents		25,690	41,231	34,505
		69,577	74,299	67,342
Total assets		729,702	867,611	782,418
Liabilities				
Current liabilities				
Trade and other payables		(38,071)	(38,230)	(33,039)
Deferred income		(14,452)	(17,244)	(15,597)
Retail eligible bonds	15	(49,984)	-	(49,907)
Deferred tax liabilities		(708)	(699)	(708)
		(103,215)	(56,173)	(99,251)
Non-current liabilities				
Bank and loan borrowings	14	(348,427)	(376,331)	(365,603)
Retail eligible bonds	15	-	(49,829)	-
Lease liabilities		(11,460)	(11,490)	(11,475)
		(359,887)	(437,650)	(377,078)
Total liabilities		(463,102)	(493,823)	(476,329)
Net assets		266,600	373,788	306,089
Equity				
Stated capital	17	513,762	513,762	513,762
Accumulated losses		(247,162)	(139,974)	(207,673)
Total equity attributable to owners of the parent company		266,600	373,788	306,089
Net asset value per Share – basic and diluted	18	51.7p	72.5p	59.3p

The notes below are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

Attributable to owners of the parent company				
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2024		513,762	(207,673)	306,089
Total comprehensive loss		-	(27,111)	(27,111)
Dividends paid	12	-	(12,378)	(12,378)
Balance at 30 June 2024		513,762	(247,162)	266,600

For the six months ended 30 June 2023

Attributable to owners of the parent company				
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2023		513,762	(110,820)	402,942
Total comprehensive income		-	(12,135)	(12,135)
Dividends paid	12	-	(17,019)	(17,019)
Balance at 30 June 2023		513,762	(139,974)	373,788

For the year ended 31 December 2023

Attributable to owners of the parent company				
	Notes	Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2023		513,762	(110,820)	402,942
Total comprehensive loss		-	(67,456)	(67,456)
Dividends paid	12	-	(29,397)	(29,397)
Balance at 31 December 2023		513,762	(207,673)	306,089

The notes below are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Cash flows from operating activities			
Loss for the year before taxation	(27,111)	(12,135)	(67,447)
Change in fair value of investment properties	37,858	29,491	86,350
Change in fair value of financial derivative instruments	(962)	(5,128)	7,194
Loss on disposal of investment properties	1,156	403	726
Change in fair value of right of use assets	69	69	139
Finance income	(134)	(17)	(79)
Finance expense	8,229	7,953	16,210
Increase in trade and other receivables	(10,997)	(2,679)	(2,380)
Increase/(decrease) in trade and other payables	4,997	(1,017)	(3,611)
(Decrease)/increase in deferred income	(1,145)	584	(1,064)
Cash generated from operations	11,960	17,524	36,038
Interest paid	(7,236)	(7,430)	(14,775)
Taxation paid	(5)	-	-
Net cash flow generated from operating activities	4,719	10,094	21,263
Investing activities			
Investment property acquisitions and subsequent expenditure	(5,200)	(6,755)	(10,260)
Sale of investment properties	20,715	14,115	24,969
Interest received	134	28	89
Net cash flow generated from investing activities	15,649	7,388	14,798
Financing activities			
Proceeds received on derivative financial instruments	1,267	-	1,246
Dividends paid	(12,342)	(17,004)	(31,978)
Bank borrowings advanced	-	1,944	3,729
Bank borrowings repaid	(17,437)	(11,043)	(23,771)
Bank borrowing costs paid	(453)	(78)	(495)
Lease repayments	(218)	(218)	(435)
Net cash flow used in financing activities	(29,183)	(26,399)	(51,704)
Net decrease in cash and cash equivalents	(8,815)	(8,917)	(15,643)
Cash and cash equivalents at the start of the year	34,505	50,148	50,148
Cash and cash equivalents at the end of the year	25,690	41,231	34,505

The notes below are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. Corporate information

The condensed consolidated financial statements of the Group for the six months ended 30 June 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 9 September 2024.

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 its shares were admitted to trading on the LSE.

The nature of the Group's operations and its principal activities are set out in the Chairman's Statement.

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

2. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with IAS 34, Interim Financial Reporting, as contained in UK-adopted International Accounting Standards.

The condensed 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.

The condensed consolidated interim financial information should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with UK-adopted International Accounting Standards. The results presented in this report have not been audited or reviewed in accordance with International Standard on Review Engagements (UK) 2410.

2.1. Comparative period

The comparative financial information presented herein for the year ended 31 December 2023 do not constitute full statutory accounts within the meaning of the Law. The Group's Annual Report and Accounts for the year ended 31 December 2023 were delivered to the Guernsey Financial Services Commission. The Group's independent Auditor's report on those Accounts was unqualified but included a material uncertainty related to going concern.

2.2. Functional and presentation currency

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

2.3. Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern. This assessment included consideration of the Group's cash resources, borrowing facilities, rental income, acquisition and disposals of investment properties, elective and committed capital expenditure and dividend distributions.

The Group ended the period under review with £25.7m of cash and cash equivalents, of which £21.8m was unrestricted cash. Borrowing facilities decreased from £420.8m at 31 December 2023 to £403.3m as at 30 June 2024, with an LTV of 58.3%, based upon the value of the Group's investment properties as at 30 June 2024. Following the announcement on 18 July 2024 of the successful £110.5m capital raise, the retail bond was repaid on 6 August 2024, in accordance with the maturity date. Borrowing facilities after repayment were £353.3m with an LTV of 42.2%*. The next bank facility to mature is the £116.0m facility in August 2026 which is held with the Royal Bank of Scotland, Bank of Scotland and Barclays.

Based on the above, the Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date these Financial Statements are approved. This is underpinned by the robust rent collections and the level of committed capital expenditure in the forthcoming 12 months. Furthermore, 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 prepare the Financial Statements on a going concern basis.

* Based upon 30 June 2024 Colliers International Property Consultants Ltd. valuation of £647.9m, 30 June 2024 cash balance of £25.7m and the capital raise net proceeds of £104.7m less the repayment of the £50.0m retail bond.

3. Significant accounting judgements, estimates and assumptions

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent 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 properties

The fair 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 Investment Property and IFRS 13 Fair Value Measurement.

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 13 on page 50.

The fair value of investment property is equal to the independent property valuer's valuation of £647,925,000 (31 December 2023: £700,720,000). This is presented net of the prepayment arising from rent smoothing £14,759,000 (31 December 2023: £13,025,000). This is detailed in note 13 on page 50 and is in accordance with IAS 40 paragraph 50, recognising the prepayment cannot be recovered when the investment properties are sold. Comparative figures for 30 June 2023 have not been restated as the effect on the accounts of £11,952,000 is not considered by the Directors to be material.

3.1.2. Fair valuation of interest rate derivatives

In accordance with IFRS 13, the Group values its interest rate derivatives at fair value. The fair values are estimated by the respective counterparties with revaluation occurring on a quarterly basis. The counterparties will use a number of assumptions in determining the fair values, including estimations over future interest rates and therefore future cash flows. The fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate. The significant methods and assumptions used in estimating the fair value of the interest rate derivatives are set out in note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 condensed consolidated 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. 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.

3.2.3. Acquisition of subsidiary companies

For each acquisition, the Directors consider whether the acquisition met the definition of the acquisition of a business or the acquisition of a group of assets and liabilities.

A business is defined in IFRS 3 as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Furthermore, a business consists of inputs and processes applied to those inputs that have the ability to create outputs.

The companies acquired in the year have comprised portfolios of investment properties and existing leases with multiple tenants over varying periods, with little in the way of processes acquired. It has therefore concluded in each case that the acquisitions did not meet the criteria for the acquisition of a business as outlined above.

3.2.4 Consolidation of entities in which the Group holds less than 50%

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 were transferred into two new special purpose vehicles ("SPVs") with two additional properties to be transferred into these SPVs at a later date. 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.

4. Summary of significant accounting policies

With the exception of new accounting standards listed below, the accounting policies adopted in this report are consistent with those applied in the Group's statutory accounts for the year ended 31 December 2023 and are expected to be consistently applied for the current year ending 31 December 2024. The changes to the condensed consolidated financial statements arising from accounting standards effective for the first time are noted below:

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. The amendments have not had a material impact on the financial statements.

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. The amendments have not had a material impact on the financial statements.

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. The amendments have not had a material impact on the financial statements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (effective for periods beginning on or after 1 January 2024).

IFRS S2 Climate-related Disclosures (effective for periods beginning on or after 1 January 2024).

5. Rental and property income

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Rental income – freehold property	26,250	28,360	57,845
Rental income – long leasehold property	5,940	5,949	12,210
Recoverable service charge income and other similar items	12,042	10,106	21,825
Total	44,232	44,415	91,880

6. Property costs

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Other property expenses and irrecoverable costs	8,361	8,332	16,336
Recoverable service charge expenditure and other similar costs	12,042	10,106	21,825
Total	20,403	18,438	38,161

Property costs represent direct operating expenses which arise on investment properties generating rental income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. Administrative and other expenses

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Investment management fees	720	1,035	1,944
Property management fees	1,161	1,324	2,677
Asset management fees	719	1,034	1,944
Directors' remuneration	132	157	293
Administration fees	313	317	727
Legal and professional fees	1,360	914	2,203
Marketing and promotion	37	38	87
Other administrative costs	94	111	194
Allowance/(credit) for doubtful debts	181	397	542
Bank charges	7	14	15
Total	4,724	5,341	10,626

8. Finance income

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Interest income	134	17	79
Total	134	17	79

9. Finance expense

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Interest payable on bank borrowings	6,107	6,301	12,517
Amortisation of loan arrangement fees	714	243	875
Bond interest	1,125	1,125	2,250
Bond issue costs amortised	77	77	155
Bond expenses	4	4	8
Lease interest	202	203	405
Total	8,229	7,953	16,210

10. Taxation

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Corporation tax charge	-	-	-
Decrease in deferred tax liability	-	-	9
Total	-	-	9

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 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.

Income tax, corporation tax and deferred tax above arise on entities which form part of the Group's condensed 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 obtain approval in 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 due to unpredictability of future taxable profits.

As a REIT, Regional REIT Ltd is required to pay PIDs 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.

11. Earnings per Share

Earnings per share ("EPS") amounts are calculated by dividing profits for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period.

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Calculation of earnings per Share			
Net loss attributable to Ordinary Shareholders	(27,111)	(12,135)	(67,456)
Adjustments to remove:			
Change in value of investment properties	37,858	29,491	86,350
Change in value of right of use assets	69	69	139
Loss on disposal of investment properties	1,156	403	726
Change in fair value of interest rate derivatives and financial assets	(962)	(5,128)	7,194
Deferred tax charge	-	-	9
EPRA net profit attributable to Ordinary Shareholders	11,010	12,700	26,962
Weighted average number of Ordinary Shares	51,573,685	51,573,685	51,573,685
Loss per Share - basic and diluted	(52.6)p	(23.5)p	(130.8)p
EPRA earnings per Share - basic and diluted	21.3p	24.6p	52.3p
Earnings per Share (prior to 1 for 10 share consolidation)			
Weighted average number of Ordinary Shares	515,736,853	515,736,853	515,736,583
Loss per Share - basic and diluted	(5.3)p	(2.4)p	(13.1)p
EPRA earnings per Share - basic and diluted	2.1p	2.5p	5.2p

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. Dividends

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 October – 31 December	6,189	8,509	8,509
Dividend of 1.20 (2023: 1.65) pence per Ordinary Share for the period 1 January – 31 March	6,189	8,510	8,510
Dividend of nil (2023: 1.20) pence per Ordinary Share for the period 1 April – 30 June	-	-	6,189
Dividend of nil (2023: 1.20) pence per Ordinary Share for the period 1 July – 30 September	-	-	6,189
Total	12,378	17,019	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 was paid 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 was paid on 12 July 2024 to Shareholders on the register as at 31 May 2024.

13. 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 Ltd, a Chartered Surveyor who is 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 valuation has been prepared in accordance with the Red Book and incorporates the recommendations of the International Valuation Standards Committee which are consistent with the principles set out in IFRS 13.

Investment property valuations in comparative periods were carried out by Colliers.

The valuation is 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 six months ended 30 June 2024 (unaudited)	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	4,274	926	5,200
Property disposals	(20,715)	-	(20,715)
Loss on disposals of investment properties	(1,156)	-	(1,156)
Change in fair value during the period	(28,198)	(7,926)	(36,124)
Valuation at 30 June 2024 (unaudited)	516,600	131,325	647,925

Group Movement in investment properties for the six months ended 30 June 2024 (unaudited)	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Value advised by the property valuers	516,600	131,325	647,925
Less adjustment for rent smoothing assets	(10,590)	(4,169)	(14,759)
Fair Value at 30 June 2024	506,010	127,156	633,166

Change in fair value during the period	(28,198)	(7,926)	(36,124)
Adjustment for rent smoothing assets at 30 June 2024	(10,590)	(4,169)	(14,759)
Adjustment for rent smoothing assets at 31 December 2023	9,532	3,493	13,025
Change in fair value of investment properties	(29,256)	(8,602)	(37,858)

Group Movement in investment properties for the six months ended 30 June 2023 (unaudited)	Freehold Property £'000	Long Leasehold Property £'000	Total £'000
Valuation at 1 January 2023	643,630	145,850	789,480
Property additions - acquisitions	6	85	91
Property additions - subsequent expenditure	4,631	2,033	6,664
Property disposals	(14,168)	53	(14,115)
Loss on disposals of investment properties	(350)	(53)	(403)
Change in fair value during the period	(28,543)	(948)	(29,491)
Valuation at 30 June 2023 (unaudited)	605,206	147,020	752,226

Group Movement in investment properties for the year ended 31 December 2023 (audited)	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 the 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 (audited)	562,395	138,325	700,720

Valuation advised by the property valuers	562,395	138,325	700,720
Less adjustment for rent smoothing assets	(9,532)	(3,493)	(13,025)
Fair value at 31 December 2023	552,863	134,832	687,695

The total change in fair value during the period was a decrease of £37,858,000 (30 June 2023: £29,491,000; 31 December 2023: £86,350,00).

The historic cost of the properties is £857,120,000 (30 June 2023: £908,464,000; 31 December 2023: £899,236,000).

The net book value of properties disposed of during the period amounted to £21,871,000 (30 June 2023: £14,518,000; 31 December 2023: £25,695,000).

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 valuers assessment of the value of investment properties secured at 30 June 2024 was £644,425,000 (30 June 2023 £747,425,000; 31 December 2023 £700,720,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The following table provides the fair value measurement hierarchy for investment properties:

Date of valuation:	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
30 June 2024	647,925	-	-	647,925
30 June 2023	752,226	-	-	752,226
31 December 2023	700,720	-	-	700,720

The hierarchy levels are defined in note 16.

It has been determined that the entire investment properties portfolio should be classified under the level 3 category.

There have been no transfers between levels during the period.

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, capital values of fixtures and fittings, 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 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 30 June 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.

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 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 £16,200-£3,247,200 per annum (30 June 2023: £12,500 - £3,589,000 per annum; 31 December 2023: £16,200-£3,237,000 per annum).

Significant input: rental growth

The decrease in rent is based on contractual agreements: 5.42% (30 June 2023: 3.18%; 31 December 2023 6.49%). There is a gross contracted rent reduction, as per normal operations it is a combination of property disposals, space under refurbishment and lease expiries.

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 input (level 3) are sensitive to the changes in the estimated future cash flows from investment properties such as increases and decreases in contract rents, operating expenses and capital expenditure, plus transactional activity in the real estate market.

Geographical and sector specific market evidence reviewed in the course of preparing the June 2024 valuation had an initial yield range of 2.83% to 17.41% (30 June 2023: 5.59% to 9.33%; 31 December 2023: 5.78% to 15.0%).

As set out within the significant accounting estimates and judgements above, 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			
Sector	£'000	ERV Range (per sq ft per annum)	Equivalent Yield Range
Industrial	£22,275.00	£3.50 - £9.49	7.00% - 27.31%
Retail	£20,375.00	£4.50 - £45.02	6.00% - 30.96%
Alternatives/ Other	£12,450.00	£5.00 - £13.50	4.25% - 9.67%
Office by Region			
Office South East	£114,625.00	£5.07 - £29.01	8.65% - 22.90%
Office South West	£61,650.00	£12.28 - £22.90	9.11% - 13.39%
Office Midlands	£124,170.00	£3.01 - £35.07	9.08% - 11.93%
Office North West	£88,975.00	£6.61 - £29.59	8.25% - 15.25%
Office North East	£94,400.00	£6.26 - £30.05	7.61% - 14.03%
Office Wales	£19,150.00	£10.00 - £13.50	8.92% - 10.74%
Office Scotland	£89,855.00	£4.50 - £24.02	9.43% - 14.26%
Total	£647,925.00		

The impact of changes to the significant unobservable inputs:

	30 June 2024 Impact on statement of comprehensive income £'000	30 June 2024 Impact on statement of financial position £'000	31 December 2023 Impact on statement of comprehensive income £'000	31 December 2023 Impact on statement of financial position £'000
Improvement in ERV by 5%	28,758	28,758	31,464	31,464
Worsening in ERV by 5%	(28,313)	(28,313)	(30,966)	(30,966)
Improvement in yield by 0.125%	9,308	9,308	10,361	10,361
Worsening in yield by 0.125%	(9,102)	(9,102)	(10,101)	(10,101)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. Bank and loan borrowings

Bank borrowings are secured by charges over individual 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 period end are offset against amounts drawn on the facilities as shown in the table below:

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Bank borrowings drawn at start of period	370,750	390,792	390,792
Bank borrowings drawn	-	1,944	3,729
Bank borrowings repaid	(17,437)	(11,043)	(23,771)
Bank borrowings drawn at end of period	353,313	381,693	370,750
Less: unamortised costs at start of period	(5,147)	(5,527)	(5,527)
Less: loan issue costs incurred in the period	(453)	(78)	(495)
Add: loan issue costs amortised in the period	714	243	875
At end of period	348,427	376,331	365,603
Maturity of bank borrowings			
Repayable within 1 year		-	-
Repayable between 1 to 2 years		-	-
Repayable between 2 to 5 years	353,313	283,177	310,721
Repayable after more than 5 years	-	98,516	60,029
Unamortised loan issue costs	(4,886)	(5,362)	(5,147)
	348,427	376,331	365,603

As detailed in note 15, the Group has £50,000,000 (30 June 2023: £50,000,000; 31 December 2023: £50,000,000) retail eligible bonds in issue.

The table below lists the Group's borrowings.

Lender	Facility amount £'000	Outstanding debt* £'000	Maturity date	Gross loan to value**	Annual interest rate	Amortisation
Royal Bank of Scotland, Bank of Scotland and Barclays	115,961	115,961	August 2026	56.10%	2.40% over 3 months £ SONIA	Mandatory prepayment
Scottish Widows Ltd & Aviva Investors Real Estate Finance	147,500	147,500	December 2027	54.80%	3.28% Fixed	None
Scottish Widows Ltd	36,000	36,000	December 2028	49.00%	3.37% Fixed	None
Santander UK	53,852	53,852	June 2029	53.50%	2.20% over 3 months £ SONIA	Mandatory prepayment
Total bank borrowings	353,313	353,313				
Retail eligible bond	50,000	50,000	August 2024		4.50% Fixed	None
Total	403,313	403,313				

The percentage of borrowings at variable rates of interest was 42.1% (30 June 2023: 43.6%; 31 December 2023: 43.3%).

The weighted average term to maturity of the Group's debt at the period end was 3.0 years (30 June 2023: 4.0 years; 31 December 2023: 3.5 years).

The weighted average interest rate payable by the Group on its debt portfolio, excluding hedging, as at the period end was 5.2% per annum (30 June 2023: 4.9% per annum; 31 December 2023: 5.4% per annum).

The Group weighted average interest rate, including the retail eligible bonds and hedging activity at the year end, amounted to 3.5% per annum (31 December 2023: 3.5% per annum).

The Group has been in compliance with all of the financial covenants of the above facilities as applicable throughout the period covered by these condensed consolidated financial statements. Each facility has distinct covenants which generally include: historic interest cover, projected interest cover, loan-to-value cover and debt to rent 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 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 16, the Group uses a combination of interest rate swaps and fixed rate bearing loans to hedge against interest rate risks. The Group's exposure to interest rate volatility is minimal.

SONIA = Sterling Over Night Indexed Average

* Before unamortised debt issue costs

** Based upon Colliers International Property Consultants limited property valuation

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. Retail Eligible Bonds

The Company has in issue £50,000,000 of 4.5% retail eligible bonds with a maturity date of 6 August 2024. The bonds are listed on the LSE ORB platform.

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Bond principal at start of period	50,000	50,000	50,000
Unamortised issue costs at start of period	(93)	(248)	(248)
Amortisation of issue costs	77	77	155
At end of period	49,984	49,829	49,907

16. 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.

During the period the notional amount on derivative instruments was reduced with a cash amount realised of £1,267,000 (30 June 2023: £nil; 31 December 2023: £1,246,000).

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Fair value at start of period	16,009	24,449	24,449
Proceeds received from a reduction in notional amounts	(1,267)	-	(1,246)
Revaluation in period	962	5,128	(7,194)
Fair value at end of year	15,704	29,577	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.

The fair value of interest rate caps and swaps represents the net present value of the difference between the cash flows produced by the contracted rate and the current market rate over the life of the instrument.

The table below details the hedging and swap notional amounts and rates against the details of the Group's loan facilities.

Lender	Facility amount £'000	Outstanding debt* £'000	Maturity date	Annual interest rate	Notional amount £'000	Rate
Royal Bank of Scotland, Bank of Scotland and Barclays	115,961	115,961	August 2026	2.40% over 3 months £ SONIA	swap £71,000 cap £44,961	0.97% 0.97%
Scottish Widows Ltd & Aviva Investors Real Estate Finance	147,500	147,500	December 2027	3.28% Fixed	n/a	n/a
Scottish Widows Ltd	36,000	36,000	December 2028	3.37% Fixed	n/a	n/a
Santander UK	53,852	53,852	June 2029	2.20% over 3 months £ SONIA	swap £45,522 cap £8,529	1.39% 1.39%
Total	353,313	353,313				

SONIA = Sterling Over Night Indexed Average

As at 30 June 2024, the swap arrangements were £116.5m (30 June 2023: £122.4m; 31 December 2023: £120.4m) and the cap notional arrangements amounted to £53.5m (30 June 2023: £71.5m; 31 December 2023: £61.8m).

The Group weighted average cost of debt of 3.5% (30 June 2023: 3.5%; 31 December 2023: 3.5%) is 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.

It is the Group's target to hedge at least 90% of the total loan portfolio using fixed-rate facilities or interest rate derivatives. The hedging on all of the facilities matches the term. As at the period end date, the total proportion of hedged debt equated to 100.1% (30 June 2023: 101.6%; 31 December 2023: 100.0%), as shown below.

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Total bank borrowings	353,313	381,693	370,750
Notional value of interest rate caps and swaps	170,012	193,870	182,250
Value of fixed rate debts	183,500	193,500	188,500
	353,512	387,370	370,750
Proportion of hedged debt	100.1%	101.6%	100.0%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Fair value hierarchy

The following table provides the fair value measurement hierarchy for interest rate derivatives. 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 condensed 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.

Date of valuation:	Total £'000	Quoted active prices (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
30 June 2024	15,704	-	15,704	-
30 June 2023	29,577	-	29,577	-
31 December 2023	16,009	-	16,009	-

The fair values of these contracts are recorded in the Condensed Consolidated Statement of Financial Position and are determined by forming an expectation that interest rates will exceed strike rates and by discounting these future cash flows at the prevailing market rates as at the period end.

There have been no transfers between levels during the period.

The Group has not adopted hedge accounting.

17. Stated capital

Stated capital represents the consideration received by the Company for the issue of Ordinary Shares.

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Issued and fully paid Shares of no par value			
At start and end of period	513,762	513,762	513,762
Number of Shares in issue			
At start and end of period	515,736,583	515,736,583	515,736,583

18. Net asset value per Share (NAV)

Basic NAV per share is calculated by dividing the net assets in the Condensed Consolidated Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares in issue at the end of the period.

EPRA net asset value is a key performance measure used in the real estate industry which highlights the fair value of net assets on an ongoing long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of derivatives and deferred taxes on property valuation surpluses are therefore excluded.

Net asset values have been calculated as follows:

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Net asset value per Condensed Consolidated Statement of Financial Position	266,600	373,788	306,089
Adjustment for calculating EPRA net tangible assets:			
Derivative financial instruments	(15,704)	(29,577)	(16,009)
Deferred tax liability	708	699	708
EPRA Net Tangible Assets	251,604	344,910	290,788
Number of Ordinary Shares in issue*	515,736,583	515,736,583	515,736,583
Net asset value per Share – basic and diluted	51.7p	72.5p	59.3p
EPRA Net Tangible Assets per Share – basic and diluted	48.8p	66.9p	56.4p

* Prior to the Company share consolidation, of 1 new share for every 10 ordinary shares after the period end.

19. Segmental information

After a review of the information provided for management purposes, it was determined that the Group had one operating segment and therefore segmental information is not disclosed in these condensed consolidated financial statements.

In consideration for the provision of services provided, the Asset Manager is entitled in each financial year (or part thereof) to 50% of an annual management fee on a scaled rate of (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.

20. Transactions with related parties

Transactions with the Asset Manager, London & Scottish Property Investment Management Limited and the Property Manager, L&S PM Limited.

Stephen Inglis is a non-executive Director of the Company, as well as being the Chief Executive Officer of London & Scottish Property Investment Management Limited ("LSPIM"), which is the parent company of L&S PM Limited. LSPIM has been contracted to act as the Asset Manager of the Group and L&S PM Limited contracted as the Property Manager.

In respect of each portfolio property the Investment Manager has procured and shall, with the Company in future, procure that L&S PM Limited is appointed as the Property Manager. A property management fee of 4% per annum is charged by the Property Manager on a quarterly basis: 31 March, 30 June, 30 September and 31 December, based upon the gross rental yield. Gross rental yield means the rents due under the property's lease for the peaceful enjoyment of the property, including any value paid in respect of rental renunciations, but excluding any sums paid in connection with service charges or insurance costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Investment Manager is also entitled to a performance fee. Details of the performance fee are given below. The following tables show the fees charged in the period and the amount outstanding at the end of the period:

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Asset management fees charged ¹	719	1,034	1,944
Property management fees charged ¹	1,161	1,324	2,677
Performance fees charged	-	-	-
Total	1,880	2,358	4,621

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Total fees outstanding ¹	340	1,279	1,170

¹ Including irrecoverable VAT charged where appropriate

Transactions with the Investment Manager, Toscafund Asset Management LLP, and the Investment Manager, ESR Europe Private Markets Limited.

With effect from 11 October 2023, ESR Europe Private Markets Limited ("ESR Europe") was appointed as the Company's Investment adviser and on the same date replaced Toscafund Asset Management's entitlement of the 50% annual management fee as detailed in the 2023 Annual Report.

In consideration for the provision of services provided, the Investment Manager is entitled in each financial year (or part thereof) to 50% of an annual management fee on a scaled rate of (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.

The Investment Manager is also entitled to a Performance Fee. Details of the Performance Fee are given below.

The following tables show the fees charged in the period and the amount outstanding at the end of the period:

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Investment management fees charged	720	1,035	1,944
Performance fees charged	-	-	-
Total	720	1,035	1,944

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Total fees outstanding	398	519	478

Performance Fee

The Asset Manager and the Investment Manager are each entitled to 50% of a performance fee. The fee is calculated at a rate of 15% of the total shareholder return in excess of the hurdle rate of 8% per annum for the relevant performance period. Total shareholder return for any financial year consists of the sum of any increase or decrease in EPRA NAV per Ordinary Share and the total dividends per Ordinary Share declared in the financial year. A performance fee is only payable in respect of a performance period where the EPRA NAV per Ordinary Share exceeds the high water mark which is equal to the greater of the highest year-end EPRA NAV Ordinary Share in any previous performance period. The performance fee was calculated initially on 31 December 2018 and annually thereafter.

The performance fees are now payable 34% in cash and 66% in Ordinary Shares, at the prevailing price per share, with 50% of the shares locked-in for one year and 50% of the shares locked-in for two years.

No performance fee has been earned for the six months ending 30 June 2024 or June 2023 or the year ended 31 December 2023.

21. Subsequent events

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 was paid on 12 July 2024 to Shareholders on the register as at 31 May 2024. These condensed consolidated financial statements do reflect this dividend.

Following shareholder approval at the extraordinary general meeting held on 18 July 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 Raise was fully underwritten by Bridgemere Investments Limited whom we now welcome as a significant new Shareholder with a holding of 18.7%.

As announced on 29 July 2024, the Company completed a share consolidation, representing a consolidation ratio of 1 new share for every 10 ordinary shares.

The Company repaid in full the 4.50% £50m retail bond (ISIN XS1849479602), which matured on 6 August 2024.

ESR Europe Investment Management Ltd ("ESR Europe IM") obtained its FCA licence on the 1st August 2024 and the process of changing the AIFM for Regional REIT Ltd from Toscafund Asset Management LLP to ESR Europe completed on 30 August 2024.

On 9 September 2024, the Company declared a dividend of 2.20 pence per Share in respect of the period 1 April 2024 to 30 June 2024. The dividend is payable to the 162,088,483 shares in issue on the record date of 20 September 2024.

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	Period ended 30 June 2024	Year ended 31 December 2023
EPRA EARNINGS	Earnings from operational activities.	EPRA Earnings	£11,010,000	£26,962,000
		EPRA Earnings per Share (basic and diluted)	21.3p	52.3p
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	£294,327,000	£337,030,000
		EPRA Net Reinstatement Value per Share (diluted)	57.1p	65.3p
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	£251,604,000	£290,788,000
		EPRA Net Tangible Assets per Share (diluted)	48.8p	56.4p
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	£275,561,000	£320,775,000
		EPRA Net Disposal Value per Share (diluted)	53.4p	62.2p
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	6.5%	6.6%
EPRA 'Topped-up' NIY	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 'Topped-up' Net Initial Yield	7.5%	7.5%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacancy space divided by ERV of the whole portfolio.	EPRA Vacancy Rate	22.0%	20.0%
EPRA Costs Ratio	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	EPRA Costs Ratio	40.6%	38.5%
		EPRA Costs Ratio (excluding direct vacancy costs)	13.4%	16.4%
EPRA LTV	Debt divided by the market value of property	EPRA LTV	61.2%	58.6%

NOTES TO THE CALCULATION OF EPRA PERFORMANCE MEASURES

1. EPRA earnings and Company Adjusted Earnings

For calculations, please refer to note 11 to the financial statements.

2. EPRA Net Reinstatement Value

	30 June 2024 (unaudited) £'000	31 December 2023 (unaudited) £'000
NAV per the financial statements	266,600	306,089
Fair value of derivative financial instruments	(15,704)	(16,009)
Deferred tax liability	708	708
Purchaser costs	42,723	46,242
EPRA Net Reinstatement Value	294,327	337,030
Dilutive number of Shares (prior to the Company share consolidation, of 1 new share for every 10 ordinary shares after the period end)	515,736,583	515,736,583
EPRA Net Reinstatement Value per Share	57.1p	65.3p

Comparatives have been updated for purchaser costs

3. EPRA Net Tangible Assets

	30 June 2024 £'000	31 December 2023 £'000
NAV per the financial statements	266,600	306,089
Fair value of derivative financial instruments	(15,704)	(16,009)
Deferred tax liability	708	708
EPRA Net Tangible Assets	251,604	290,788
Dilutive number of Shares (prior to the Company share consolidation, of 1 new share for every 10 ordinary shares after the period end)	515,736,583	515,736,583
EPRA Net Tangible Assets per Share	48.8p	56.4p

4. EPRA Net Disposal Value

	30 June 2024 £'000	31 December 2023 £'000
NAV per the financial statements	266,600	306,089
Adjustment for the fair value of bank borrowings	8,352	11,479
Adjustment for the fair value of retail eligible bonds	609	3,207
EPRA Net Disposal Value	275,561	320,775
Dilutive number of Shares (prior to the Company share consolidation, of 1 new share for every 10 ordinary shares after the period end)	515,736,583	515,736,583
EPRA Net Disposal Value per Share	53.4p	62.2p

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:

	30 June 2024 £'000	31 December 2023 £'000
Investment properties	647,925	700,720
Purchaser costs	42,773	46,241
	690,698	746,961
Annualised cash passing rental income	55,739	59,522
Property outgoings	(10,569)	(10,077)
Annualised net rents	45,170	49,445
Add notional rent expiration of rent-free periods or other lease incentives	6,813	6,670
Topped-up net annualised rent	51,983	56,115
EPRA NIY	6.5%	6.6%
EPRA topped up NIY	7.5%	7.5%

6. EPRA Vacancy Rate

	Six months ended 30 June 2024 £'000	Year ended 31 December 2023 £'000
Estimated Market Rental Value (ERV) of vacant space	17,766	16,650
Estimated Market Rental Value (ERV) of whole portfolio	80,596	83,314
EPRA Vacancy Rate	22.0%	20.0%

7. EPRA Cost Ratios

	Six months ended 30 June 2024 £'000	Year ended 31 December 2023 £'000
Property costs	20,403	38,161
Less recoverable service charge income and other similar costs	(12,042)	(21,825)
Add administrative and other expenses	4,724	10,626
EPRA costs (including direct vacancy costs)	13,085	26,962
Direct vacancy costs	(8,776)	(15,441)
EPRA costs (excluding direct vacancy costs)	4,309	11,521
Gross rental income	44,232	91,880
Less recoverable service charge income and other similar items	(12,042)	(21,825)
Gross rental income less ground rents	32,190	70,055
EPRA Cost Ratio (including direct vacancy costs)	40.6%	38.5%
EPRA Cost Ratio (excluding direct vacancy costs)	13.4%	16.4%

The Group has not capitalised any overhead or operating expenses in the accounting years disclosed above.

8. EPRA LTV

	30 June 2024 £'000	31 December 2023 £'000
Borrowings from financial institutions	353,313	370,750
Bond loans	50,000	50,000
Net payables	10,077	17,188
Cash and cash equivalents	(25,690)	(34,505)
EPRA Net debt	387,700	403,433
Investment properties at fair value	633,166	687,695
Financial Assets – loans	530	578
Total property value	633,696	688,273
EPRA LTV	61.2%	58.6%

PROPERTY RELATED CAPITAL EXPENDITURE ANALYSIS

	Six months ended 30 June 2024 £'000	Year ended 31 December 2023 £'000
Acquisitions	-	5
Development	-	-
Investment properties	-	-
Incremental lettable space	-	-
Enhancing lettable space	5,200	10,255
Tenant incentives	-	-
Other material non-allocated types of expenditure	-	-
Capitalised interest	-	-
Total Capital Expenditure	5,200	10,260
Conversion from accruals to cash basis	-	-
Total Capital Expenditure on cash basis	5,200	10,260

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.

ALTERNATIVE PERFORMANCE MEASURES

Net LTV

	30 June 2024 £'000	31 December 2023 £'000
Borrowings from financial institutions	353,313	370,750
Bond loans	50,000	50,000
Cash and cash equivalents	(25,690)	(34,505)
Net debt	377,623	386,245
Investment properties at valuation	647,925	700,720
Net LTV	58.3%	55.1%



800 Aztec West, Bristol

Spaces that
work for you



⋮ GLOSSARY OF TERMS



AIC – Association of Investment Companies. A trade body for closed-end investment companies (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 Private Markets Limited

Alternative Performance Measures (APMs) – APMs are key performance indicators used by the Board to assess the Company's performance.

Asset and Property Manager – London & Scottish Property Investment Management 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 73.

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 Manager – 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 24 June 2019 and 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 (NINIY) – (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.

⋮ COMPANY INFORMATION



Directors

Kevin McGrath (Chairman and Independent Non-Executive Director)

Daniel Taylor (Senior Independent Non-Executive Director)

Frances Daley (Independent Non-Executive Director, Audit Committee Chairman)

Massy Larizadeh (Independent Non-Executive Director and Chair of the Management Engagement and Remuneration Committee and Nomination Committee)

Stephen Inglis (Non-Executive Director)

Registered Office

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Company Secretary

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Investment Adviser

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Joint Broker

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Registrar

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Public Relations

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EC2V 6DN

Property Valuer

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W1U 1FF

Tax Adviser

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319 St Vincent Street
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G2 5AS

Regional REIT Limited ISIN:

GG00BSY2LD72

SEDOL:

BSY2LD7

Legal Entity Identifier:

549300D8G4NKLRIBX73

Company website

www.regionalreit.com

⋮ FORTHCOMING EVENTS



OCTOBER 2024 – Q2 Dividend payment



NOVEMBER 2024 – Q3 Trading update and Dividend Declaration



FEBRUARY 2025 – Q4 Dividend Declaration



MARCH 2025 – 2024 Preliminary Results



MAY 2025 – Q1 2025 Trading update and Dividend Declaration

Note: all future dates are provisional and subject to change.



Share Register enquiries: Link Group

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@linkgroup.co.uk**.



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