

24 May 2023

**REGIONAL REIT Limited**  
("Regional REIT", the "Group" or the "Company")  
**Trading Update**  
&  
**Dividend Declaration**

Regional REIT Limited (LSE: RGL), the regional office specialist, is pleased to announce a trading update for the year to date, its dividend declaration for the first quarter of 2023, and a statement on the Group's outlook for the full year 2023.

**Portfolio as at 31 March 2023:**

- 154 properties, 1,567 units and 1,080 tenants, totalling c. £792.4m<sup>1</sup> of gross property assets; with a gross rent roll of c. £71.0m pa
- Offices (by value) were 91.9% of the portfolio (31 December 2022: 91.8%), retail 3.6% (31 December 2022: 3.6%), industrial sites 3.1% (31 December 2022: 3.1%), and Other 1.4% (31 December 2022: 1.4%)
- England & Wales represented 83.3% (31 December 2022: 83.3%) of the portfolio with the remainder in Scotland
- EPRA Occupancy (by ERV) 83.4% (31 December 2022: 83.4%); 31 March 2023 like-for-like (versus 31 March 2022) 82.3% (83.7%)
- Average lot size c. £5.1m (31 December 2022: £5.1m)
- Capital expenditure £4.0m (31 December 2022 £10.0m)
- Cost of debt (including hedging) of 3.5% pa (31 December 2022: 3.5% pa) - 100% fixed and hedged, ensuring the maximum cost of debt will not exceed 3.5%
- Weighted average debt duration 4.3 years (2022: 4.5 years)
- Net loan-to-value ratio c. 50.5%<sup>1</sup> (31 December 2022: 49.5%). Gross borrowings £433.1m (31 December 2022: £440.8m); ample headroom remains on all covenants
- Cash and cash equivalent balances £32.6m (31 December 2022: £50.1m).

<sup>1</sup> Gross property assets value based upon C&W valuations as at 31 December 2022, adjusted for subsequent acquisitions, disposals and capital expenditure in the period.

**Rent Collection Update**

As at 19 May 2023, the rent collection for Q1 2023 invoicing amounted to 96.3%, which comprised of 95.6% rent received, monthly rents of 0.7% and agreed collection plans of 0.0%, being broadly in-line for the equivalent period collection in 2022 of 97.1%.

We anticipate collecting the vast majority of the outstanding balances in due course as usual.

**Q1 2023 Dividend Declaration**

The Company is pleased to declare that it will pay a dividend of 1.65 pence per share ("pps") for the period 1 January 2023 to 31 March 2023 (Q1 2022 dividend: 1.65pps). The entire dividend will be paid as a REIT property income distribution ("PID").

The Company has introduced the option for shareholders to invest their dividend in a Dividend Reinvestment Plan ("DRIP"). More details can be found on the Company's website <https://www.regionalreit.com/investors/investors-dividend/dividend-reinvestment-plan>.

The key dates relating to this dividend are given below:

Ex-dividend date	1 June 2023
Record date	2 June 2023
Last day for DRIP election	14 July 2023
Payment date	4 August 2023

## Outlook

The Company's Asset Management platform continues to navigate conditions of uncertainty and inflationary cost pressures aided by its highly diversified portfolio, that provides in excess of 1,000 income streams to support the high quarterly dividend distributions.

Overall, Regional REIT continues to deliver on its investment strategy of providing a de-risked office portfolio, which in-turn will drive shareholder income and value over the long-term.

### **Stephen Inglis, CEO of London & Scottish Property Investment Management, the Asset Manager of Regional REIT commented:**

*"The Company continues to make good progress. We have yet again achieved strong rent collection for the quarter, with EPRA occupancy remaining stable and encouraging levels of enquiries from prospective customers, though we are not immune from inflationary cost pressures.*

*"We continue to implement our capital expenditure programme, refurbishing and enhancing our existing assets.*

*"During the period, new lettings and renewals were above the 31 December 2022 estimated rental values by 7.3% and 11.7% respectively. A positive sign that demand from customers continues despite the challenging economic environment."*

### **Summary of Activity in the Quarter to 31 March 2023:**

Of the 49 leases for renewal in Q1 2023, 34 units remain let (69.4%). The completed lease renewals during the quarter achieved a combined rental uplift of 11.7% versus previous rent.

Since 1 January 2023, the Group has exchanged on 25 new leases, totalling 38,095 sq. ft.. When fully occupied these new leases will provide £0.6m per annum ("pa") of rental income, reflecting in aggregate an increase of 7.3% above 31 December 2022 ERV.

The Group undertook several asset management projects, generating new lettings whilst maintaining and improving income through lease renewals and re-gears:

- **Building 2, Bear Brook Office Park, Aylesbury** - 14,242 sq. ft. of space has been let to Musarubra UK Subsidiary 3 Ltd. at a rent of £256,356 pa (£18.00/ sq. ft.) until January 2028.
- **Woodlands Court, Bristol** - Sirona Care & Health C.I.C. has let 5,724 sq. ft. of space for seven years to March 2030, with the option to break in 2026, at a rental income of £91,584 pa (£16.00/ sq. ft.).
- **27/29 King St, Belper** - Poundland Ltd. renewed its lease for a further three years, to March 2026, at a rental income of £70,000 pa for 22,422 sq. ft. of space.
- **133 Finnieston Street, Glasgow** - K2 Management Renewables Ltd. renewed its lease for a further three years, to February 2026, at a rental income of £62,270 pa (£17.98/ sq. ft.) on 3,463 sq. ft. of space.
- **Beaufort Office Park, Bristol** - DEF-UK Ltd. renewed its lease for a further four years, to August 2027, with the option to break in 2025, at a rental income of £51,645 pa (£16.50/ sq. ft.) on 3,130 sq. ft. of space.
- **Linford Wood Business Park, Milton Keynes** - Four new lettings took place in the first quarter of 2023, providing a combined rental income of £79,116 pa (£16.04/ sq. ft.):
  - Quality Coding & Information Recruitment has let space of 2,159 sq. ft. at a rent of £32,500 pa (£15.05/ sq. ft.). The lease is for five years until February 2028.
  - Aztech IT Solutions Ltd. has let space of 2,077 sq. ft. at a rent of £31,576 pa (£15.20/ sq. ft.). The lease is for five years with the option to break in 2025.
  - Remity Staffing Solution Ltd. has let space of 400 sq. ft. at a rent of £9,550 pa (£23.88/ sq. ft.). The

- lease is for two years with the option to break in 2024.
- o MK Supported Housing Ltd. has let space of 297 sq. ft. at a rent of £5,490 pa (£18.48/ sq. ft.). The lease is for two years with the option to break in 2024.

### Sales

Total disposals in the three months to 31 March 2023 amounted to £0.2m.

### Subsequent Events post 31 March 2023 Highlights:

#### Lettings

- **Manchester Green, Manchester** - Assetz SME Capital Ltd. renewed its lease to September 2027, at a rental income of £272,600 pa (£18.25/ sq. ft.) on 14,937 sq. ft. of space.
- **Legal House, Glasgow** - The Lord Advocate renewed its lease to May 2028, at a rental income of £159,410 (£12.69/ sq. ft.) on 12,561 sq. ft. of space.
- **Elmbridge Court, Gloucester** - The Lycra Company UK Ltd. renewed its lease to April 2028, at a rental income of £94,000 (£20.04/ sq. ft.) on 4,691 sq. ft. of space.
- **Felaw Maltings, 44 Felaw Street, Ipswich** - Gallagher Bassett International Ltd. renewed its lease to September 2024, at a rental income of £85,000 (£8.08/ sq. ft.) on 10,524 sq. ft. of space.
- **Betchworth House, Redhill** - Vestey Foods UK Ltd. has let 2,545 sq. ft. of space for five years to April 2028, with the option to break in 2026, at a rental income of £57,263 pa (£22.50/ sq. ft.).

### Sales

Since 31 March 2023, Building 3, Bear Brook Office Park, Aylesbury sold for £8.6m.

### Forthcoming Events

25 May 2023	Annual General Meeting
12 September 2023	2023 Interim Results and Dividend Announcement
9 November 2023	Q3 2023 Trading Update

**Note:** All dates are provisional and subject to change

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#### **About Regional REIT**

Regional REIT Limited ("Regional REIT" or the "Company") and its subsidiaries (the "Group") is a United Kingdom ("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 Toscafund Asset Management LLP, the Investment Manager.

Regional REIT's commercial property portfolio is comprised wholly of income producing UK assets and comprises, predominantly of offices located in the regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 154 properties, 1,080 occupiers as at 31 March 2023, with a valuation of c.£792.4m.

Regional REIT pursues its investment objective by investing in, actively managing and disposing of regional core and core plus property assets. It aims to deliver an attractive total return to its Shareholders, targeting greater than 10% per annum, with a strong focus on income supported by additional capital growth prospects.

The Company's shares were admitted to the Official List of the UK's Financial Conduct Authority and to trading on the London Stock Exchange on 6 November 2015. For more information, please visit the Group's website at [www.regionalreit.com](http://www.regionalreit.com).

#### **Cautionary Statement**

This document has been prepared solely to provide additional information to Shareholders to assess the Group's performance in relation to its operations and growth potential. The document should not be relied upon by any other party or for any other reason. Any forward looking statements made in this document are done so by the Directors in good faith based on the information available to them up to the time of their approval of this document. However, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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