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Regional REIT Limited
12 September 2023

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Regional REIT Limited

("Regional REIT", the "Group" or the "Company")

2023 Half Year Results

Resilient operational performance in challenging macroeconomic conditions

Regional REIT (LSE: RGL), the regional office specialist today announces its half year results for the six months ended 30 June 2023.

Financial highlights:

- Total rent collection for the period was 98.8% of rent due, ahead of the 97.8% of rent collected for the equivalent period in 2022
- Rent roll broadly unchanged at £69.8m (30 June 2022: £72.0m; 31 December 2022: £71.8m)
- Portfolio valuation £752.2m (31 December 2022: £789.5m). On a like-for-like basis, portfolio value decreased by 3.8%, after adjusting for capital expenditure and disposals during the period.
- Net initial yield increased to 6.1% (30 June 2022: 5.7%; 31 December 2022: 6.0%)
- EPRA EPS of 2.5p per share ("pps") for the period (30 June 2022: EPRA EPS: 2.9p); IFRS EPS: (2.4) pps (30 June 2022: IFRS EPS 5.5pps)
- Operating profit before gains and losses on property assets and other investments for the period amounted to £20.6m (30 June 2022: £23.4m)
- H1 dividend of 2.85pps (30 June 2022: 3.30pps); due to challenging macroeconomic conditions, and in accordance with the board's strategy, the dividend continues to be aligned with earnings going forward
- EPRA NTA per share 66.9pps (31 December 2022: 73.5pps); IFRS NAV of 72.5pps (31 December 2022: 78.1pps)
- Group's cost of debt (incl. hedging) remained low at 3.5% pa (31 December 2022: 3.5% pa) - 100% fixed, swapped or capped
- Weighted average debt duration 4.0 years (31 December 2022: 4.5 years)
- Net LTV 51.9% (31 December 2022: 49.5%). Currently, a programme of asset management initiatives and disposals are in train to reduce LTV to the long term target of 40%.

Operational highlights:

- Good EPC progress continues with the Group weighted average EPC score improving to C 70 (31 December 2022: C 73)
- At the period end, 92.0% (31 December 2022: 91.8%) of the portfolio by valuation was offices, 3.5% retail (31 December 2022: 3.6%), 3.0% industrial (31 December 2022: 3.1%) and 1.5% other (31 December 2022:1.4%)
- By income, office assets accounted for 91.4% of gross rental income (30 June 2022: 91.5%; 31 December 2022: 91.5%) and 4.6% (June 2022: 4.5%, December 2022: 4.5%) was retail. The balance was made up of industrial, 2.7% (June 2022: 2.6%, December 2022: 2.6%), and other, 1.4% (June 2022: 1.5%, December 2022: 1.3%)
- Portfolio remained diversified with 150 properties (31 December 2022: 154), 1,535 units (31 December 2022: 1,552) and 1,038 tenants (31 December 2022: 1,076)
- The Group made disposals amounting to £14.6m (before costs) during the period, yielding 2.4% (9.4% excluding vacant assets). The proceeds have since been used in part to reduce borrowing and fund capital expenditure.
- At the period end, the portfolio valuation split by region was as follows: England 78.4% (31 December 2022: 78.3%), Scotland 16.4% (31 December 2022: 16.7%) and the balance of 5.1% (31 December 2022: 5.0%) was in Wales.
- EPRA Occupancy rate of 82.5% (31 December 2022: 83.4%)
- During the period, the Company completed 45 new lettings. When fully occupied, these will provide an additional gross rental income of c.£1.2m per annum ("pa"), 13.5% above December 2022 ERV.

Post-Period end highlights:

- On 12 September 2023, the Company declared the Q2 2023 dividend of 1.20pps (Q2 2022 dividend: 1.65pps), for the period 1 April 2023 to 30 June 2023, to be paid to shareholders on 19 October 2023.

Stephen Inglis, CEO of London and Scottish Property Investment Management, the Asset Manager, commented:

"It has been another challenging period for the commercial real estate sector as rapidly rising interest rates continued to impact valuations. During the six months to 30 June 2023, the Company's portfolio valuation declined on a like-for-like basis by 3.8%, after adjusting for disposals and capital expenditure, outperforming the MSCI UK regional office benchmark, which saw a decline of 7.2% over the same period. This has resulted in the increase of the Company's loan to value to 51.9%. Thanks to the defensive debt positioning being 100% fixed, swapped or capped, the weighted average cost of debt remains

at 3.5%. The Asset Manager continues to implement its active asset management strategy, including a programme of asset sales to reduce net borrowings back to the Company's long term c.40% target.

"With the challenging economic backdrop our net rental income has been adversely impacted by higher non-recoverable property costs and lower income from lease surrender, dilapidations payments and other income. As such the Board continues to align the dividend with earnings and has today declared the Q2 2023 dividend of 1.20pps.

"As we look ahead, we remain wholly committed to reducing the LTV, improving occupancy and the portfolio's weighted average EPC rating as we actively manage the portfolio. We look forward to updating shareholders on our progress at the next juncture."

- ENDS -

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About Regional REIT

Regional REIT Limited ("Regional REIT" or the "Company") and its subsidiaries[1] (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 UK assets, offices located in regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 150 properties, 1,535 units and 1,038 tenants as at 30 June 2023, with a valuation of £752.2 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, please visit the Group's website at www.regionalreit.com.

KEY FINANCIALS

Period ended 30 June 2023

	30 June 2023	31 December 2022
Portfolio Valuation	£752.2m	£789.5m
IFRS NAV per Share	72.5p	78.1p
EPRA* NTA per Share	66.9p	73.5p
EPRA* earnings per Share	2.5p	2.9p
Dividend per Share	2.85p	3.3p
Net Loan to Value Ratio**	51.9%	49.5%
Weighted Average Cost of Debt**	3.5%	3.5%
Weighted Average Debt Duration**	4.0 yrs	4.5 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 in the full Half Year Report.

* The European Public Real Estate Association (EPRA)

** Alternative Performance Measures. Details are provided in the Glossary of Terms in the full Half-Year Report and the EPRA Performance Measures below.

CHAIRMAN'S STATEMENT

"99% of tenants having returned to the office and rent collections remaining strong"

Kevin McGrath
Chairman

Overview
I am pleased to report the Group's results for the six months to 30 June 2023, with 99% of our tenants having returned to the office and rent collections remaining strong.

The Company has a clear strategy of being the office provider of choice in the regions outside of London, offering vibrant places to help tenants thrive at all stages of their business cycle with tailored offerings to match their requirements. By utilising the specialised Asset Manager's platform and with its extensive experience in the regions of the UK, the Company continues to work hard to deliver a robust income stream and long-term capital growth, whilst encompassing a sustainable approach. The portfolio weighted average EPC continued to improve to C 70 from C 73 as at 31 December 2022.

The challenging macroeconomic environment continued to affect all commercial real estate sectors, with a like- for-like decline in value of 3.8%, after adjusting for capital expenditure, acquisitions and disposals during the period. However, the portfolio outperformed versus a decline of 7.2% MSCI UK regional office values during the period. During the six months to 30 June 2023, disposals of non-core assets amounted to £14.1 million (net of costs) reflecting a net initial yield of 2.4% (9.4% excluding vacant properties) with no acquisitions in the period. The programme of disposals reflects our focus upon de-risking the offering in the short to medium term. The rolling capital expenditure programme amounted to £6.7 million.

Rent collection remained strong throughout the period to 30 June 2023. Currently, rent collection for the period to 30 June 2023 amounted to 98.8% (equivalent period for the six months to 30 June 2022 97.8%), however, operational costs continue to be impacted by inflationary pressures and resulted in an EPRA diluted earnings of 2.5 pence per share ("pps") (six months to 30 June 2022: 2.9pps). IFRS diluted earnings per share were (2.4pps) (six months to 30 June 2022: 5.5pps).

Financial Resources
As at 30 June 2023 the EPRA* NTA amounted to £344.9 million (31 December 2022: £379.2 million) and a cash balance of £41.2 million (31 December 2022: £50.1 million), of which £26.0 million is unrestricted (31 December 2022: £37.8 million).

The defensive debt positioning continues to mitigate rate volatility. The borrowings are comprised of a 56.4% fixed rate debt, with the balance being swapped or capped. This proactive and defensive approach ensured that the weighted average cost of debt remained 3.5% at 30 June 2023 (31 December 2022: 3.5%), with no requirement to refinance until August 2024.

The net loan-to-value at 30 June 2023 amounted to 51.9% (31 December 2022: 49.5%). The Asset Manager continues to implement its active asset management strategy and disposal programme with the ambition of promptly reducing the net borrowings back to the Company's long term c.40% target.

* Alternative Performance Measures. Details are provided in the Glossary of Terms in the full Half Yearly Report and the EPRA Performance Measures below.

Sustainability
We continue to focus upon sustainability within our business model with the continued membership of UK Green Building Council, Better Buildings Partnership, EPRA sustainability benchmarking and the Global Real Estate Sustainability Benchmark (GRESB). We look forward to providing a positive update on our GRESB accreditation in due course.

Market Environment
The UK regions outside of London attracted £3.0 billion in Q2 2023, 2.3% above the previous quarter, but 31.6% lower than the five-year quarterly average. Investment in Q2 brought the H1 2023 total to £6.0 billion, 28.0% above the level recorded during the first lockdown due to the Covid-19 pandemic. Research by Lambert Smith Hampton ("LSH") highlights the importance of the regional markets, with the regions outperforming when compared with London. At £3.0 billion, investment in single assets across the UK regional markets in Q2 2023 was 26.3% higher than the level of investment in Greater London - well above the five-year quarterly average margin of 0.6%. Two regions that experienced robust levels of investment in Q2 2023 were the West

Midlands and the South East. Total investment in the West Midlands reached £0.6 billion, 10.8% above the five-year quarterly average - the strongest regional performance relative to trend. Data from LSH shows that £0.5 billion was invested in the South East. Other regional markets that performed well relative to trend include Scotland and the North West of England.

The most recent data from LSH shows that investment in UK commercial property totalled £15.7 billion in the first half of 2023. Although Q2 2023 volumes were 10.6% below Q1 figures, the number of deals increased by approximately 9.0% over the same period. The most recent Office of National Statistics figures show that UK inflation dropped to 6.8% in the year to July, from 7.9% in June. As a result, LSH predict that there will be a considerable rise in investment volumes, if not in the final quarter of 2023, then at the beginning of 2024.

Investment volumes in the UK regional office market reached £0.8 billion in Q2 2023, 27.8% higher than the previous quarter. Overall, investment in regional offices reached £1.4 billion in H1 2023. Although investment in regional offices in the first half of 2023 was 43.4% below trend, optimism in the regional markets continues to be supported by strong employment growth and a fall in the number of employees exclusively working from home. The most recent data from the ONS shows that the UK employment rate rose to 76.0% in the three months to May 2023, up 0.1% for the same period in 2022. Additionally, 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 56.0% of employees reporting that they exclusively travel to the office and only 16.0% of workers reporting that they worked exclusively from home - down from 26% in mid-January 20222.

Dividends

For the period under review, the Company declared total dividends of 2.85pps (six months to June 2022: 3.30pps), comprising one quarterly dividends of 1.65pps and one quarterly dividend of 1.20pps.

Given the challenging economic backdrop, inflationary pressures continue to impact the net rental income and the cost base. As such the Board continues to align the dividend with earnings, with the priority remaining to offer an attractive dividend to shareholders.

Asset Manager Update

As announced on the 13 April 2023, ARA Asset Management Ltd. acquired a majority shareholding stake in the Asset Manager, London & Scottish Property Investment Management, with Stephen Inglis retaining a significant minority interest. The day-to-day asset management team remains unchanged and are now supported by the resources of a large global real estate platform, therefore shareholders can be reassured that the Asset Manager capabilities have been strengthened.

Subsequent Events

On 11 September 2023, the Board of Directors approved a dividend of 1.20 pence per Share in respect of the period 1 April 2023 to 30 June 2023 for announcement on 12 September 2023. The dividend will be paid on 19 October 2023 to Shareholders on the register as at 22 September 2023. These condensed consolidated financial statements do not reflect this dividend.

Performance

For the period under review, the Company's Total Shareholder Return was -18.5%, versus the return of -10.3% for the FTSE EPRA NAREIT UK Total Return Index over the same period.

Since listing on 6 November 2015, the Company's EPRA Total Return was 20.8% and the annualised EPRA Total Return was 2.5%. Total Shareholder Return was -14.8%, compared with the FTSE EPRA NAREIT UK Total Return Index, which has generated a return of -23.7% over the same period.

Since listing on 6 November 2015, the Company's EPRA Total Return was 20.8% and the annualised EPRA Total Return was 2.5%. Total Shareholder Return was -14.8%, compared with the FTSE EPRA NAREIT UK Total Return Index, which has generated a return of -23.7% over the same period.

Board And Governance

William Eason, Senior Independent Non-Executive Director and Tim Bee, Non-Executive Director stepped down from the Board at the 2023 AGM. The Board thanks both Mr Eason and Mr Bee for their invaluable input and commitment to the Company over their tenures and wishes them well in their future endeavours.

Daniel Taylor was appointed as Senior Non-Executive Director and Massy Larizadeh was appointed Chairman of the Management Engagement and Remuneration Committee and the Nomination Committee with effect from 25 May 2023.

Outlook

Although the recent outlook for the UK economy has improved, the Board remains vigilant to the continued macroeconomic uncertainty over the short term. The Company has continued to perform well operationally and has delivered against the controllable factors. We continue to see significant opportunities for value creation over the long-term.

Kevin McGrath
Chairman

11 September 2023

ASSET AND INVESTMENT MANAGERS' REPORT

"It has been another challenging period for the commercial real estate sector as rapidly rising interest rates continued to impact valuations. During the six months to 30 June 2023, the Company's portfolio valuation declined on a like-for-like basis by 3.8%, after adjusting for capital expenditure and disposals, albeit significantly outperforming the MSCI UK regional office benchmark, which saw a decline of 7.2% over the same period. This in turn increased the Company's Loan to Value ("LTV") to 51.9%, whilst the weighted average cost of debt remained at 3.5% thanks to the defensive positioning and high rate of fixed, swapped or capped debt. The Asset Manager continues to implement its active asset management strategy, including a programme of asset sales to reduce net borrowings back to the Company's long term c.40% target.

The Company's operational performance during the period remained robust, thanks to our high-quality blue- chip tenant base, which is diversified by both sector and geography, leading to rent collection of 98.8% and rental income totalling £69.8m.

As we look ahead to the remainder of 2023, we remain wholly committed to reducing the LTV, and improving the portfolio's weighted average EPC rating as we actively manage the portfolio. We look forward to updating Shareholders on our progress at the next juncture."

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

Investment Activity in the UK Commercial Property Market

Investment in the UK commercial property market totalled £54.1 billion in 2022, according to research from LSH. However, due to the impact of further interest rate hikes as a result of continuing inflation, investment was more subdued in the first two quarters of 2023 due to more prolonged uncertainty. The most recent data from LSH shows that investment in UK commercial property reached £15.7 billion in the first half of 2023. Although Q2 2023 volumes were 10.6% below Q1 figures, the number of deals increased by approximately 9.0% over the same period. That said, financial markets have begun to settle following news that inflation slowed substantially to its lowest annual rate since March 2022. The most recent ONS figures show that UK inflation dropped to 6.8% in the year to July, from 7.9% in June, ahead of forecasts which predicted a fall to 8.2%. As a result, LSH predict that there will be a considerable rise in investment volumes, if not in the final quarter of 2023, then at the beginning of 2024.

The UK regions outside of London attracted £3.0 billion in Q2 2023, 2.3% above the previous quarter, but 31.6% lower than the five-year quarterly average. Investment in Q2 brought the H1 2023 total to £6.0 billion, 28.0% above the level recorded during the first lockdown due to the Covid-19 pandemic. Research by LSH highlights the importance of the regional markets, with the regions outperforming when compared with London. At £3.0 billion, investment in single assets across the UK regional markets in Q2 2023 was 26.3% higher than the level of investment in Greater London - well above the five-year quarterly average margin of 0.6%. Two regions that experienced robust levels of investment in Q2 2023 were the West Midlands and the South East. Total investment in the West Midlands reached £0.6 billion, 10.8% above the five-year quarterly average - the strongest regional performance relative to trend. Data from LSH shows that £0.5 billion was invested in the South East. Other regional markets that performed well relative to trend include Scotland and the North West of England.

Investment volumes in the UK regional office market reached £0.8 billion in Q2 2023, 27.8% higher than the previous quarter. Overall, investment in regional offices reached £1.4 billion in H1 2023. Although investment in regional offices in the first half of 2023 was 43.4% below trend, optimism in the regional markets continues to be supported by strong employment growth and a fall in the number of employees exclusively working from home. The most recent data from the ONS shows that the UK employment rate rose to 76.0% in the three months to May 2023, up 0.1% for the same period in 2022[1]. Additionally, 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 56.0% of employees reporting that they exclusively travel to the office and only 16.0% of workers reporting that they worked exclusively from home - down from 26% in mid- January 2022[2].

1 ONS, Labour Market Overview, UK, July 2023

2 ONS, Opinions and Lifestyle Survey, February 2023

Overseas investment in the UK commercial property market accounted for 54.5% of total investment in Q2 2023 and drove overall investment at the larger end of the market, accounting for 78.6% of the £100m plus deals in Q2 2023. Figures indicate that overseas investment reached £4.0 billion in Q2 2023, despite being 3.6% higher than the previous quarter, overseas investment was 35.8% below the five-year quarterly average. International investment in the second quarter of the year brought the H1 2023 total to £7.9 billion. However, overseas investment was largely supported by the North American buyers - the only net buyer of UK commercial property in Q2 2023, which accounted for approximately 62.0% of all overseas investment. LSH research suggests that North American investors were the most acquisitive net buyers at £2.5 billion. Conversely, inflows from Far East and European investors stood at only one third of the quarterly average.

Occupational Demand in the UK Regional Office Market

Avison Young estimate that take-up of office space across the nine regional markets[3] reached 1.6 million sq. ft. in Q2 2023, bringing the half year total to 3.3 million sq. ft., 3.6% below the five year average take-up for the first six months of the year. City centre activity accounted for the largest proportion of take-up (58.5%) in H1 2023 at 1.9 million sq. ft. However, when comparing this to previous years, city centre take-up as a proportion of total take-up has steadily declined from a high of 63.8% in 2019. In the first half of 2023 approximately 1.4 million sq. ft. was transacted in the out of town market, 3.0% above the five year average, and accounting for 41.5% of total H1 2023 take-up - the highest proportion recorded over the last decade[4]. The Asset Manager believes that there is scope for take-up to increase throughout the remainder of 2023 as there continues to be a drive among employers to get more workers back into the office in order to increase productivity. Additionally, many of the large tech companies like Google, Amazon, Zoom and Lyft have moved away from fully remote working, with some mandating at least three days in the office. Meanwhile, JP Morgan and Goldman Sachs have curtailed remote working. Furthermore, encouraging research from the Centre for Cities[5] think tank suggests that in the next two years, working five days a week from the office will become the norm again.

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 16.9% in the first six months of 2023. Moreover, public services, education & health, and technology, media & telecoms sectors accounted for the second and third largest proportion of take-up in the regional cities, accounting for 18.4% and 14.7%, respectively[6]. 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 2023.

According to Savills, there was a rise in availability for regional office stock across ten regional UK markets[7], with total availability in H1 2023 to 15.3 million sq. ft. Despite the uptick in availability in the first half of 2023 supply across the ten regional markets remains 1.2% below the long-term average.

In terms of speculative development, it is estimated that approximately 3.7 million sq. ft. of office space is currently under construction in the Big Nine regional markets, down from 4.7 million sq. ft. for the same period last year, with Manchester, Bristol, and Glasgow accounting for 25.3%, 18.4% and 17.2%, respectively. Approximately 30.7% of office buildings currently under construction are already pre-let.

3 Nine regional office markets mentioned by Avison Young include: Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle

4 Avison Young, The Big Nine, Q2 2023

5 Centre for Cities, Office Politics, May 2023

6 Savills, The Regional Office Market Review, Q2 2023

7 Ten regional office markets mentioned by Savills includes: Aberdeen, Birmingham, Bristol, Cambridge, Cardiff, Edinburgh, Glasgow, Leeds, Manchester, and Oxford

Rental Growth in the UK Regional Office Market

According to monthly data from MSCI, rental value growth held up well for the rest of UK office markets in the 12 months ended June 2023 with growth of 2.7%. Conversely, central London offices experienced modest growth of 1.3% over the same period. The most recent figures from MSCI shows that there is evidence of sustained rental growth in the majority of the regional office markets. By region, the strongest regional rental growth in June (year-on-year comparison) was recorded in the South West of England at 3.3%[8]. Avison Young expects rental growth to continue across most markets for the remainder of 2023 and into 2024. Demand for quality office space has put an upward pressure on rents, with growth of 4.3% recorded across the Big Nine regional markets in the first half of 2023, with average headline rents now sitting at £35.39 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 2023 was 81.6% (30 June 2022: 83.3%). A like-for- like comparison of the Group's regional offices EPRA occupancy, 30 June 2023 versus 30 June 2022, shows occupancy of 81.6% (30 June 2022: 84.7%).

WAULT to first break was 2.8 years (30 June 2022: 2.6 years); like-for-like WAULT to first break was 2.8 years (30 June 2022: 2.6 years).

Property Portfolio

As at 30 June 2023, the Group's property portfolio was valued at £752.2 million (30 June 2022: £918.2 million; 31 December 2022: £789.5 million), with rent roll of £69.8 million (30 June 2022: £72.0 million; 31 December 2022: £71.8 million), and an EPRA occupancy rate of 82.5% (30 June 2022: 83.8%; 31 December 2022: 83.4%). On a like-for-like basis, 30 June 2023 versus 30 June 2022 EPRA occupancy was 82.5% (30 June 2022: 85.2%).

There were 150 properties (30 June 2022: 159; 31 December 2022: 154), in the portfolio, with 1,535 units (30 June 2022: 1,517; 31 December 2022: 1,552) and 1,038 tenants (30 June 2022: 1,086; 31 December 2022: 1,076). If the portfolio was fully occupied at Colliers view of market rents, the rental income would be £88.9 million per annum (30 June 2022: £94.1 million; 31 December 2022: £92.0
million).

As at 30 June 2023, the net initial yield on the portfolio was 6.1% (30 June 2022: 5.7%; 31 December 2022: 6.0%), the equivalent yield was 9.5% (30 June 2022: 8.6%; 31 December 2022: 9.0%) and the reversionary yield was 10.4% (30 June 2022: 9.2%; 31 December 2022: 10.2%).

Property Portfolio by Sector as at 30 June 2023

Sector		Valuation		Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV
	Properties	(£m)	% by valuation	(m)	(%)	(yrs)	(£m)	(£psf)	(£m)
Office	125	692.3	92.0	5.6	81.6	2.8	63.7	14.60	83.0
Retail	18	26.4	3.5	0.3	93.1	3.8	3.2	11.16	2.9
Industrial	4	22.3	3.0	0.4	97.0	5.5	1.9	5.27	2.1
Other	3	11.2	1.5	0.1	100.0	9.8	1.0	15.57	0.9
Total	**150**	**752.2**	**100.0**	**6.4**	**82.5**	**3.0**	**69.8**	**13.76**	**88.9**

Property Portfolio by Region as at 30 June 2023

		Valuation		Sq. ft.	Occupancy (EPRA)	WAULT to first break	Gross rental income	Average rent	ERV
Region	Properties	(£m)	% by valuation	(m)	(%)	(yrs)	(£m)	(£psf)	(£m)
Scotland	36	123.7	16.4	1.2	76.9	4.8	11.5	13.66	17.5
South East	26	138.9	18.5	0.9	82.9	2.4	12.4	16.24	15.6
North East	23	122.1	16.2	1.0	80.3	3.2	10.5	12.75	13.7

North East	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midlands	26	151.4	20.1	1.4	86.5	2.9	15.0	13.05	17.9
North West	19	103.0	13.7	0.9	75.7	2.2	9.4	13.55	12.3
South West	14	74.6	9.9	0.5	91.9	2.1	7.1	16.83	7.9
Wales	6	38.5	5.1	0.4	97.0	3.8	3.8	10.23	4.0
Total	**150**	**752.2**	**100.0**	**6.4**	**82.5**	**3.0**	**69.8**	**13.76**	**88.9**

Tables may not sum due to rounding.

Top 15 Investments (market value) as at 30 June 2023

			Market value (£m)	% of portfolio	Lettable area	EPRA Occupancy (%)	Annualised gross rent (£m)	% of gross rental income	WAULT to first break
300 Bath Street, Glasgow	Office	University of Glasgow, Glasgow Tay House Centre Ltd, Fairhurst Group LLP, London & Scottish Property Investment Management	21.4	2.8%	156,853	87.6%	1.2	1.8%	2.4
Eagle Court, Coventry Road, Birmingham	Office	Virgin Media Ltd, Rexel UK Ltd	20.2	2.7%	132,979	67.6%	1.6	2.3%	0.6
Hampshire Corporate Park, Eastleigh	Office	Aviva Central Services UK Ltd, Lloyd's Register EMEA, Complete Fertility Ltd, National Westminster Bank Plc	19.8	2.6%	84,043	100.0%	1.7	2.4%	3.5
Beeston Business Park, Nottingham	Office/ Industrial	Metropolitan Housing Trust Ltd, SMS Electronics Ltd, Heart Internet Ltd, SMS Product Services Ltd	17.2	2.3%	215,330	100.0%	1.4	2.0%	5.1
800 Aztec West, Bristol	Office	NNB Generation Company (HPC) Ltd, Edvance SAS	16.5	2.2%	73,292	100.0%	1.5	2.2%	0.9
Manchester Green, Manchester	Office	Chiesi Ltd, Ingredion UK Ltd, Assetz SME Capital Ltd, Contemporary Travel Solutions Ltd	16.5	2.2%	107,760	79.1%	1.4	2.0%	3.1
Orbis 1, 2 & 3, Pride Park, Derby	Office	First Source Solutions UK Ltd, DHU Health Care C.I.C., Tentamus Pharma (UK) Ltd	16.2	2.1%	121,883	100.0%	1.8	2.6%	3.9
Norfolk House, Smallbrook Queensway, Birmingham	Office	Global Banking School Ltd, Accenture (UK) Ltd	15.3	2.0%	115,780	97.7%	1.4	1.9%	6.8
Linford Wood Business Park, Milton Keynes	Office	IMServ Europe Ltd, Market Force Information (Europe) Ltd, Aztech IT Solutions Ltd	15.2	2.0%	107,352	91.1%	1.5	2.1%	2.1
Capitol Park, Leeds	Office	Hermes Parcelnet Ltd, BDW	13.4	1.8%	98,340	45.9%	0.7	1.0%	4.6

		Trading Ltd							
Portland Street, Manchester	Office	Evolution Money Group Ltd, Mott MacDonald Ltd, NCG (Manchester) Ltd, Simard Ltd	12.9	1.7%	55,787	95.9%	1.1	1.5%	2.4
Oakland House, Manchester	Office	Please Hold (UK) Ltd, A.M.London Fashion Ltd, CVS (Commercial Valuers & Surveyors) Ltd	12.9	1.7%	161,502	78.5%	1.0	1.5%	2.1
Templeton On The Green, Glasgow	Office	The Scottish Ministers, The Scottish Sports Council, Noah Beers Ltd, The Wise Group	12.0	1.6%	142,520	92.7%	1.3	1.9%	3.9
Origin 1 & 2, Crawley	Office	Knights Professional Services Ltd, DMH Stallard LLP, Spirent Communications Plc, Travelopia Holdings Ltd	11.7	1.6%	45,855	100.0%	1.1	1.6%	1.5
Buildings 2, Bear Brook Office Park, Aylesbury	Office	Utmost Life and Pensions Ltd, Musarubra UK Subsidiary 3 Ltd, Agria Pet Insurance Ltd	11.3	1.5%	61,642	94.5%	1.0	1.5%	4.0
Total			232.4	30.9%	1,680,918	87.4%	19.8	28.4%	3.1

Tables may not sum due to rounding

Top 15 Tenants (share of rental income) as at 30 June 2023

Tenant	Property	Sector	WAULT to first break (years)	Lettable area (Sq. Ft)	Annualised gross rent (£m)	% of gross rental income
Virgin Media Ltd	Eagle Court, Birmingham Southgate Park, Peterborough	Information and communication	0.7	107,830	1.8	2.5%
Shell Energy Retail Ltd	Columbus House, Coventry	Electricity, gas, steam and air conditioning supply	0.5	53,253	1.4	2.0%
Secretary of State for Communities & Local Government Ltd	1 Burgage Square, Merchant Square, Wakefield Albert Edward House, Preston Bennett House, Stoke-On-Trent Oakland House, Manchester Waterside Business Park, Swansea	Public sector	4.1	108,915	1.1	1.5%
EDF Energy Ltd	Endeavour House, Sunderland	Electricity, gas, steam and air conditioning supply	7.2	77,565	1.0	1.5%
First Source Solutions UK Ltd	Orbis 1, 2 & 3, Pride Park, Derby	Administrative and support service activities	3.8	62,433	1.0	1.4%
E.ON UK Plc	Two Newstead Court, Nottingham	Electricity, gas, steam and air conditioning supply	1.8	99,142	0.9	1.4%
John Menzies Plc	2 Lochside Avenue, Edinburgh	Professional, scientific and technical activities	0.1	43,780	0.9	1.3%
NNB Generation Company (HPC) Ltd	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	0.7	41,743	0.9	1.2%
Global Banking School Ltd	Norfolk House, Birmingham	Education	9.4	44,245	0.8	1.2%
SPD Development Co Ltd	Clearblue Innovation Centre, Bedford	Professional, scientific and technical activities	2.3	58,167	0.8	1.2%
Aviva Central Services UK Ltd	Hampshire Corporate Park, Eastleigh	Other service activities	1.4	42,612	0.8	1.1%
Odeon Cinemas Ltd	Kingscourt Leisure Complex, Dundee	Information and communication	12.3	41,542	0.8	1.1%
SpaMedica Ltd	1175 Century Way, Thorpe Park, Leeds Albert Edward House, Preston Fairfax House, Wolverhampton lll Acre, Princeton Drive, Stockton On Tees	Human health and social work activities	2.9	50,656	0.7	1.0%

	Southgate Park, Peterborough The Foundation Chester Business Park, Chester					
Edvance SAS	800 Aztec West, Bristol	Electricity, gas, steam and air conditioning supply	1.1	31,549	0.7	1.0%
Care Inspectorate	Compass House, Dundee Quadrant House, Dundee	Public sector	4.8	51,852	0.7	1.0%
Total			**3.3**	**915,284**	**14.2**	**20.3%**

Table may not sum due to rounding

PROPERTY PORTFOLIO SECTOR AND REGION SPLITS BY VALUATION AND INCOME AS AT 30 JUNE 2023

By Valuation

As at 30 June 2023, 92.0% (June 2022: 92.0%, December 2022: 91.8%) of the portfolio by market value was offices and 3.5% (June 2022: 3.5%, December 2022: 3.6%) was retail. The balance was made up of industrial, 3.0% (June 2022: 3.1%, December 2022: 3.1%) and other, 1.5% (June 2022: 1.4%, December 2022: 1.4%). By UK region, as at 30 June 2023, Scotland represented 16.4% (June 2022: 16.9%, December 2022: 16.7%) of the portfolio and England 78.4% (June 2022: 78.3%, December 2022: 78.3%) the balance of 5.1% (June 2022: 4.8%, December 2022: 5.0%) was in Wales. In England, the largest regions were the Midlands, South East and the North East.

By Income

As at 30 June 2023, 91.4% (June 2022: 91.5%, December 2022: 91.5%) of the portfolio by income was offices and 4.6% (June 2022: 4.5%, December 2022: 4.5%) was retail. The balance was made up of industrial, 2.7% (June 2022: 2.6%, December 2022: 2.6%), and other, 1.4% (June 2022: 1.5%, December 2022: 1.3%). By UK region, as at 30 June 2023, Scotland represented 16.5% (June 2022: 17.6%, December 2022: 16.5%) of the portfolio and England 78.0% (June 2022: 77.1%, December 2022: 78.2%); the balance of 5.5% was in Wales (June 2022: 5.3%, December 2022: 5.3%). In England, the largest regions were the Midlands, the South East and the North East.

LEASE EXPIRY PROFILE

The WAULT on the portfolio is 4.8 years (30 June 2022: 4.7; 31 December 2022: 4.7); WAULT to first break is 3.0 years (30 June 2022: 2.9; 31 December 2022: 3.0). As at 30 June 2023, 14.0% (30 June 2022: 11.9%; 31 December 2022: 14.5%) of income was from leases, which will expire within one year, 12.6% (30 June 2022: 14.8%; 31 December 2022: 14.0%) between one and two years, 30.9% (30 June 2022: 31.4%; 31 December 2022: 29.5%) between two and five years and 42.5% (30 June 2022: 41.8%; 31 December 2022: 42.0%) after five years.

Lease Expiry Income Profile

0-1 year	14.0%
1-2 years	12.6%
2-5 years	30.9%
5+ years	42.5%

TENANTS BY STANDARD INDUSTRIAL CLASSIFICATION ("SIC") AS AT 30 JUNE 2023

SIC Code	% of Headline Rent
Information and communication	12.9%
Professional, scientific and technical activities	12.5%
Administrative and support services activities	10.9%
Financial and insurance activities	8.3%
Wholesale and retail trade	7.8%
Electricity, gas, steam and air conditioning supply	7.2%
Human health and social work activities	5.2%
Public Sector	5.0%
Manufacturing	4.8%
Education	4.6%
Construction	4.1%
Not Specified	3.3%
Other*	13.3%
Total	100.0%

* 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

social security. real estate activities, registered society, transportation and storage, water supply, sewerage, waste management and remediation activities.

FINANCIAL REVIEW

Net Asset Value

Between 1 January 2023 and 30 June 2023, the EPRA NTA* of the Group decreased to £344.9 million (IFRS NAV: £373.8 million) from £379.2 million (IFRS NAV: £402.9 million) as at 31 December 2022, equating to a decrease in the diluted EPRA NTA of 6.6pps to 66.9pps (IFRS: 72.5pps). This is after the dividends declared in the period amounting to 3.3pps.

In the six months to 30 June 2023, the investment property revaluation decrease amounted to £29.5 million, for the properties held as at 30 June 2023.

The investment property portfolio was valued at £752.2 million (30 June 2022: £918.2 million; 31 December 2022: £789.5 million). The decrease of £37.3 million since the December 2022 year-end is a reflection of revaluation movement loss of £29.5 million, £14.1 million of net property disposals and £0.4 million loss on the disposal of investment properties, offset by subsequent expenditure of £6.8 million. Overall, on a like-for-like basis, the portfolio value decreased by 3.8%, after adjusting for capital expenditure, acquisitions and disposals during the period.

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

	Six months to 30 June 2023 (£million)	Six months to June 2022 (£million)	Year ended 31 December 2022 (£million)
Acquisitions			
Net (after costs)	**0.1**	78.9	79.3
Gross (before costs)	**0.0**	74.7	74.7
Disposals			
Net (after costs)	**14.1**	71.4	84.1
Gross (before costs)	**14.6**	75.5	90.0
Capital Expenditure			
Net (after dilapidations)	**6.7**	3.1	10.0
Gross (before dilapidations)	**6.8**	3.3	10.9

The diluted EPRA NTA per share decreased to 66.9pps (31 December 2022: 73.5pps). The EPRA NTA is reconciled in the table below:

	Six months to 30 June 2023 £m	Six months to 30 June 2023 Pence per Share
Opening EPRA NTA (31 December 2022)	**379.2**	**73.5**
Net rental and property income	26.0	5.0
Administration and other expenses	(5.3)	(1.0)
Loss on the disposal of investment properties	(0.4)	(0.1)
Change in the fair value of investment properties	(29.5)	(5.7)
Change in value of right of use	(0.1)	(0.0)
EPRA NTA after operating profit	**369.9**	**71.7**
Net finance expense	(7.9)	(1.5)
Taxation	0.0	0.0
EPRA NTA before dividends paid	**361.9**	**70.2**
Dividends paid**	(17.0)	(3.3)
Closing EPRA NTA (30 June 2023)	**344.9**	**66.9**

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 2022, 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 ended 30 June 2023 amounted to £20.6 million (six months to 30 June 2022: £23.4 million). Loss after finance and before taxation of £12.1 million (six months to 30 June 2022: gain £28.3 million). The six months to 30 June 2023 included the partial rent roll for properties disposed of during the period. The decrease also includes the loss in the fair value of investment properties in the six months to June 2023 of £29.5m, the loss on the disposal of investment properties of £0.4m, and the change in the value of right of use asset of £0.1million.

Rental and property income amounted to £34.3 million, excluding recoverable service charge income and other similar items (six months to 30 June 2022 £37.1m million). The decrease was primarily the result of the decrease in the rent roll being held over the six months to 30 June 2023.

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 only £0.4 million (release in the six months to 30 June 2022: £0.2 million).

Non-recoverable property costs, excluding recoverable service charge income and other similar costs, amounted to £8.3 million (six months to 30 June 2022: £8.1 million), and the rent roll decreased to £69.8 million (six months to 30 June 2022: £72.0 million).

Realised loss on the disposal of investment properties amounted to £0.4 million (six months to 30 June 2022: loss £3.3 million). The disposal losses were from the aggregate disposal of four properties 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 £29.5 million (six months to 30 June 2022: gain of £4.8 million). Net capital expenditure amounted to £6.7 million (six months to 30 June 2022: £3.1 million). The gain on the disposal of the right of use asset amounted to £nil (six months to 30 June 2022: £nil). The change in value of right of use asset amounted to a charge of £0.1 million (six months to 30 June 2022: charge £0.1 million).

Finance expenses amount to £8.0 million (six months to 30 June 2022: £8.4 million).

The EPRA cost ratio, including direct vacancy costs, was 39.9% (30 June 2022: 36.9%). The EPRA cost ratio, excluding direct vacancy costs was 17.3% (30 June 2022: 16.5%). The ongoing charges for the six months ending 30 June 2023 were 7.0% (30 June 2022: 5.4%).

The EPRA Total Return from Listing to 30 June 2023 was 20.8% (30 June 2022: 44.4%), with an annualised rate of 2.5% pa (30 June 2022: 5.7% pa).

Dividend

During the period from 1 January 2023 to 30 June 2023, the Company declared dividends totalling 3.30pps (six months to 30 June 2022: 3.35pps). A schedule of dividends can be found on the Company website.

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 three to six years. The weighted average maturity of the bank debt and retail eligible bond is 4.0 years (30 June 2022: 5.0 years; 31 December 2022: 4.5 years).

The Group's borrowing facilities are with the Royal Bank of Scotland, Bank of Scotland & Barclays, Scottish Widows Limited & Aviva Investors Real Estate Finance, Scottish Widows Limited and Santander UK. The total bank borrowing facilities at 30 June 2023 amounted to £381.7 million (30 June 2022: £392.9million; 31 December 2022: £390.8 million) (before unamortised debt issuance costs), with £5.7 million available to be drawn. In addition to the bank borrowings, the Group has a £50 million 4.5% retail eligible bond, which is due for repayment in August 2024. In aggregate, the total debt available at 30 June 2023 amounted to £437.4 million (30 June 2022: £444.9 million; 31 December 2022: £444.9 million).

At 30 June 2023, the Group's cash and cash equivalent balances amounted to £41.2 million (30 June 2022: £46.2 million; 31 December 2022: £50.1 million), of which £26.0 million (30 June 2022: £43.2 million; 31 December 2022: £37.8 million) was unrestricted cash.

The Group's net loan to value ("LTV") ratio stands at 51.9% (30 June 2022: 43.2%; 31 December 2022: 49.5%) before unamortised costs. A programme of asset management initiatives and disposals continues to be diligently executed to ensure the net borrowing reverts to our long- term target of c.40%.

Debt Profile and LTV Ratios as at 30 June 2023

Lender	Original facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value** %	Annual interest rate %
Royal Bank of Scotland, Bank of Scotland & Barclays	128,000	125,677	Aug-26	52.7	2.40 over 3 months £ SONIA
Scottish Widows Ltd. and Aviva Investors Real Estate Finance	157,500	157,500	Dec-27	51.4	3.28 Fixed
Scottish Widows Ltd.	36,000	36,000	Dec-28	43.8	3.37 Fixed
Santander UK	65,870	62,516	Jun-29	47.2	2.20% over 3 months £ SONIA
	387,370	**381,693**			
Retail Eligible Bond	50,000	50,000	Aug-24	N/A	4.50% Fixed
	437,370	**431,693**			

Table may not sum due to rounding.

* Before unamortised debt issue costs

** Based on valuation undertaken by Colliers at 30/6/23

The Managers continue to monitor the borrowing requirements of the Group.

The net gearing ratio (net debt to Ordinary Shareholders' equity (diluted) of the Group was 104.5% as at 30 June 2023 (30 June 2022: 77.3%; 31 December 2022: 96.9%).

Interest cover, excluding amortised costs, stands at 2.8 times (30 June 2022: 3.2 times; 31 December 2022: 3.4 times) and including amortised costs, stands at 2.6 times (30 June 2022: 2.8 times; 31 December 2022: 3.0 times).

Hedging

The Group applies an interest rate 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 2023 %	Six months ended 30 June 2022 %	Year ended 31 December 2022 %
Borrowings interest rate hedged			
Thereof:	**101.6**	100.5	100.9
Fixed	**56.4**	56.7	56.9
Swap	**28.4**	27.6	27.8
Cap	**16.6**	16.1	16.2
Weighted Average Cost of Debt ("WACD")[10]	**3.5**	3.5	3.5

Table may not sum due to rounding

The over-hedged position has arisen due to the entire Royal Bank of Scotland, Bank of Scotland & Barclays and Santander UK facilities, including any undrawn balances, being hedged by interest rate cap derivatives which have no ongoing cost to the Group.

[10] 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.

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 2023, the Group recognised a tax charge of £nil (30 June 2022: £nil tax charge).

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 and emerging risks and uncertainties the Group faces are summarised below and described in detail on pages 49 to 59 of the 2022 Annual Report, which is available on the Group's website: www.regionalreit.com - Annual Report 2022.

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.

Though the principal risks and uncertainties remain substantially unchanged since the Annual Report and Accounts for the year ended 31 December 2022, the risks remain heightened in light of concerns around rising inflation, higher interest rates and the unsettled geopolitical backdrop, all of which may impact valuations and the wider UK economy.

A summary of the Group's principal risks 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.

Covid risk
The economic disruption after-effects resulting from Covid-19, coupled with possible new strains and other 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.

Funding risk
The Group may not be able to secure further debt on acceptable terms, which could impinge upon investment opportunities and the ability to grow the Group. Bank reference rates maybe set to continue to become more volatile, accompanying volatile inflation. Breach of covenants within the Group'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.

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.

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 too. All of these risks could impinge upon the profitability of the Group.

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 2022 and are summarised above.

The condensed consolidated financial statements for the period from 1 January 2023 to 30 June 2023 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 financial statements continue to be prepared on a going concern basis. The Directors have reviewed areas of potential financial risk and cash flow forecasts. No material uncertainties have been detected which would influence the Group's ability to continue as a going concern for a period of not less than 12 months. Accordingly, the Board of Directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Further detail on the assessment of going concern can be found in note 2.3 below.

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 11 September2023 and the above responsibility statement was signed on its behalf by:

Kevin McGrath
Chairman
11 September 2023

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2023

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)

	Notes	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Continuing Operations				
Revenue				
Rental and property income	5	**44,415**	45,211	93,318
Property costs	6	**(18,438)**	(16,267)	(30,672)
Net rental and property income		**25,977**	28,944	62,646
Administrative and other expenses	7	**(5,341)**	**(5,568)**	**(11,421)**
Operating profit before gains and losses on property assets and other investments		**20,636**	23,376	51,225
Loss on disposal of investment properties	13	**(403)**	(3,281)	(8,636)
Change in fair value of investment properties	13	**(29,491)**	4,785	(113,233)
Gain on disposal of right of use assets		**-**	36	76
Change in fair value of right of use assets		**(69)**	(112)	(185)
Operating (loss)/profit		**(9,327)**	**24,804**	**(70,753)**
Finance income	8	**17**	34	126
Finance expenses	9	**(7,953)**	(8,437)	(17,285)
Net movement in fair value of derivative financial instruments	16	**5,128**	11,851	22,743
(Loss)/profit before tax		**(12,135)**	**28,252**	**(65,169)**
Taxation	10	**-**	-	6
Total comprehensive (loss)/income for the period (attributable to owners of the parent Company)		**(12,135)**	28,252	(65,163)
(Losses)/earnings per Share - basic and diluted	11	**(2.4)p**	5.5p	(12.6)p

Total comprehensive (loss)/income 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 2023

	Notes	**30 June 2023 (unaudited) £'000**	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Assets				
Non-current assets				
Investment properties	13	**752,226**	918,200	789,480
Right of use assets		**11,057**	12,402	11,126
Non-current receivables on tenant loan		**452**	674	578
Derivative financial instruments	16	**29,577**	13,557	24,449
		793,312	944,833	825,633
Current assets				
Trade and other receivables		**33,068**	32,181	30,274
Cash and cash equivalents		**41,231**	46,158	50,148
		74,299	78,339	80,422
Total assets		**867,611**	1,023,172	906,055
Liabilities				
Current liabilities				
Trade and other payables		**(38,230)**	(47,188)	(39,231)
Deferred income		**(17,244)**	(12,537)	(16,661)
Deferred tax liabilities		**(699)**	(705)	(699)
		(56,173)	(60,430)	(56,591)
Non-current liabilities				
Bank and loan borrowings	14	**(376,331)**	(386,932)	(385,265)
Retail eligible bonds	15	**(49,829)**	(49,673)	(49,752)
Lease liabilities		**(11,490)**	(12,762)	(11,505)
		(437,650)	(449,367)	(446,522)
Total liabilities		**(493,823)**	(509,797)	(503,113)
Net assets		**373,788**	513,375	402,942
Equity				
Stated capital	17	**513,762**	513,762	513,762
Accumulated losses		**(139,974)**	(387)	(110,820)
Total equity attributable to owners of the parent Company		**373,788**	513,375	402,942

		373,788	513,375	402,942
Net asset value per Share - basic and diluted	18	**72.5p**	99.5p	78.1p

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 2023

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

For the six months ended 30 June 2022

	Notes	Attributable to owners of the parent company Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2022		513,762	(11,361)	502,401
Total comprehensive income		-	28,252	28,252
Dividends paid	12	-	(17,278)	(17,278)
Balance at 30 June 2022		**513,762**	**(387)**	**513,375**

For the year ended 31 December 2022

	Notes	Attributable to owners of the parent company Stated capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2022		513,762	(11,361)	502,401
Total comprehensive loss		-	(65,163)	(65,163)
Dividends paid	12	-	(34,296)	(34,296)
Balance at 31 December 2022		**513,762**	**(110,820)**	**402,942**

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 2023

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Cash flows from operating activities			
(Loss)/profit for the year before taxation	**(12,135)**	28,252	(65,169)
- Change in fair value of investment properties	**24,491**	(4,785)	113,233
- Change in fair value of financial derivative instruments	**(5,128)**	(11,851)	(22,743)
Loss on disposal of investment properties	**403**	3,281	8,636
- Gain on disposal of right of use assets	**-**	(36)	(76)
- Change in fair value of right of use assets	**69**	112	185
Finance income	**(17)**	(34)	(126)

Finance expense	**7,953**	8,437	17,285
(Increase) in trade and other receivables	**(2,679)**	(2,631)	(619)
(Decrease)/increase in trade and other payables and deferred income	**(433)**	1,686	(2,150)
Cash generated from operations	**17,524**	**22,431**	**48,456**
Finance costs	**(7,430)**	(7,406)	(15,198)
Net cash flow generated from operating activities	**10,094**	15,025	33,258
Investing activities			
Purchase of investment properties and subsequent expenditure	**(6,755)**	(81,970)	(89,287)
Sale of investment properties	**14,115**	71,423	84,087
Interest received	**28**	33	116
Net cash flow from/(used in) operating activities	**7,388**	**(10,514)**	**(5,084)**
Financing activities			
Dividends paid	**(17,004)**	(16,956)	(33,971)
Bank borrowings advanced	**1,944**	14,322	14,322
Bank borrowings repaid	**(11,043)**	(11,370)	(13,467)
Bank borrowing costs paid	**(78)**	(153)	(485)
Lease repayments	**(218)**	(324)	(553)
Net cash flow (used in)/generated from financing activities	**(26,399)**	(14,481)	(34,154)
Net decrease in cash and cash equivalents for the period	**(8,917)**	(9,970)	(5,980)
Cash and cash equivalents at the start of the period	**50,148**	56,128	56,128
Cash and cash equivalents at the end of the period	**41,231**	**46,158**	**50,148**

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 2023

1. Corporate information

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 11 September 2023.

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 2023 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 2022, which have been prepared in accordance with International

Financial Reporting Standards ("IFRS") as contained in UK-adopted International Accounting Standards.

2.1. Comparative period

The comparative financial information presented herein for the year ended 31 December 2022 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 2022 were delivered to the Guernsey Financial Services Commission. The Group's independent Auditor's report on those Accounts was unqualified and did not include references to any matters to which the Auditors drew attention by way of emphasis without qualifying their report.

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 £41.2m of cash and cash equivalents, of which £26.0m was unrestricted cash, providing ample liquidity. Borrowing facilities decreased from £440.8m at 31 December 2022 to £431.7m as at 30 June 2023, with an LTV of 51.9%, based upon the value of the Group's investment properties as at 30 June 2023. In respect of the Group's borrowings the first bank facility to mature is £125.7m facility in August 2026 which is held with the Royal Bank of Scotland, and the Retail eligible bond matures August 2024. The Directors believe that should financing be required at the bond maturity date then appropriate borrowings will be in-place in adequate time.

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 were approved. This is underpinned by the robust rent collections and the limited 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.

2.4. Business combinations

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

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

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, which has a carrying value at the reporting date of £752,226,000 (30 June 2022: £918,200,000; 31 December 2022: £789,480,000) 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. 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.

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 carrying value of the derivatives at the reporting date was £29,577,000 asset (30 June 2022: £13,557,000; 31 December 2022: £24,449,000). The significant methods and assumptions used in estimating the fair value of the interest rate derivatives are set out in note 16.

3.1.3. Dilapidation income

The Group recognises dilapidation income in the Group's Statement of Comprehensive Income when the right to receive the income arises. In determining accrued dilapidations, the Group has considered historic recovery rates, while also factoring in expected costs associated with recovery.

3.1.4. Operating lease contracts - the Group as lessee

The Group has a number of leases concerning the long-term lease of land associated with its long leasehold investment properties. Under IFRS16, the Group calculates the lease liability at each reporting date and at the inception of each lease and at 1 January 2019 when the standard was first adopted. The liability is calculated using present value of future lease payments using the Group's incremental borrowing rate as the discount rate.

At 30 June 2023, there were ten leases with the range of the period left to run being 25 and 95 years. The Directors have determined that the discount rate to use in the calculation for each lease is 4% being the Group's weighted average cost of debt at the date of transition. Any new leases entered in to following the transition date will apply a discount rate based on the Group's weighted average cost of debt at the date the lease is entered into.

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 Leases - 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.

3.3. 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 2022 and are expected to be consistently applied for the current year ending 31 December 2023. The changes to the condensed consolidated financial statements arising from accounting standards effective for the first time are noted below:

• **IFRIC Agenda Item:** Following clarification by IFRIC on the classification of monies held in restricted accounts, monies that are restricted by use only are classified at 31 March 2023 as "Cash and cash equivalents". The clarification has not had a material impact on the financial statements.

• **IFRIC Agenda Item:** In October 2022, the IFRIC issued an agenda decision in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)' ('the IFRIC Decision on Concessions'). This concluded that losses incurred on granting retrospective rent concessions should be charged to the income statement on the date that the legal rights to income are conceded (i.e. immediate recognition in full rather than smoothed over the life of the lease). The clarification has not had a material impact on the financial statements.

• **Amendments to IAS 12 'Income Taxes'** (effective for periods beginning on or after 1 January 2023) - clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments have not had a significant impact on the preparation of the financial statements.

• **Amendments to IAS 1 'Presentation of Financial Statements'** (effective for periods beginning on or after 1 January 2023) - are intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments have not had a significant impact on the preparation of the financial statements.

• **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** (effective for periods beginning on or after 1 January 2023) - introduce the definition of an accounting estimate and include other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments have not had a significant impact on the preparation of the financial statements.

5. Rental and property income

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Rental income - freehold property	**28,360**	31,255	61,458
Rental income - long leasehold property	**5,949**	5,801	14,861
Recoverable service charge income and other similar items	**10,106**	8,155	16,999
Total	**44,415**	**45,211**	**93,318**

6. Property costs

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December

	2023 (unaudited) £'000	2022 (unaudited) £'000	2022 (audited) £'000
Other property expenses and irrecoverable costs	**8,332**	8,112	13,673
Recoverable service charge expenditure and other similar costs	**10,106**	8,155	16,999
Total	**18,438**	**16,267**	**30,672**

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

7. Administrative and other expenses

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Investment management fees	**1,035**	1,469	2,687
Property management fees	**1,324**	1,284	3,044
Asset management fees	**1,034**	1,494	2,691
Directors' remuneration	**157**	134	302
Administration fees	**317**	315	697
Legal and professional fees	**914**	939	2,083
Marketing and promotion	**38**	43	111
Other administrative costs	**111**	82	195
Bank debt cost/(credit)	**397**	(199)	(405)
Bank charges	**14**	7	16
Total	**5,341**	**5,568**	**11,421**

8. Finance income

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Interest income	**17**	34	126
Total	**17**	**34**	**126**

9. Finance expense

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Interest payable on bank borrowings	**6,301**	6,277	12,940
Amortisation of loan arrangement fees	**243**	659	1,421
Bond interest	**1,125**	1,125	2,250
Bond issue costs amortised	**77**	77	156
Bond expenses	**4**	4	8
Lease interest	**203**	295	510
Total	**7,953**	**8,437**	**17,285**

10. Taxation

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Corporation tax charge	**-**	-	-
Decrease in deferred tax creditor	**-**	-	(6)
Total	**-**	**-**	**(6)**

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 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Calculation of earnings per Share			
Net (loss)/profit attributable to Ordinary Shareholders	**(12,135)**	28,252	(65,163)
Adjustments to remove:			
Changes in value of investment properties	**29,491**	(4,785)	113,233
Changes in fair value of right of use assets	**69**	112	185
Loss on disposal of investment property	**403**	3,281	8,636
Gain on the disposal of right of use assets	**-**	(36)	(76)
Change in fair value of interest rate derivates and financial assets	**(5,128)**	(11,851)	(22,743)
Deferred tax credit	**-**	-	(6)
EPRA net profit attributable to Ordinary Shareholders	**12,700**	**14,973**	**34,066**
Weighted average number of Ordinary Shares	**515,736,853**	515,736,853	515,736,583
(Loss)/ earnings per Share - basic and diluted	**(2.4)p**	5.5p	(12.6)p
EPRA earnings per Share - basic and diluted	**2.5p**	2.9p	6.6p

12. Dividends

	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Dividends			
Dividend of 1.65 (2022: 1.70) pence per Ordinary Share for the period 1 October - 31 December	8,510	8,768	8,768
Dividend of 1.65 (2022: 1.65) pence per Ordinary Share for the period 1 January - 31 March	8,509	8,510	8,510
Dividend of nil (2022: 1.65) pence per Ordinary Share for the period 1 April - 30 June	-	-	8,509
Dividend of nil (2022: 1.65) pence per Ordinary Share for the period 1 July - 30 September	-	-	8,509
Total	**17,019**	**17,278**	**34,296**

On 23 February 2023, the Company announced a dividend of 1.65 pence per Share in respect of the period 1 October 2022 to 31 December 2022. The dividend was paid on 6 April 2023 to Shareholders on the register as at 3 March 2023.

On 24 May 2023, the Company announced a dividend of 1.65 pence per Share in respect of the period 1 January 2023 to 31 March 2023. The dividend was paid on 4 August 2023 to Shareholders on the register as at 2 June 2023.

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 Cushman & Wakefield.

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 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 the disposal 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 six months ended 30 June 2022 (unaudited)			
Valuation at 1 January 2022	751,440	154,709	906,149
Property additions - acquisitions	64,709	14,207	78,916
Property additions - subsequent expenditure	1,735	1,319	3,054
Property disposals	(67,097)	(3,516)	(71,423)
Loss on the disposal of investment properties	(2,792)	(489)	(3,281)
Change in fair value during the period	1,940	2,845	4,785
Valuation at 30 June 2022 (unaudited)	**749,125**	**169,075**	**918,200**

Group Movement in investment properties for the year ended 31 December 2022 (audited)			
Valuation at 1 January 2022	751,440	154,709	906,149
Property additions - acquisitions	70,322	8,948	79,270
Property additions - subsequent expenditure	5,994	4,023	10,017
Property disposals	(80,436)	(3,651)	(84,087)
Gain/(loss) on the disposal of investment properties	(8,032)	(604)	(8,636)
Change in fair value during the period	(95,658)	(17,575)	(113,233)
Valuation at 31 December 2022 (audited)	**643,630**	**145,850**	**789,480**

The historic cost of the properties was £908,464,000 (30 June 2022: £944,480,000; 31 December 2022: £92,723,000).

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 2023	**752,226**	-	-	**752,226**
30 June 2022	**918,200**	-	-	**918,200**
31 December 2022	**789,480**	-	-	**789,480**

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 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 2023, 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 Valuation - Global Standards and the RICS Valuation UK National Supplement.

In arriving at their estimates of fair values as at 30 June 2023, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables.

Techniques used for valuing investment properties

The following descriptions and definitions relate to valuation techniques and key unobservable 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.

Observable input: market rental
The rent at which space could be let in the market conditions prevailing at the date of valuation £12,500 - £3,589,000 per annum (30 June 2022: £9,000 - £3,317,000 per annum; 31 December 2022: £12,500-£3,317,000).

Observable input: rental growth
The decrease in rent is based on contractual agreements: -3.18%(30 June 2022: -1.2%; 31 December 2022: -5.08%). There is a gross contracted rent reduction, as per normal operations it is a combination of property disposals, space under refurbishment and lease expires.

Observable Input: net initial yield
The initial net income from a property at the accounting date, expressed as a percentage of the gross purchase price including the costs of purchase 0% - 21.4%; (30 June 2022: 0% - 21.81%; 31 December 2022: 0% to 22.58%).

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 2023 valuation had an initial yield range of 5.59% to 9.33% (31 December 2022: 5.20% to 17.55%). As set out within the significant accounting estimates and judgements, the Group's property portfolio valuation is open to judgement and is inherently subjective by nature, and actual values can only be determined in a sales transaction.

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.

The impact of changes to the significant unobservable inputs:

	30 June 2023 Impact on statement of comprehensive income £'000	30 June 2023 Impact on statement of financial position £'000	31 December 2022 Impact on statement of comprehensive income £'000	31 December 2022 Impact on statement of financial position £'000
Improvement in ERV by 5%	32,721	32,721	39,166	39,166
Worsening in ERV by 5%	(32,199)	(32,199)	(38,625)	(38,625)

Improvement in yield by 0.125%	12,174	12,174	16,066	16,066
Worsening in yield by 0.125%	(1,012)	(1,012)	(15,558)	(15,558)

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 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Bank borrowings drawn at start of period	**390,792**	389,937	389,937
Bank borrowings drawn	**1,944**	14,322	14,322
Bank borrowings repaid	**(11,043)**	(11,370)	(13,467)
Bank borrowings drawn at end of period	**381,693**	392,889	390,792
Less: unamortised costs at start of period	**(5,527)**	(6,463)	(6,463)
Less: loan issue costs incurred in the period	**(78)**	(153)	(485)
Add: loan issue costs amortised in the period	**243**	659	1,421
At end of period	**376,331**	**386,932**	**385,265**
Maturity of bank borrowings			
Repayable within 1 year	**-**	-	-
Repayable between 1 to 2 years	**-**	-	-
Repayable between 2 to 5 years	**283,177**	127,445	290,677
Repayable after more than 5 years	**98,516**	265,444	100,115
Unamortised loan issue costs	**(5,362)**	(5,957)	(5,527)
	376,331	**386,932**	**385,265**

The table below lists the Group's borrowings.

Lender	Original facility £'000	Outstanding debt* £'000	Maturity date	Gross loan to value**	Annual interest rate	Amortisation
Royal Bank of Scotland, Bank of Scotland and Barclays	**128,000**	125,677	August 2026	52.70%	2.40% over 3 months £ SONIA	Mandatory prepayment
Scottish Widows Ltd & Aviva Investors Real Estate Finance	**157,500**	157,500	December 2027	51.40%	3.28% Fixed	None
Scottish Widows Ltd	**36,000**	36,000	December 2028	43.80%	3.37% Fixed	None
Santander UK	**65,870**	62,516	June 2029	47.20%	2.20% over 3 months £ SONIA	Mandatory prepayment
Total bank borrowings	**387,370**	381,693				
Retail eligible bond	**50,000**	50,000	August 2024		4.50% Fixed	None
Total	**437,370**	**431,693**				

SONIA = Sterling Over Night Indexed Average

* Before unamortised debt issue costs.

** Based upon Colliers property valuations.

The weighted average term to maturity of the Group's debt at the period end was 4.0 years (30 June 2022: 5.0 years; 31 December 2022: 4.5 years).

The weighted average interest rate payable by the Group on its debt portfolio, excluding hedging, as at the period

The weighted average interest rate payable by the Group on its debt portfolio, excluding hedging, as at the period end was 4.9% per annum (30 June 2022: 3.4% per annum; 31 December 2022: 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.

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 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Bond principal at start of period	**50,000**	50,000	50,000
Unamortised issue costs at start of period	**(248)**	(404)	(404)
Amortisation of issue costs	**77**	77	156
At end of period	**49,829**	49,673	49,752

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.

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Fair value at start of period	**24,449**	1,706	1,706
Revaluation in the period	**5,128**	11,851	22,743
Fair value at end of period	**29,577**	**13,557**	**24,449**

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	Original facility £'000	Outstanding debt* £'000	Maturity date	Annual interest rate	Notional amount £'000	Rate
Royal Bank of Scotland, Bank of Scotland and Barclays	128,000	125,677	August 2026	2.40% over 3months £ SONIA	swap £73,000 cap £55,000	0.97% 0.97%
Scottish Widows Ltd. & Aviva Investors Real Estate Finance	157,500	157,500	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	65,870	62,516	June 2029	2.20% over 3 months £ SONIA	swap £49,403 cap £16,468	1.39% 1.39%
Total	**387,370**	**381,693**				

SONIA = Sterling Over Night Indexed Average

As at 30 June 2023, the swap arrangements were £122.4m (30 June 2022: £122.4m; 31 December 2022: £122.4m) and the cap notional arrangements amounted to £71.5m (30 June 2022: £71.5m; 31 December 2022: £71.5m).

The Group weighted average cost of debt of 3.5% (30 June 2022: 3.5%; 31 December 2022: 3.5%) is inclusive of hedging costs.

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 101.6% (30 June 2022: 100.5%; 31 December 2022: 100.9%), as shown below.

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Total bank borrowings	**381,693**	392,889	390,792
Notional value of interest rate caps and swaps	**193,870**	193,870	193,871
Value of fixed rate debts	**193,500**	201,000	201,000
	387,370	394,870	394,871
Proportion of hedged debt	**101.6%**	**100.5%**	**100.9%**

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 2023	29,577	-	29,577	-
30 June 2022	13,557	-	13,557	-
31 December 2022	24,449	-	24,449	-

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 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Issued and fully paid Shares of no par value			
At start of the 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 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Net asset value per Condensed Consolidated Statement of Financial Position	**373,788**	513,375	402,942
Adjustment for calculating EPRA net tangible assets:			
Derivative financial instruments	**(29,577)**	(13,557)	(24,449)
Deferred tax liability	**699**	705	699
EPRA Net Tangible Assets	**344,910**	500,523	379,192
Number of Ordinary Shares in issue	**515,736,583**	515,736,583	515,736,583
Net asset value per Share - basic and diluted	**72.5p**	**99.5p**	**78.1p**
EPRA Net Tangible Assets per Share - basic and diluted	**66.9p**	**97.1p**	**73.5p**

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.

20. Transactions with related parties

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

In respect of each portfolio property the Investment Manager has procured and shall, with the Company in future, procure that London & Scottish Property Investment Management 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.

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 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Asset management fees charged[1]	**1,034**	1,494	2,691
Property management fees charged[1]	**1,324**	1,284	3,044
Total	**2,358**	2,778	5,735

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Total fees outstanding[1]	**1,279**	1,474	1,642

[1] Including irrecoverable VAT charged where appropriate

Transactions with the Investment Manager, Toscafund Asset Management LLP

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 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Investment management fees charged	**1,035**	1,469	2,687
Total	**1,035**	1,469	2,687

	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Total fees outstanding	**519**	687	524

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 ended 30 June 2023 or 30 June 2022 or the year ended 31 December 2022.

21. Subsequent events

On 11 September 2023, the Board of Directors approved a dividend of 1.20 pps in respect of the period 1 April 2023 to 30 June 2023 for announcement on 12 September 2023. The dividend will be paid on 19 October 2023 to Shareholders on the register as at 22 September 2023. These condensed consolidated financial statements do not reflect this dividend.

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 2023**	Period ended 31 December 2022
EPRA EARNINGS	Earnings from operational activities	EPRA Earnings	**£12,700,000**	£34,066,000
		EPRA Earnings per Share (basic and diluted)	**2.5p**	6.6p
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	**£344,910,000**	£379,192,000
		EPRA Net Reinstatement Value per Share (diluted)	**66.9p**	73.5p
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	**£344,910,000**	£379,192,000
		EPRA Net Tangible Assets per Share (diluted)	**66.9p**	73.5p
EPRA Net Disposal Value	EPRA NAV metric which represents the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other	EPRA Net Disposal Value	**£400,226,000**	£422,226,000

	adjustments are calculated to the full extent of their liability, net of any resulting tax.	EPRA Net Disposal Value per Share (diluted)	**77.6p**	81.9p
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%**	6.4%
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	**7.2%**	7.2%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacancy space divided by ERV of the whole portfolio.	EPRA Vacancy Rate	**16.2%**	16.6%
EPRA Costs Ratio	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	EPRA Costs Ratio	**39.9%**	32.8%
		EPRA Costs Ratio (excluding direct vacancy costs)	**17.3%**	16.28%
EPRA LTV	Debt divided by the market value of property	EPRA LTV	**55.0%**	52.8%

NOTES TO THE CALCULATION OF THE 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 2023 £'000	31 December 2022 £'000
NAV per the financial statements	**373,788**	402,942
Fair value of derivative financial instruments	**(29,577)**	(24,449)
Deferred tax liability	**699**	699
EPRA Net Reinstatement Value	**344,910**	379,192
Dilutive number of Shares	515,736,583	515,736,583
EPRA Net Reinstatement Value per share	**66.9p**	73.5p

3. EPRA Net Tangible Assets

	30 June 2023 £'000	31 December 2022 £'000
NAV per the financial statements	**373,788**	402,942
Fair value of derivative financial instruments	**(29,577)**	(24,449)
Deferred tax liability	**699**	699
EPRA Net Tangible Assets	**344,910**	379,192
Dilutive number of Shares	**515,736,583**	515,736,583
EPRA Net Tangible Assets per Share	**66.9p**	73.5p

4. EPRA Net Disposal Value

	30 June 2023 £'000	31 December 2022 £'000
NAV per the financial statements	**373,788**	402,942
Adjustment for the fair value of bank borrowings	**24,109**	18,867
Adjustment for the fair value of retail eligible bonds	**2,329**	417
EPRA Net Disposal Value	**400,226**	422,226
Dilutive number of Shares	**515,736,583**	515,736,583
EPRA Net Disposal Value per Share	**77.6p**	81.9p

5. EPRA Net Initial Yield

Calculated as the value of investment properties divided by annualised net rents:

	30 June 2023 £'000	31 December 2022 £'000
Investment properties	**752,226**	789,480
Purchaser costs	**49,633**	51,993
	801,859	841,473
Annualised cash passing rental income	**61,663**	63,687
Property outgoings	**(9,694)**	(9,705)
Annualised net rents	**51,969**	53,982
Add notional rent expiration of rent-free periods or other lease incentives	**5,985**	6,402
Topped-up net annualised rent	**57,954**	60,384
EPRA NIY	**6.5%**	6.4%
EPRA topped up NIY	**7.2%**	7.2%

6. EPRA Vacancy Rate

	Six months ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Estimated Market Rental Value (ERV) of vacant space	**14,729**	14,579
Estimated Market Rental value (ERV) of whole portfolio	**84,260**	87,652
EPRA Vacancy Rate	**17.5%**	16.6%

7. EPRA Cost Ratios

	Six month ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Property costs	**18,438**	30,672
Less recoverable service charge income and other similar costs	**(10,106)**	(16,999)
Add administrative and other expenses	**5,341**	11,421
EPRA costs (including direct vacancy costs)	**13,673**	25,094
Direct vacancy costs	**(7,723)**	(12,712)
EPRA costs (excluding direct vacancy costs)	**5,950**	12,382
Gross rental income	**44,415**	93,318
Less recoverable service charge income and other similar items	**(10,106)**	(16,999)
Gross rental income less ground rents	**34,309**	76,319

Gross rental income less ground rents	[illegible]	[illegible]
EPRA Cost Ratio (including direct vacancy costs)	**39.9%**	32.8%
EPRA Cost Ratio (excluding direct vacancy costs)	**17.3%**	16.2%

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

8. EPRA LTV

	30 June 2023 £'000	31 December 2022 £'000
Borrowings from financial institutions	**381,693**	390,792
Bond loans	**50,000**	50,000
Net payables	**23,731**	26,888
Cash and cash equivalents	**(41,231)**	(50,148)
EPRA Net debt	**414,193**	417,532
Investment properties at fair value	**752,226**	789,480
Financial Assets - loans	**645**	770
Total property value	**752,871**	790,250
EPRA LTV	**55.0%**	52.8%

PROPERTY RELATED CAPITAL EXPENDITURE ANALYSIS

	Six months ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Acquisitions	**91**	79,270
Development	**-**	-
Investment properties	**-**	
Incremental lettable space	**-**	-
Enhancing lettable space	**6,664**	10,017
Tenant incentives	**-**	-
Other material non-allocated types of expenditure	**-**	-
Capitalised interest	**-**	-
Total Capital Expenditure	**6,755**	89,287
Conversion from accruals to cash basis	**-**	-
Total Capital Expenditure on cash basis	**6,755**	89,287

Acquisitions - this represents the purchase cost of investment properties and associated incidental purchase expenses such as stamp duty land tax, legal fees, agents' fees, valuations and surveys.

Subsequent capital expenditure - this represents capital expenditure which has taken place post the initial acquisition of an investment property.

OTHER PERFORMANCE MEASURES

Net LTV

	30 June 2023 £'000	31 December 2022 £'000
Borrowings from financial institutions	**381,693**	390,792
Bond loans	**50,000**	50,000
Cash and cash equivalents	**(41,231)**	(50,148)
Net debt	**390,462**	390,644
Investment properties at fair value	**752,226**	789,480
Net LTV	**51.9%**	49.5%

SHAREHOLDER INFORMATION

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 9.00 and - 17.30, Monday to Friday excluding public holidays in England and Wales. For Shareholder enquiries please email shareholderenquiries@linkgroup.co.uk.

POSTAL ADDRESS
Link Group
Shareholder Services
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Electronic Communications from the Company
Shareholders now have the opportunity to be notified by email when the Company's annual reports, interim reports and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, visit www.signalshares.com. To register, you will need your investor code, which can be found on your share certificate.

Alternatively, you can contact Link's Customer Support Centre, which is available to answer any queries you have in relation to your shareholding:

By phone: call +44 (0) 371 664 0300. Calls from outside the UK will be charged at the applicable international rate. Lines are open between 9.00 and 17.30, Monday to Friday (excluding public holidays in England and Wales).

By email: shareholderenquiries@linkgroup.co.uk

By post:
Link Group
Shareholder Services
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Forthcoming events

October 2023	Q2 2023 Dividend Payment
November 2023	Q3 Trading Update and Dividend Declaration
February 2024	Q4 Dividend Declaration
March 2024	2023 Preliminary Results
May 2024	Q1 2024 Trading Update and Dividend Declaration

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

Website: www.regionalreit.com

Other Information

Listing (ticker):	LSE Main Market (RGL)
Date of listing:	6 November 2015
Joint Brokers:	Peel Hunt LLP and Panmure Gordon (UK) Limited
Financial PR:	Buchanan Communications
Incorporated:	Guernsey
ISIN:	GG00BYV2ZQ34
SEDOL:	BYV2ZQ3

Legal Entity Identifier: 549300D8G4NKLRIKBX73

COMPANY INFORMATION

Directors

Kevin McGrath (Chairman and Independent Non-Executive Director)

Daniel Taylor (Senior Independent Non-Executive Director)

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

Massy Larizadeh (Independent Non-Executive Director, Nomination Committee and Management Engagement Committee Chairman)

Stephen Inglis (Non-Executive Director)

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Registrar
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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of this announcement.

National Storage Mechanism

A copy of the Half-Yearly Report will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism

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