

13 November 2024

REGIONAL REIT Limited
("Regional REIT", the "Group" or the "Company")
Q3 2024 Trading Update and Dividend Declaration
9.3% Uplift in New Letting Income in 2024

Regional REIT Limited (LSE: RGL), the regional property specialist, is pleased to announce a trading update for the three-month period from 1 July 2024 to 30 September 2024 and a dividend declaration for the third quarter of 2024. Additionally, the Group provides an update on its positive ESG progress, with a continued strengthening of its EPC and GRESB rating.

The Company is now on a much stronger financial footing, following the successful £110.5m equity fund raise, which was completed in Q3 2024 and strongly supported by shareholders. Proceeds were used for the repayment of the £50m retail bond, and of the remaining net proceeds: £26.3m is in the process of being used to reduce bank facilities; and £28.4m will be used in repositioning the portfolio to capture the accretive opportunities from capital expenditure, enhancing earnings in the near term and value in the mid to long-term, further underpinning dividend payments going forward.

Q3 2024 Trading Update

The Group traded well during the period under review and made good progress, completing a number of lease renewals during Q3 2024. Retention remained high with 77.7%* of rent roll up for renewal remaining let.

* Includes tenants that are currently holding over, lease renewals, and the acquisition of new replacement tenants.

Rental uplift of 9.3% against December 2023 ERVs has been achieved. Since 1 January 2024, the Group has exchanged on 55 leases to new tenants totalling 161,668 sq. ft. providing £2.6m per annum ("pa") of rental income when fully occupied. Of this total, 11 leases have been exchanged since 30 June 2024, totalling 39,536 sq. ft. and will provide £0.5m pa of additional rental income.

Capital expenditure programme highlights

The deployment of the capital raise proceeds into capital accretive projects has commenced with eight projects in course for a total investment of £15.0m.

A full refurbishment of Ashby Park, Ashby De La Zouch has recently completed at a cost of £2.7m. These works have already led to a new 10-year lease with Ashfield Healthcare Ltd. and Q Collection (UK) Ltd. generating an aggregate £0.5m pa rental income.

Q3 2024 Dividend Declaration

As previously indicated, the Company is pleased to declare that it will pay a dividend of 2.20 pence per share ("pps") for the period 1 July 2024 to 30 September 2024. The entire dividend will be paid as a REIT property income distribution ("PID").

Shareholders have the option to invest their dividend in a Dividend Reinvestment Plan ("DRIP"), and more details can be found on the Company's website <https://www.regionalreit.com/investors/investors-dividend/dividend-reinvestment-plan>.

The key dates relating to this dividend are:

Ex-dividend date	21 November 2024
Record date	22 November 2024
Last day for DRIP election	17 December 2024
Payment date	10 January 2025

Prior to the capital raise and share consolidation** the Company declared a Q1 2024 dividend of 1.2pps. Post the capital raise and subsequent share consolidation the Company declared a Q2 2024 dividend of 2.2pps on 10 September 2024 and is now declaring a Q3 2024 dividend of 2.2pps. The Board will target a dividend of 2.2pps for Q4 2024.

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

The level of future payment of dividends will be determined by the Board having regard to, among other factors, the financial position and performance of the Group at the relevant time, UK REIT requirements, the interest of shareholders and the long-term future of the Company.

Strong ESG Progress Achieved

During the quarter the portfolio EPC ratings continued to improve following management action taken, and the Company is on target to achieve EPC B rating by 2030 in accordance with current guidelines.

Rating	30 June 2024	30 September 2024	Movement
B plus and Exempt	56.3%	57.0%	+70bps
C	25.5%	25.1%	(40)bps
D	11.5%	11.5%	-
E and below	6.7%	6.3%	(40)bps

Following the assessment by Global Real Estate Sustainability Benchmark ("GRESB"), the Group has increased its score noticeably to 73 in 2024 from 66 in 2023, achieving two Green Star status. The Company continues to improve and embed ESG processes throughout its operations and looks forward to achieving further improvements to the rating for 2024.

A full update on the Company's ESG progress will be provided in the annual report and accounts, which is due to be published in 2025.

Outlook

During the period under review, the challenging economic backdrop remained evident with a subdued investment market; and although positive leasing momentum continued across the portfolio, the time to completion continues to remain untypically long.

In the near term, the Board remains focused on a controlled disposal programme and repositioning the portfolio to capture the accretive opportunities from increasingly undertaking the planning consent activities, whilst maintaining dividend distributions.

Stephen Inglis, Head of ESR Europe LSPIM, Asset Manager commented:

"The Group continued to trade well, achieving strong rent collection and lease retention for the quarter, with an average rental income uplift of 9.3% for the year to 30 September 2024, against a backdrop of uncertain market conditions.

The deployment of the capital raise proceeds into capital accretive projects has commenced at a pace with eight projects in course for a total investment of £15.0m. We have already completed the full refurbishment project at Ashby Park, Ashby De La Zouch leading to a new 10-year lease generating £0.5m pa rental income. We look forward to providing further updates on accretive capital expenditure projects."

Additional Background Information

Portfolio Highlights as at 30 September 2024:

- 131 properties, 1,303 units and 808 tenants, totalling c.£648.8m *** of gross property assets value
- Offices (by value) were 91.4% of the portfolio (31 December 2023: 92.1%), Retail 3.1% (31 December 2023: 3.1%), Industrial 3.4% (31 December 2023: 3.2%) and Other 2.1% (31 December 2023: 1.6%)
- Rent roll of £62.1m (30 June 2024: £63.5m); ERV £83.5m (30 June 2024: £83.7m)
- EPRA Occupancy (by ERV) 77.5% (30 June 2024: 78.0%); like-for-like EPRA occupancy was 77.5% (30 September 2023: 82.0%)
- Average lot size c. £5.0m (31 December 2023: c. £4.9m)
- Group cost of debt (incl. hedging) 3.4% pa (31 December 2023: 3.5% pa) - 100% fixed and hedged ensuring the maximum cost of debt will not exceed 3.4%
- Net loan-to-value ratio c. 41.4% *** (31 December 2023: 55.1%)

- Weighted average debt duration 3.1 years, with the earliest borrowing maturity date being August 2026
- Cash and cash equivalent balances £85.1m (31 December 2023: £34.5m)
- Gross borrowings £353.3m (31 December 2023: £420.8m)
- Q3 2024 rent collected as at 7 November 2024 amounted to 96.7%

*** Gross property assets value based upon Colliers valuations as at 30 June 2024, adjusted for subsequent acquisitions, disposals and capital expenditure in the period.

Summary of Activity in the Quarter to 30 September 2024:

The Group undertook several asset management projects, generating new lettings and maintaining and improving income through lease renewals and re-gears: During the third quarter of 2024, the Group has exchanged on eight notable leases and renewals totalling 65,326 sq. ft., amounting to £1.3m per annum ("pa") of rental income when fully occupied.

- **Ashby Park, Ashby De La Zouch** - Q Collection (UK) Ltd. has let 7,254 sq. ft. of office space to October 2034 with the option to break in 2027, at a rental income of £134,199 pa (£18.50 / sq. ft.).
- **The Courtyard, Macclesfield** - Elinor UK Services Ltd. has renewed existing lease for 23,100 sq. ft. of space to August 2028, at a rental income of £542,700 pa (£23.49/ sq. ft.).
- **The Coach Works, Leeds** - St James's Place Wealth Management Group Ltd. has renewed existing lease for 9,818 sq. ft. of space to September 2025, at a rental income of £297,900 pa (£30.34/ sq. ft.).
- **Global Reach, Cardiff** - Active Quote Ltd. has renewed existing lease for 4,318 sq. ft. of space to August 2025, at a rental income of £62,568 pa (£14.49/ sq. ft.).
- **1175 Century Way, Thorpe Park, Leeds** - Greenbelt Group Ltd. has let 2,670 sq. ft. of office space to July 2029, at a rental income of £64,080 pa (£24.00 / sq. ft.).
- **Mandale Business Park, Durham** - Avoive Ltd. has let 5,000 sq. ft. of office space to July 2034 with the option to break in 2029, at a rental income of £58,750 pa (£11.75 / sq. ft.).
- **St James Business Park, Paisley** - Maximus UK Services Ltd. has let 5,456 sq. ft. of office space to September 2029 with the option to break in 2025, at a rental income of £76,384 pa (£14.00 / sq. ft.).
- **Buchanan Gate, Stepps, Glasgow** - RPS Environmental Management Ltd. has let 7,710 sq. ft. of office space to September 2029 with the option to break in 2027, at a rental income of £88,665 pa (£11.50 / sq. ft.).

Sales

Total disposals in the three months to 30 September 2024 amounted to £1.75m (before costs), reflecting an uplift of 2.9% against the 30 June 2024 valuation.

Future asset disposal programme comprises of 48 assets valued at c £72.7m in aggregate:

Subsequent Events summary post 30 September 2024:

Since the quarter end, the Group has successfully completed the following lettings and sales:

Lettings

- **14-16 Rossmore Business Village, Ellesmere Port** - The Alexander Beard Group of Companies Ltd. has renewed existing lease for 4,369 sq. ft. of space to October 2034 with a break option in 2030, at a rental income of £61,200 pa (£14.00/ sq. ft.).
- **The Royals, Altrincham Road, Manchester** - The Golfers Club U.K. Ltd. has renewed existing lease for 5,470 sq. ft. of space to December 2025 with a break option in March 2025, at a rental income of £82,050 pa (£15.00/ sq. ft.).
- **Bear Brook Office Park, Aylesbury** - Ulrich Attachments Ltd. has let 3,347 sq. ft. of office space to November 2034 with the option to break in 2029, at a rental income of £51,500 pa (£15.39 / sq. ft.).
- **Mandale Business Park, Durham** - NHS Property Services Ltd. has renewed existing lease for 5,100 sq. ft. of space to November 2034 with a break option in 2029, at a rental income of £58,750 pa (£11.52/ sq. ft.).

Forthcoming Events

20 February 2025	Q4 2024 Dividend Declaration and Portfolio Valuation
25 March 2025	Full year 2024 Preliminary Results Announcement
21 May 2025	May 2025 Trading Update and Outlook Announcement
	Q1 2025 Dividend Declaration Announcement
22 May 2025	Annual General Meeting

Note: All dates are provisional and subject to change

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About Regional REIT

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

Regional REIT's commercial property portfolio is comprised wholly of income producing UK assets and comprises, predominantly of offices located in the regional centres outside of the M25 motorway. The portfolio is geographically diversified, with 131 properties, 1,303 units and 808 tenants as at 30 September 2024, with a valuation of c.£648.8m.

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

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

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