EDISON

Regional REIT

FY21 results

Well positioned for an office recovery

Real estate

In a challenging environment Regional REIT (RGL) performed well in FY21, increasing earnings and dividends, and continuing income-led positive returns. It also made strong strategic progress, achieving its focus on regional offices, for which it expects a strengthening recovery, while building additional scale and diversification.

Year end	Net rental income (£m)	EPRA earnings* (£m)	EPRA EPS* (p)	NAV/ share** (p)	DPS (p)	P/NTA (x)	Yield (%)
12/20	53.3	28.1	6.5	98.6	6.40	0.89	7.3
12/21	55.8	30.4	6.6	97.2	6.50	0.90	7.4
12/22e	63.1	34.6	6.7	99.0	6.70	0.89	7.6
12/23e	65.4	36.7	7.1	101.0	7.10	0.87	8.1

Note: *EPRA earnings exclude revaluation movements, gains/losses on disposal and other non-recurring items. EPRA EPS is fully diluted. **NAV used is EPRA net tangible assets (NTA) per share. EPS and NTA are fully diluted.

Fully covered dividend growth

The August 2021 £236m acquisition of a significant regional office portfolio, funded a mix of new shares and debt, had only a partial impact on FY21. EPRA earnings increased 8% y-o-y to £30.4m and including new shares issued EPRA EPS increased 1.5% to 6.6p, fully covering DPS of 6.5p (+1.6%). Property acquisition costs offset a 1.1% like-for-like portfolio valuation gain and EPRA NTA per share reduced slightly to 97.2p, but including DPS paid the total return was 5.0%. The acquisition funding increased net LTV to 42.4%, but RGL expects to bring this back towards its 40% target over the next 12–18 months through a combination of valuation growth and non-core disposals. We have made only modest changes to our forecasts, which anticipate further earnings and DPS growth driven by the full impact of the FY21 portfolio growth and relatively modest reversionary income capture.

RGL anticipates positive office sector performance

RGL believes the office is an essential aspect of the working infrastructure and the sector is poised for recovery, particularly for good-quality regional assets with affordable rents. This is now the focus of investment following significant transaction activity during FY21, rotating the portfolio further towards offices (now c 90% by value). Reflecting strong asset management potential, the portfolio acquisition contributed to a reduction in EPRA occupancy at end-FY21 (81.8% vs 85.7% at H1), as did a well-flagged large lease expiry towards the year-end. During FY21 the gross rent roll increased substantially with portfolio growth to £72.1m (FY20: £64.2m), with strong upside potential towards an ERV of £94.6m, primarily through the letting of vacant office space, well ahead of our near-term assumptions.

Valuation: High yield and fully covered, growing DPS

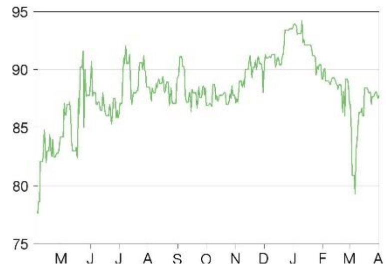
RGL continues to offer one of the highest yields in the UK REIT sector. Its FY21 yield of 7.4% is significantly above close peers. We forecast further growth in fully covered DPS in FY22 and FY23. This is partly reflected in a narrower c 10% discount to NAV versus peers (average c 18%).

4 April 2022

Price	**87.8p**
Market cap	**£453m**

Net debt (£m) as 31 December 2021	383.8
Net LTV as at 31 December 2021	42.4%
Shares in issue	515.7m
Free float	99%
Code	RGL
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.9	(6.5)	13.7
Rel (local)	(2.0)	(6.3)	4.3
52-week high/low		94.5p	77.2p

Business description

Regional REIT is focused on office assets (more than 90%), located in the regional centres of the UK, highly diversified by property, tenants and the underlying industry exposure of those tenants. It is actively managed and targets a total shareholder return of at least 10% with a strong focus on income.

Next events

Q122 DPS announcement	25 May 2022

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Edison profile page

Regional REIT is a research client of Edison Investment Research Limited

Well positioned for an office recovery

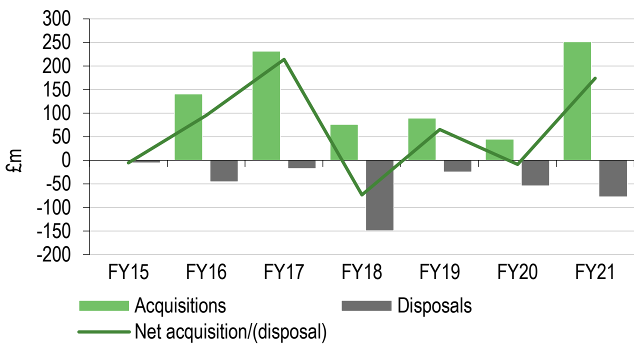
Robust FY21 performance with strategic office focus achieved

RGL performed well in FY21 despite a challenging backdrop for the office sector caused by the pandemic. Rent collection remained strong throughout the year and currently stands at 99.2%,[1] underpinning income performance and uninterrupted quarterly dividends. The year saw substantial property transaction activity,[2] reflecting RGL's view that its industrial assets offered little remaining income upside compared with the opportunities that it could identify in the office sector. Regional offices offer relatively high yields, a combination of low rents and low capital values. The latter are well below new build costs and this has inhibited most new development in recent years. Meanwhile, re-purposing of existing space towards residential, student and hotel accommodation has worked to reduce supply. Structural demand factors remain in place, such as office migration from (more expensive) London to the regions and the political goal of rebalancing economic activity from South England to the North likely to remain, possibly reinforced by a shift to 'localism' (smaller, regional offices located in towns and cities outside the capital).

The £236m acquisition of the Squarestone portfolio of primarily regional office assets and the sale of most of the remaining industrial assets achieved this aim and has added considerable scale, with an attractive initial yield and significant income growth potential. Regional office assets now represent c 90% of the portfolio and non-core assets, including the rump of the industrial assets, c 9%.

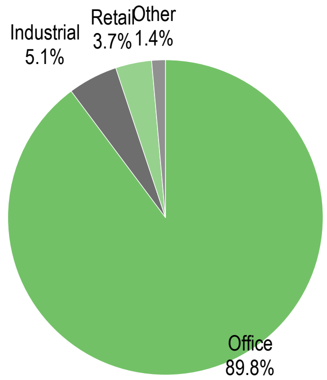
With the return to the office underway, RGL is optimistic about a recovery in letting activity that would enable it to capture some of the significant reversionary income in the portfolio and drive capital values higher.

Exhibit 1: Substantial portfolio activity in FY21



Source: Regional REIT data, Edison Investment Research

Exhibit 2: Focus on the office sector



Source: Regional REIT. Note: 31 December 2021.

Although now focused on the office sector, RGL's rental stream remains highly diversified across a broad range of properties, tenants and industries, mitigating income risk in a still uncertain environment. All RGL's debt is fixed or hedged, while over time commercial property sector rents have broadly tracked inflation

[1] As at 18 March 2022, comprising 97.9% cash collected, 0.2% monthly collected, and agreed payment plans of 1.1%.

[2] Acquisitions £236m (before acquisition costs) and disposals of £79.6m.

The Squarestone portfolio adds high-quality and complementary assets

The Squarestone portfolio acquisition was covered in detail in our October update note. RGL was primarily attracted by the quality of the assets acquired, their complementarity with the existing portfolio, and the significant asset management opportunity they provide.

The portfolio assets comprise 27 geographically well-spread regional offices (93.3% by value), two industrial units, a residential asset and a drive-thru restaurant. The initial income is attractive with the £21.9m contracted rent roll reflected in a net initial yield of 7.8%, and with EPRA occupancy of 78.8% at acquisition and reversionary yield of 11.0% there is significant opportunity to increase income over time.

Offices are re-opening and RGL remains positive

With pandemic restrictions lifted, the return to the office is underway. A legacy of the pandemic will likely be a permanent acceleration in some of the trends that were already in place. Most tenants are expected to adopt a hybrid model of working, at least initially, whereby employees spend perhaps three days per week (typically Tuesday, Wednesday and Thursday) in the office and two days at home. RGL does not expect hybrid working to materially reduce space requirements as it must cater for peak usage. As an alternative, hot desking is typically unpopular with staff, who value their own space, the certainty of being in proximity to close colleagues. Hot desking may stifle the collaboration and creativity required by many employers. RGL expects any reduction in the demand for space driven by changes in working practices to be offset by a reduction in office density (the number of employees per square metre), accelerating a trend that was in place prior to the pandemic. This is likely to apply particularly to good-quality space at affordable rents. The trend has been driven by a recognition that to retain and attract staff, in many industries it is necessary for employers to offer better facilities (including relaxation areas and space for collaborative working and informal discussion) and quality accommodation. The experience of social distancing, driven by the pandemic, is only likely to reinforce this trend.

Strong reversionary potential

Leasing activity was challenging through FY21 but RGL is expecting a recovery that will enable it to benefit from strong reversionary income potential in its office portfolio.

Coming into FY21, 12-month lease expiries to first break were £16.2m or 26% of the rent roll. During the year, new lettings added £2.5m to contracted rents and c 59% of expiring income was retained, although on a like-for-like basis EPRA occupancy reduced from 89.5% at end-FY20 to 82.4% at end-FY21. The decline was magnified by some identified significant maturities towards year-end where it had previously been identified that the tenants would vacate to new premises. Coming into FY22, 12-month lease maturities to first break were £14.1m or c 20% of rent roll. An improvement in retention, back towards a more normal 70%, and/or an increase in new letting activity would see occupancy rebuild.

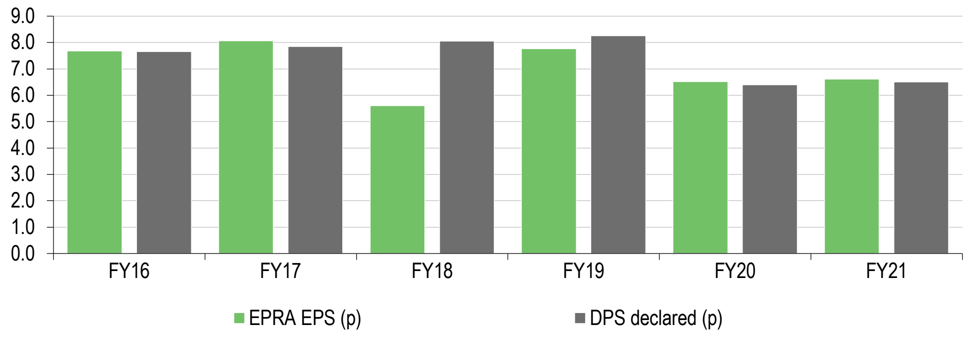
The externally estimated rental value (ERV) of the RGL's office portfolio was £86.3m at end-FY21, £22.4m or 35% above contracted rents[3] (EPRA occupancy 80.8%). The majority of this reversionary income potential (c £17m) relates to occupancy improvement and the balance relates to the gap between existing rents and ERV as well as lease incentive run-off.

3 For the portfolio as a whole, ERV of £94.6m was similarly £22.5m ahead of £72.1m of contracted rent.

Active management continues to drive income-led total returns

RGL came to market in November 2015 targeting a higher yield portfolio that would provide progressive, regular dividends with the potential for capital growth. Active asset management and capital recycling are key elements in sustaining asset yields. RGL's dividend yield has been consistently one of the highest in the sector and although DPS was reduced in FY20 as a result of the pandemic, quarterly dividends were maintained and have again begun to increase. Aggregate FY21 DPS of 6.5p was up 1.6% on FY20 (6.4p) and we forecast further growth in DPS in FY22 and FY23, fully covered by EPRA earnings.

Exhibit 3: Consistent dividends tracking EPRA earnings



Source: Regional REIT data

With the exception of FY20 again, the accounting total return has been positive in each year since the initial public offering, amounting to 41.2% or a compound average annual return of 5.8%, all generated by dividends paid.

Exhibit 4: NAV total return performance*

	2015*	2016	2017	2018	2019	2020	2021	Since IPO
Opening EPRA NAV per share (p)	100.0	106.8	106.1	105.4	115.2	112.6	98.6	100.0
Closing EPRA NTA* per share (p)	106.8	106.1	105.4	115.2	112.6	98.6	97.2	97.2
Dividends per share paid (p)	0.00	6.25	7.80	8.00	8.20	7.45	6.30	44.00
NAV total return (%)	6.8%	5.1%	6.7%	16.8%	4.9%	-5.8%	5.0%	41.2%
Average annual return (%)								5.8%

Source: Regional REIT data, Edison Investment Research. Note: *EPRA net tangible assets (NTA) per share

All RGL's debt is fixed or hedged

RGL's secured debt portfolio is diversified across a range of lenders and is well spread by maturity with a weighted average of 5.5 years. RGL also has £50m of unsecured retail eligible bonds due to expire in August 2024. During FY21 RGL increased its borrowings to part fund the Squarestone portfolio acquisition, the majority of which was funded by a new club facility provided by the Royal Bank of Scotland, Bank of Scotland and Barclays.

It is RGL's target to hedge at least 90% of the total debt portfolio using interest derivatives or fixed rate facilities and this currently applies to all debt, eliminating most interest rate risk, with a weighted average effective interest rate, including hedging costs, of 3.3% at end-FY21.

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Exhibit 5: Debt portfolio summary

	Original facility (£m)	Outstanding (£m)	Maturity	Gross loan to value	Interest terms
Royal Bank of Scotland, Bank of Scotland, & Barclays	128.0	127.2	Aug-26	43.4%	SONIA + 2.40%
Scottish Widows & Aviva	165.0	165.0	Dec-27	46.4%	3.28% fixed
Scottish Widows	36.0	36.0	Dec-28	38.7%	3.37% fixed
Santander	65.9	61.7	Jun-29	39.0%	Libor + 2.20%
Total secured facilities	**394.9**	**389.9**			
Retail Eligible Bond	50.0	50.0	Aug-24	Unsecured	4.5% fixed
Total facilities	**444.9**	**439.9**			

Source: Regional REIT

FY21 results in detail and forecast update

Exhibit 6 provides a summary of the FY21 financial performance.

Exhibit 6: Summary of FY21 financial performance

£m unless stated otherwise	FY21	FY20	FY21/FY20	Edison FY21 forecast
Net rental income	65.8	62.1	5.9%	66.0
Non-recoverable property costs	(9.9)	(8.8)	12.9%	(9.7)
Net rental income	55.8	53.3	4.8%	56.3
Administrative & other expenses	(10.6)	(11.3)	-6.6%	(11.3)
Operating profit before gains/(losses) on property	**45.2**	**42.0**	**7.8%**	**45.0**
Unrealised and realised property gains/(losses)	(7.7)	(56.1)		(10.7)
Operating profit	**37.6**	**(14.1)**		**34.3**
Net finance expense	(14.9)	(14.0)	6.6%	(14.5)
Impairment of goodwill	0.0	(0.6)		0.0
Change in fair value of interest rate derivative	6.0	(2.5)		2.6
Profit before tax	**28.8**	**(31.2)**		**22.4**
Tax	0.0	0.2		0.0
IFRS Net profit	**28.8**	**(31.0)**		**22.4**
Adjust for:				
Unrealised and realised property gains/(losses)	7.7	56.1		10.7
Impairment of goodwill	0.0	0.6		0.0
Change in fair value of interest rate derivative	(6.0)	2.5		(2.6)
EPRA earnings	**30.4**	**28.1**	**8.0%**	**30.5**
Basic IFRS EPS (p)	6.3	(7.2)		4.9
EPRA EPS (p)	**6.6**	**6.5**	**1.5%**	**6.6**
DPS (p)	**6.50**	**6.40**	**1.6%**	**6.50**
EPRA NTA per share (p)	**97.2**	**98.6**	**-1.4%**	**96.9**
Accounting total return	5.0%	-5.8%		4.7%
Investment properties	906.1	732.4	23.7%	910.4
Net debt	(383.8)	(298.8)		(390.0)
Net LTV	42.4%	40.8%		42.8%

Source: Regional REIT, Edison Investment Research

Key features of the FY21 results included:

- Rental and other property income increased by £3.7m or 5.9% to £65.8m, primarily driven by the increase in rent roll in place during the year, increased by significant net acquisition activity during the second half of the year.
- Including non-recoverable property costs, increased by portfolio growth and an increase in voids, net rental income increased £2.5m or 4.8% to £55.8m.
- Administrative expenses were also lower year-on-year, primarily the result of lower investment and asset management fees, which reduced in line with average net asset value.
- Operating profit before property valuation movements increased £3.2m or 7.8% with the EPRA cost ratio reducing to 31.2% (FY20: 32.4%).

- With interest expense up 6.6% or £0.9m, driven by higher average borrowings on the enlarged portfolio, EPRA earnings increased £2.4m or 8% to £30.4m or EPRA EPS of 6.6p, fully covering DPS of 6.5p.
- IFRS earnings and net asset value (NAV) also included a net realised and unrealised property loss of £7.7m, with like-for-like valuation growth of 1.1% offset by £15.4m of property acquisition costs, primarily related to the Squarestone portfolio acquisition, and a £6.0m gain in the fair value of interest rate derivatives used to hedge interest rate risk.
- The net loan to value ratio (LTV) increased as expected, following the Squarestone acquisition, to 42.4%. RGL expects this to return towards its medium-term target of c 40% through a combination of valuation growth and further non-core asset sales. We are more cautious on valuation growth and our forecasts show a broadly flat LTV.

Forecasts

As Exhibit 7 shows, the FY21 results were very much as we had expected. There is a slight reduction to our FY22 and FY23 EPRA earnings forecasts, but EPRA NTA is increased slightly and DPS is unchanged, fully covered by EPRA earnings.

Exhibit 7: Forecast revisions

	Net rental income (£m)			EPRA earnings (£m)			EPRA EPS (p)			EPRA NTA (p)			DPS (p)		
	New	Old	% chg.	New	Old	% chg.	New	Old	% chg.	New	Old	% chg.	New	Old	% chg.
12/22e	63.1	64.0	(1.5)	34.6	35.1	(1.3)	6.7	6.8	(1.3)	99.0	98.0	1.1	6.70	6.70	0.0
12/22e	65.4	65.9	(0.7)	36.7	36.9	(0.5)	7.1	7.2	(0.5)	101.0	100.0	1.0	7.10	7.10	0.0

Source: Edison Investment Research

Our forecasts assume no net impact from acquisitions and disposals over the year, although both are likely.[4] The driver of our forecasts is thus net rental income. Annualised contracted gross rental income increased 8% in FY21 to £72.1m from £64.2m, driven by net acquisitions and partly offset by lower occupancy. We expect a modest increase in contracted rent to £73.5m in FY22 and £75.6m in FY23, driven by an uptick in occupancy (to c 83% versus 81.8% at end-FY21) as the letting market begins to recover. Our forecasts show an increase in non-recoverable property expenses, but the full period impact of the increased portfolio masks a slight underlying reduction in line with the occupancy improvement.

We have assumed modest growth in property valuations of c 1% pa, driven mainly by occupancy improvement. RGL is hopeful of stronger growth including an improvement in external valuer sentiment as improving investment volumes provide more transactional evidence of underlying market valuations. We estimate that a 1% increase/decrease in the FY21e value of investment properties increases/decreases EPRA NTA by c 1.9%.

Valuation

In Exhibit 8 we show a comparison with a narrow group of peers that are similarly focused on regional commercial property. To ease comparison, the data is based on 12-month trailing DPS declared and last published EPTA NTA/NAV.

RGL's high trailing FY21 dividend yield of 7.4% continues to be at the very top end of both this narrow peer group and the broad UK property sector (we estimate c 4.5% on a trailing basis), particularly in respect of covered dividends. This is reflected in a narrower discount to NAV of c 10% versus the peer group average of c 18%.

[4] Since the end of FY21 eight non-core properties have been disposed of for an aggregate consideration of £33.5m, at a 1.3% premium to the FY21 valuation, with a net initial yield of 5.1% (or 6.3% excluding vacant properties).

Exhibit 8: Peer valuation and share price performance comparison

	Price (p)	Market cap (£m)	P/NAV* (x)	Yield** (%)	Share price performance (%)			
					1 month	3 months	12 months	From 12m high
Circle Property	234	67	0.85	1.5	4%	10%	17%	-4%
Custodian	102	451	0.90	5.0	1%	-3%	11%	-6%
Picton	98	538	0.87	3.4	3%	-4%	13%	-8%
Real Estate Investors	40	72	0.68	7.7	5%	1%	19%	-7%
Schroder REIT	58	285	0.82	4.9	7%	8%	45%	-1%
Palace Capital	268	124	0.74	4.7	9%	2%	16%	-8%
UK Commercial Property REIT	91	1179	0.89	3.0	19%	21%	24%	0%
BMO Commercial Property Trust	117	857	0.86	3.6	8%	11%	64%	-2%
BMO Real Estate Investments	94	226	0.78	4.1	12%	10%	27%	-2%
Average			**0.82**	**4.5**	**8%**	**6%**	**27%**	**-4%**
Regional REIT	**88**	**453**	**0.90**	**7.4**	**4%**	**-6%**	**14%**	**-9%**
UK property sector index	234	67	0.85	1.5	4%	10%	17%	-4%
UK equity market index	102	451	0.90	5.0	1%	-3%	11%	-6%

Source: Company data, Edison Investment Research, Refinitiv prices as at 31 March 2022. Note: *Based on last reported EPRA NTA or NAV per share. **Based on trailing 12-month DPS declared.

Exhibit 9: Financial summary

Year end 31 December (£m)	2018	2019	2020	2021	2022e	2023e
INCOME STATEMENT	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Rental & other income	62.1	64.4	62.1	65.8	74.6	76.6
Non-recoverable property costs	(7.7)	(9.4)	(8.8)	(9.9)	(11.6)	(11.2)
Net rental & related income	54.4	55.0	53.3	55.8	63.1	65.4
Administrative expenses (excluding performance fees)	(10.5)	(10.9)	(11.3)	(10.6)	(11.9)	(12.2)
Performance fees	(7.0)	0.0	0.0	0.0	0.0	0.0
EBITDA	36.8	44.1	42.0	45.2	51.2	53.2
EPRA cost ratio	40.1%	31.6%	32.4%	31.2%	31.5%	30.5%
EPRA cost ratio excluding performance fee	28.6%	31.6%	32.4%	31.2%	31.5%	30.5%
Gain on disposal of investment properties	23.1	1.7	(1.1)	0.7	0.0	0.0
Change in fair value of investment properties	23.9	(3.5)	(54.8)	(8.3)	9.1	9.3
Change in fair value of right to use asset		(0.2)	(0.2)	(0.0)	(0.2)	(0.2)
Operating Profit (before amort. and except.)	83.8	42.0	(14.1)	37.6	60.1	62.3
Net finance expense	(15.7)	(13.7)	(14.0)	(14.9)	(16.5)	(16.5)
Fair value movement in interest rate derivatives & goodwill impairment	(0.1)	(2.0)	(3.1)	6.0	0.0	0.0
Profit Before Tax	67.9	26.3	(31.2)	28.8	43.5	45.8
Tax	(0.6)	0.3	0.2	0.0	0.0	0.0
Profit After Tax (FRS 3)	67.4	26.5	(31.0)	28.8	43.5	45.8
Adjusted for the following:						
Net gain/(loss) on revaluation/disposal of investment properties	(47.0)	1.9	55.9	7.6	(9.1)	(9.3)
Other EPRA adjustments	0.5	2.6	3.2	(6.0)	0.2	0.2
EPRA earnings	20.9	31.0	28.1	30.4	34.6	36.7
Performance fees	7.0	0.0	0.0	0.0	0.0	0.0
Adjusted earnings	27.9	31.0	28.1	30.4	34.6	36.7
Period end number of shares (m)	372.8	431.5	431.5	515.7	515.7	515.7
Fully diluted average number of shares outstanding (m)	372.8	398.9	431.5	459.7	515.7	515.7
IFRS EPS - fully diluted (p)	18.1	6.6	(7.2)	6.3	8.4	8.9
EPRA EPS, fully diluted (p)	5.6	7.8	6.5	6.6	6.7	7.1
Adjusted EPS (p)	7.5	7.8	6.5	6.6	6.7	7.1
Dividend per share (p)	8.05	8.25	6.40	6.50	6.70	7.10
Dividend cover	93.1%	94.2%	101.7%	101.7%	100.2%	100.2%
BALANCE SHEET						
Non-current assets	720.9	806.0	749.5	925.2	946.1	967.2
Investment properties	718.4	787.9	732.4	906.1	927.3	948.6
Other non-current assets	2.5	18.1	17.2	19.0	18.8	18.6
Current Assets	127.0	69.4	101.1	85.5	78.4	69.2
Other current assets	22.2	32.2	33.7	29.4	28.4	29.2
Cash and equivalents	104.8	37.2	67.4	56.1	50.0	40.0
Current Liabilities	(83.7)	(36.2)	(49.1)	(58.4)	(62.5)	(63.7)
Borrowings	(0.4)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	(83.3)	(36.2)	(49.1)	(58.4)	(62.5)	(63.7)
Non-current liabilities	(334.7)	(355.5)	(380.9)	(449.9)	(450.4)	(450.9)
Borrowings	(285.2)	(287.9)	(310.7)	(383.5)	(384.5)	(385.5)
Other non-current liabilities	(49.5)	(67.6)	(70.3)	(66.4)	(65.9)	(65.4)
Net Assets	429.5	483.7	420.6	502.4	511.6	521.7
Derivative interest rate swaps & deferred tax liability	1.0	2.6	5.0	-1.0	-1.0	-1.0
Goodwill	(1.1)	(0.6)	0.0	0.0	0.0	0.0
EPRA net tangible assets	429.4	485.7	425.6	501.4	510.6	520.7
IFRS NAV per share (p)	115.2	112.1	97.5	97.4	99.2	101.2
Fully diluted EPRA NTA per share (p)	115.2	112.6	98.6	97.2	99.0	101.0
CASH FLOW						
Cash (used in)/generated from operations	38.8	26.0	48.0	56.9	56.2	53.7
Net finance expense	(11.9)	(12.2)	(12.5)	(13.1)	(15.2)	(15.2)
Tax paid	(1.5)	(0.8)	0.2	0.0	0.0	0.0
Net cash flow from operations	25.4	13.0	35.7	43.8	41.0	38.6
Net investment in investment properties	100.6	(25.6)	(0.3)	(98.3)	(12.0)	(12.0)
Acquisition of subsidiaries, net of cash acquired	(32.6)	(43.9)	0.0	0.0	0.0	0.0
Other investing activity	0.2	0.2	0.1	0.0	0.0	0.0
Net cash flow from investing activities	68.2	(69.4)	(0.2)	(98.2)	(12.0)	(12.0)
Equity dividends paid	(29.4)	(32.5)	(26.7)	(27.8)	(34.3)	(35.7)
Debt drawn/(repaid) - inc bonds and ZDP	(50.5)	3.5	22.2	73.8	0.0	0.0
Net equity issuance	(1.2)	60.5	0.0	(0.1)	0.0	0.0
Other financing activity	47.7	(42.7)	(0.8)	(2.7)	(0.9)	(0.9)
Net cash flow from financing activity	(33.4)	(11.2)	(5.3)	43.2	(35.2)	(36.6)
Net Cash Flow	60.2	(67.6)	30.1	(11.2)	(6.1)	(10.0)
Opening cash	44.6	104.8	37.2	67.4	56.1	50.0
Closing cash	104.8	37.2	67.4	56.1	50.0	40.0
Balance sheet debt	(374.6)	(337.1)	(360.1)	(433.1)	(434.3)	(435.4)
Unamortised debt costs	(5.8)	(6.9)	(6.0)	(6.9)	(5.7)	(4.5)
Closing net debt	(275.5)	(306.8)	(298.8)	(383.8)	(390.0)	(400.0)
LTV	38.3%	38.9%	40.8%	42.4%	42.1%	42.2%

Source: Regional REIT, Edison Investment Research

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