

Regional REIT

Encouraging progress

Q126 update

Regional REIT (RGL) has published an update on Q126 trading to accompany its AGM. While market conditions remain challenging, it has continued to make good progress on its portfolio repositioning strategy. We expect the sale of predominantly vacant, non-core assets will reduce property costs by more than rental income, while the proceeds are funding debt reduction and interest cost savings. It is particularly encouraging that new leases continue to be agreed at a strong premium to estimated rental value (ERV) and that, adjusted for disposals, underlying rent roll was broadly stable versus end-FY25. A Q1 DPS of 2.0p has been declared, in line with the previously declared FY26 target of 8.0p.

Year end	EPRA earnings (£m)	EPRA EPS (p)	NAV/share (£)	DPS (p)	Yield (%)	P/NAV (x)
12/24	22.7	19.2	2.10	7.80	8.7	0.43
12/25	19.1	11.8	1.94	10.00	11.2	0.46
12/26e	15.6	9.7	1.95	8.00	8.9	0.46
12/27e	16.1	9.9	2.00	8.40	9.4	0.45

Note: EPRA earnings exclude property revaluation movements and non-recurring items. NAV is EPRA net tangible assets per share.

2025 was a transitional year for RGL, and in our recent [update note](#) we discussed in detail the significant value embedded in its portfolio and management's strategy to unlock this. The key elements of this strategy are to reduce debt, reduce costs by selling non-core, underperforming assets, and to invest to enhance the occupier appeal and income potential of the properties retained. The properties to be retained include a core of good-quality assets, which already meet occupiers' needs and have sustainable long-term income-generating potential (64% of the portfolio total), and others that can achieve this through capital investment (19%). In Q126, property sales generated proceeds of £12.6m, all at close to their end-FY25 valuations, reflecting a 4% net initial yield on disposal. The assets were on average 90% vacant. Gross borrowings reduced to £254m from £266m at end-FY25 and the loan-to-value ratio, based on year-end valuations, reduced to 39.4% (end-FY25: 40.4%). A further three disposals totalling £2.5m completed post quarter end. While disposals are accretive to earnings and portfolio quality, in our view, the medium-term investment case rests on RGL's ability to lease space and grow income from its retained assets. Although the timing for an improvement in the external leasing environment remains difficult to predict, a flight to quality continues, with occupiers willing to pay higher rents for good-quality, energy-efficient space. RGL's portfolio is increasingly well positioned for this, with 61% already rated EPC B or better. The company expects a growing supply-demand imbalance to drive rents higher, especially for Grade A space, and spilling over into good-quality secondary space. Reflecting these market trends, in Q126, 26 new lettings and renewals were completed, adding £1.1m to the rent roll at an average 9.8% above the valuers' ERV. This follows an average 9.0% premium to ERV on Q425 lettings. EPRA occupancy of 76% was slightly down from end-FY25 but increased slightly for core assets (87%). Annualised rent roll and ERV both reduced, to £49.8m (end-FY25: £50.4m) and £77.0m (end-FY25: £77.0m) respectively, but this substantially reflects disposals (we estimate c £0.5m).

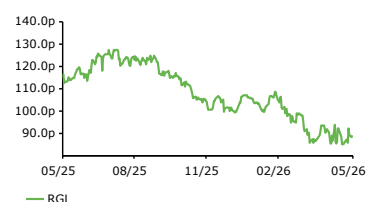
With a prospective yield of c 9% and c 50% discount to NAV, the upside from a successful execution of the strategy remains material and further signs of progress should support performance.

Real estate

20 May 2026

Price	89.50p
Market cap	£145m
Net cash/(debt) at 31 March 2026	£(214.2)m
Shares in issue	162.1m
Free float	75.7%
Code	RGL
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Regional REIT is focused on office assets in the regional centres of the UK, outside the M25, highly diversified by property, tenants and the underlying industry exposure of those tenants. It is actively managed with a strong focus on income.

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