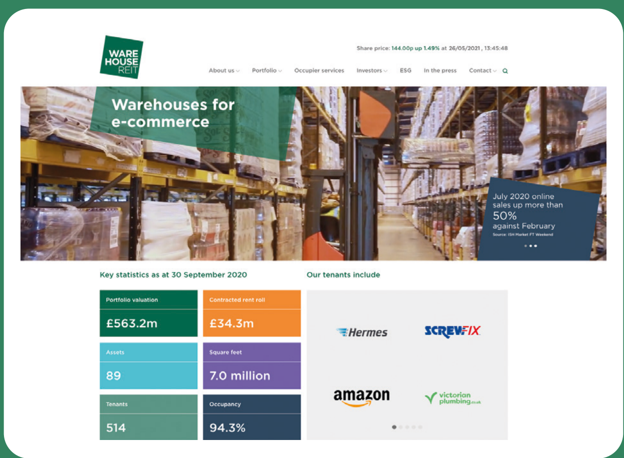
Warehouses for e-commerce

Annual Report and Financial Statements 2021

WAREHOUSE REIT PLC IS A SPECIALIST WAREHOUSE INVESTOR.

Our purpose is to own and manage warehouses in economically vibrant urban areas across the UK, providing the space our occupiers need for their businesses to thrive.

Find us online
www.warehousereit.co.uk



SHARES AWARDS 2020 WINNER Best REIT

EPRA BPR GOLD

Our vision:

As we grow, our vision is to become the UK's warehouse provider of choice.

Our culture:

- Openness
- Debate
- Integrity

Read more on page 79

Our strategy:

INVESTMENT

ASSET MANAGEMENT

FINANCIAL

Read more on pages 26 and 27

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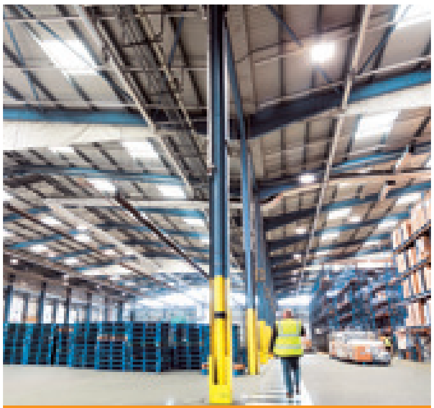

Read about
Brackmills, Northampton
On pages 30 and 31

Read about
Midpoint Estate, Middlewich
On pages 32 and 33

Read about
Evolution 27, Nottingham
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Strategic report
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Additional information
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FINANCIAL HIGHLIGHTS[1]

Year ended 31 March 2021

REVENUE	£35.8m	31 March 2020: £30.1m
OPERATING PROFIT BEFORE GAINS ON INVESTMENT PROPERTIES	£24.8m	31 March 2020: £21.1m
IFRS PROFIT BEFORE TAX	£123.1m	31 March 2020: £20.7m
IFRS EPS	35.2p	31 March 2020: 8.6p
EPRA EPS	5.3p	31 March 2020: 6.3p
ADJUSTED EPS[2]	5.3p	31 March 2020: 6.5p
DIVIDENDS PER SHARE[3]	6.2p	31 March 2020: 6.2p
TOTAL ACCOUNTING RETURN[4]	27.7%	31 March 2020: 5.4%
TOTAL COST RATIO[5]	29.5%	31 March 2020: 27.1%

- Strong rent collection performance, with 98.6% of the rent due in relation to the year collected as at 24 May 2021
- Paid or declared dividends of 6.2 pence per share in respect of the year, in line with target
- Successfully raised gross proceeds of £153.0 million through an equity issue in July 2020 and a further £45.9 million through a placing in February 2021, with strong support from existing shareholders and new UK and international investors
- Total portfolio valued at £792.8 million at 31 March 2021, representing a 18.8% like-for-like increase. Portfolio valuation comprised £751.9 million in relation to the investment portfolio of completed assets and £40.9 million of development property and land (31 March 2020: £433.5 million and £17.0 million)
- EPRA net tangible assets ("NTA") per share increased 23.4% to 135.1 pence (31 March 2020: 109.5 pence), driven primarily by a revaluation increase of 24.7 pence per share
- Total accounting return for the period of 27.7% (31 March 2020: 5.4%)
- Bank debt of £222.0 million and cash balances of £27.2 million at the year end, resulting in a loan to value ("LTV") ratio of 24.6% (31 March 2020: 40.2%)

As at 31 March 2021

PORTFOLIO VALUATION **£792.8m** 31 March 2020: £450.5m	IFRS NAV **£574.1m** 31 March 2020: £263.1m	IFRS NAV PER SHARE **135.1p** 31 March 2020: 109.5p
EPRA NTA PER SHARE[6] **135.1p** 31 March 2020: 109.5p	LTV RATIO **24.6%** 31 March 2020: 40.2%	

OPERATIONAL HIGHLIGHTS[7]

As at 31 March 2021

CONTRACTED RENT	PASSING RENT	WAULT[8] TO EXPIRY
£43.0m	**£38.6m**	**5.8 years**
31 March 2020: £29.7m	31 March 2020: £27.8m	31 March 2020: 5.2 years

WAULT TO FIRST BREAK	EPRA NIY	OCCUPANCY
4.7 years	**4.7%**	**95.6%**
31 March 2020: 4.0 years	31 March 2020: 5.9%	31 March 2020: 93.4%

- Impact of Covid-19 on consumer behaviour has reinforced existing favourable market trends, with the rapid acceleration of e-commerce in the last year leading to a further increase in occupational demand for warehousing, combined with continued constrained supply
- Continued to acquire attractive assets focused on e-commerce in economically relevant locations, while maintaining rigorous discipline in our investment decisions. In total, the Group acquired 17 assets, adding 2.5 million sq ft of space, for an aggregate consideration of £246.6 million and at a blended net initial yield ("NIY") of 6.0% and taking the total portfolio to 8.5 million sq ft
- Further enhanced the Group's focus on sustainability, including forming a Board-level Sustainability Committee to drive its strategy

- Successfully unlocked further value from the portfolio through asset management, diversifying the portfolio by geography and occupier type
  - 117 lease events over 1.0 million sq ft, with passing rent increasing to £38.6 million (31 March 2020: £27.8 million), including like-for-like rental growth of 2.9%:
    - Completed 54 lettings of vacant space, generating rent of £1.7 million per annum achieved at 9.2% ahead of estimated rental value ("ERV"). The ERV across the portfolio has grown by 3.7% on a like-for-like basis
    - Renewed 63 leases, securing income of £4.8 million and achieved at a 10.2% increase over previously contracted rents
  - Disposed of 11 non-core assets for aggregate consideration of £16.5 million, enabling recycling of capital into higher-returning opportunities
  - Investment portfolio capital expenditure of £1.9 million (31 March 2020: £3.5 million), to drive future rental and capital value growth
  - Occupancy continued to improve to 95.6% (31 March 2020: 93.4%). Effective occupancy, which excludes units undergoing refurbishment and units under offer to let, was 98.2% (31 March 2020: 96.5%)
  - Made further progress with generating value from surplus or adjacent land, including obtaining planning consent for 803,000 sq ft of new warehouse space at Radway Green, Cheshire, in conjunction with the adjoining landowner. Secured the adjoining 60 acres of greenfield land allocated for employment use
- Lengthened WAULT to 5.8 years at the year end, reflecting the benefits of acquisitions and asset management

Post year end highlights

- In May 2021, the Group acquired the Cambridge South Industrial Estate, comprising 68,000 sq ft of newly built multi-let industrial units and an adjacent development site, located on the wider Dales Manor Business Park, seven miles south of Cambridge city centre and within four miles of both the Wellcome Genome Park and Granta Park. The purchase price of £20.2 million reflects a net initial yield of 4.2% on the apportioned price for the completed buildings

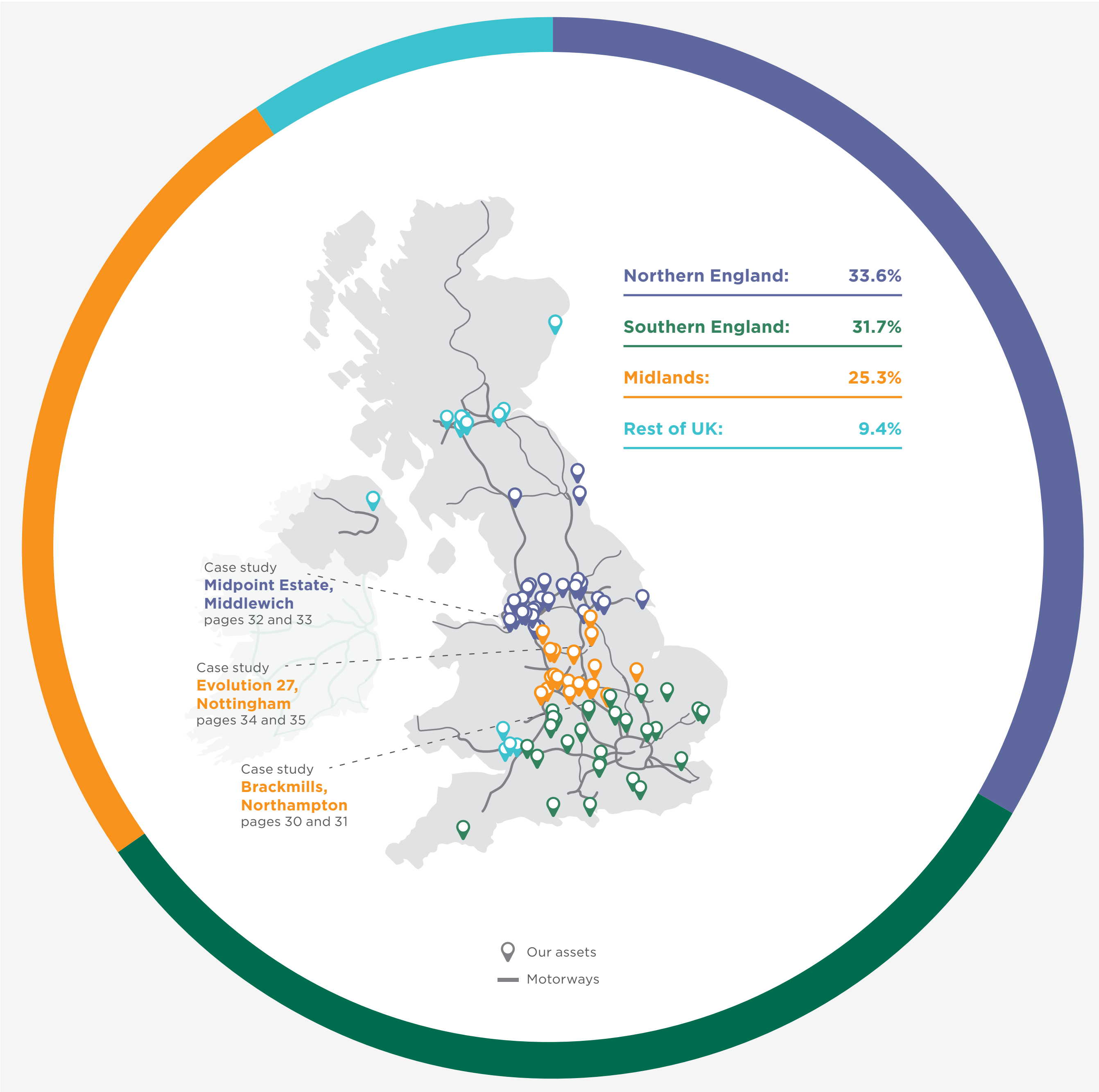
Notes

1. The Group presents adjusted earnings per share ("EPS"), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group.

   EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. EPRA EPS is set out in note 12. EPRA NTA is set out in note 23. A glossary of terms is shown on pages 153 to 155.
2. Adjusted earnings per share is based on IFRS earnings excluding unrealised fair value gains on investment properties and derivatives, profit on disposal of investment properties and one-off costs. There were no one-off costs in the year ended 31 March 2021. One-off costs in the year ended 31 March 2020 related to the accelerated amortisation of loan issue costs following the debt refinance and the costs of the postponed equity raise.
3. Dividends paid and declared in relation to the year, including a third interim dividend paid on 1 April 2021 and a fourth interim dividend to be paid on 30 June 2021. Dividends paid during the year totalled 4.7 pence per share (year ended 31 March 2020: 6.1 pence per share).
4. Total accounting return based on the increase in EPRA NTA per share of 135.1 pence plus dividends paid per share of 4.7 pence, as a percentage of the opening EPRA NTA of 109.5 pence per share.
5. Total cost ratio represents the EPRA cost ratio including direct vacancy cost but excluding one-off costs.
6. Following the October 2019 update to EPRA's Best Practices Recommendations Guidelines, the Group has adopted EPRA NTA, replacing our previously reported EPRA net asset value ("NAV"). A reconciliation of this change is provided within the supplementary notes. The 31 March 2020 EPRA NTA per share measure is unchanged from the previously reported EPRA NAV per share.
7. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield ("NRY"), occupancy and capital expenditure in this report relate only to the investment portfolio of completed assets and exclude development property and land. Development property and land is where the whole or a material part of an estate is identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating.
8. Weighted average unexpired lease term.

AT A GLANCE

Since our IPO in September 2017, we have built a high-quality portfolio of urban warehouses totalling 8.5 million sq ft, with occupiers ranging from local businesses to household names.



Our warehouses are increasingly important for fulfilling the rapid growth in e-commerce.

Key statistics at 31 March 2021

613
OCCUPIERS

101
ASSETS

838
UNITS

8.5
MILLION SQ FT

99%
OF ASSETS WITHIN TWO MILES OF A TOWN CENTRE, TRANSPORT HUB OR MOTORWAY

£47.2
ERV, 9.6% ABOVE THE CONTRACTED RENT ROLL

70.3%
OF PORTFOLIO BY ERV IS MULTI-LET ESTATES

31.5%
OF TOTAL RENT ROLL ACCOUNTED FOR BY TOP TEN OCCUPIERS

Our purpose-built assets are simple and highly flexible, allowing them to meet the needs of this wide range of occupiers. They have a steel or concrete frame, metal or similar cladding and a minimum eaves height of five metres, but often materially more.

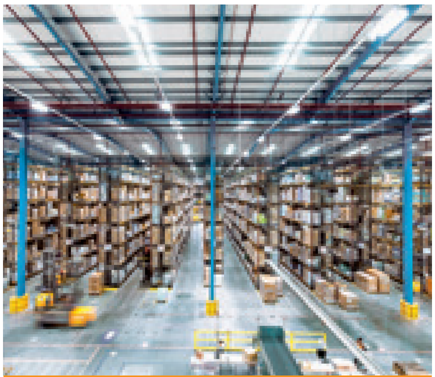
The buildings have external servicing and yard space and typically cover less than 40% of the total site area. Our investment strategy (see page 26) favours warehouses on estates let to multiple occupiers but we also acquire single-let assets, as part of a balanced portfolio.

TOP TEN ASSETS AT A GLANCE
BY CONTRACTED RENT

We have a well-diversified portfolio, in key logistics locations across the UK. Our top ten assets account for 37.4% of our contracted rent roll and 41.6% of the total portfolio valuation.

MIDPOINT ESTATE, MIDDLEWICH

- Area: 561,000 sq ft
- Number of units: 21
- Contracted rent: £2,951,000 p.a.
- Acquisition dates: October 2019, September 2020, November 2020, February 2021
- Tenure: Freehold

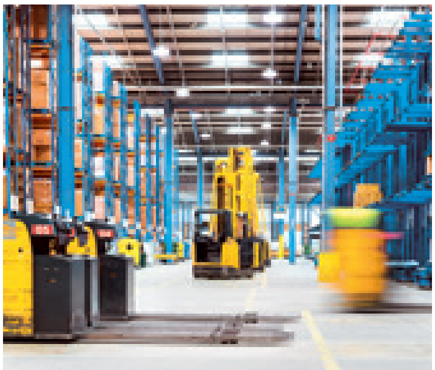


GANDER LANE, CHESTERFIELD

- Area: 501,000 sq ft
- Number of units: 1
- Contracted rent: £2,508,000 p.a.
- Acquisition date: September 2020
- Tenure: Freehold

BOULEVARD INDUSTRIAL PARK, SPEKE

- Area: 390,000 sq ft
- Number of units: 4
- Contracted rent: £2,072,000 p.a.
- Acquisition date: March 2021
- Tenure: Long leasehold



BRACKMILLS, NORTHAMPTON

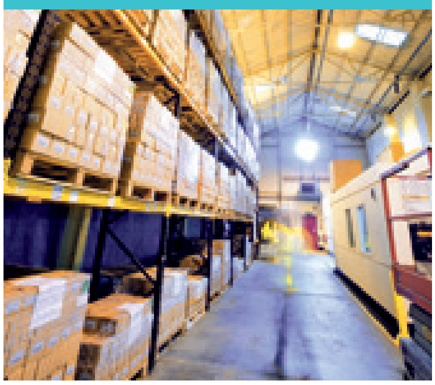
- Area: 335,000 sq ft
- Number of units: 2
- Contracted rent: £1,916,000 p.a.
- Acquisition date: May 2019
- Tenure: Freehold

GATEWAY PARK, BIRMINGHAM

- Area: 220,000 sq ft
- Number of units: 31
- Contracted rent: £1,218,000 p.a.
- Acquisition date: November 2020
- Tenure: Long leasehold

QUEENSLIE INDUSTRIAL ESTATE, GLASGOW

- Area: 348,000 sq ft
- Number of units: 64
- Contracted rent: £1,270,000 p.a.
- Acquisition date: September 2017
- Tenure: Freehold



Key

SOUTHERN ENGLAND

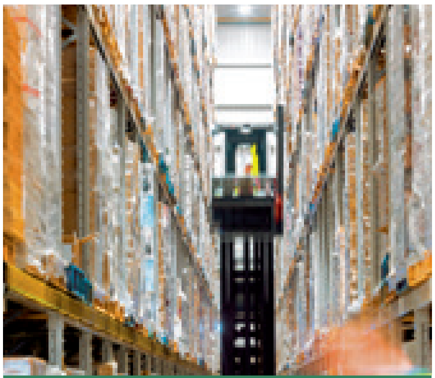
NORTHERN ENGLAND

MIDLANDS

REST OF UK

TEMPLE HOUSE, HARLOW

- Area: 177,000 sq ft
- Number of units: 2
- Contracted rent: £1,186,000 p.a.
- Acquisition date: March 2021
- Tenure: Freehold



HURRICANE ROAD, GLOUCESTER

- Area: 188,000 sq ft
- Number of units: 1
- Contracted rent: £1,150,000 p.a.
- Acquisition date: September 2019
- Tenure: Freehold

GRANBY TRADE PARK, MILTON KEYNES

- Area: 147,000 sq ft
- Number of units: 24
- Contracted rent: £1,057,000 p.a.
- Acquisition date: December 2020
- Tenure: Freehold

EVOLUTION 27, NOTTINGHAM

- Area: 217,000 sq ft
- Number of units: 1
- Contracted rent: £1,000,000 p.a.
- Acquisition date: September 2019
- Tenure: Long leasehold

Key statistics for top ten assets at 31 March 2021

3.1m
SQ FT

103
OCCUPIERS ACROSS 151 UNITS

£16.3m
CONTRACTED RENT ROLL

£17.6m
ERV

£330.0m
VALUATION

4.6%
NIY

5.0%
NRY

6.4 years
WAULT TO EXPIRY

CHAIRMAN'S STATEMENT

> SHAREHOLDERS HAVE BACKED OUR INVESTMENT STRATEGY; IT IS PLEASING THAT THESE RESULTS REWARD THEIR COMMITMENT TO THE BUSINESS.

NEIL KIRTON
Chairman

For many reasons this has been a year of exceptional focus and activity for both the Board and for Tilstone, the Company's Investment Advisor. I would like to begin by thanking all my colleagues for their dedication to their responsibilities during the period.

Overview

Looking back, the decisive outcome of the December 2019 election left many believing that a period of greater stability lay ahead. As it turned out, there were a number of challenges in 2020, including the UK's pending exit from the EU and the uncertainties that brought with it. Without doubt, however, the financial year has been shaped by the Covid-19 pandemic and its unprecedented impact on society. Thankfully there appear to be grounds to suggest a more optimistic outlook, after such a traumatic year.

Throughout this period, we maintained a high level of intensity in our internal communications between the Board and the Investment Advisor and in our dialogue with occupiers. The Board worked closely with Tilstone to ensure that we engaged with our occupiers with both rigour and sensitivity, where it was required. The diversity of our occupiers and the strength of our relationships with them have proved decisive in ensuring the portfolio's resilience and the successful collection of rent throughout the year.

A combination of reducing the LTV target, weekly cash collection monitoring and more board meetings during lockdown helped the business manage the pandemic, especially in its early months.

While the long-term impact of the pandemic is hard to assess, there is no doubt that it has accelerated some of the key trends that were apparent prior to 2020. These include the rapid acceleration of e-commerce, which we believe to be a secular development, the necessity for resilient supply chains and a growing desire for manufacturers and suppliers to be close to their end markets. We comment more on these drivers elsewhere in this report but we have long held the view that this combination of factors, together with the relatively tight supply of well-located assets, will benefit shareholders. Coupled with low starting rents across many parts of the portfolio, our investment thesis continues to be relevant.

At a portfolio level, perhaps the most noticeable development this year has been significant yield compression underpinning the increased valuation of the portfolio. In September 2017, the portfolio was valued at £108.9 million, reflecting a net initial yield of 7.0%. Three and a half years later, our assets are valued at £792.8 million, with the investment portfolio reflecting a net initial yield of 5.4%. I am delighted to say that this yield compression, in combination with attractive rental growth as a result of asset management activity and the increased interest in our sector from institutional funds, gives the Board optimism that capital will continue to generate attractive returns.

Shareholders will remember that we were in the advanced stages of a significant equity fundraising when the UK went into its first full lockdown in March 2020. The extreme uncertainty in the markets led us to postpone this fundraising until July, when we announced an oversubscribed £153.0 million raise. Having deployed these proceeds in line with the timetable we set out at the time, we returned to the equity markets again in February 2021 and successfully raised a further £45.9 million, which has since been substantially deployed into assets that are further improving the quality of our earnings. The two fundraisings increased international ownership in the Company and brought some significant family offices and major UK institutions onto the share register, accelerating the diversification of the nature and style of owners. We expect this trend to continue following the Company's planned move to the Main Market of the London Stock Exchange.

I have previously referred to our desire to increase the WAULT across the portfolio, which at the year end was 5.8 years to expiry, against 5.2 years at 31 March 2020 and 4.6 years at 31 March 2019. We expect to see further increases in this metric, as occupiers continue to commit to longer leases.

Sustainability

As we have explained in our recent reports, we are committed to responsible business and take a robust approach to environmental, social and governance ("ESG") matters. We are in the early stages of what we believe will be both a rewarding financial investment for our shareholders and the driver of positive actions for our broader stakeholder base. The actions we take and the behaviours we demonstrate have a significant impact on those stakeholders. A number of these stakeholders are more regularly seeking information on how we operate and how we measure our effectiveness in this regard, which we feel is a positive development. As we continue to elevate these priorities, we have formed a Sustainability Committee comprising members of the Board which will be attended by the Investment Advisor, Tilstone.

We have identified the most significant areas where we can have the greatest positive impact, reduce the footprint of our operations, support our occupiers and deliver value for our investors. These areas have been combined to form our strategy, split into four pillars: creating a resilient portfolio; reducing our footprint; supporting our occupiers; and embedding responsible business foundations. Against each pillar, we have defined long-term objectives supported by a roadmap of actions to guide the implementation of our strategy in the short to medium term and we anticipate being in a position to provide an update on progress when we report our interim results later this year.

More information on the Committee and its remit can be found on page 54.

Dividends and total accounting return

Our target for the year was to pay a total dividend of 6.2 pence per share, which we have achieved by declaring four quarterly dividends of 1.55 pence each. The fourth quarterly dividend was declared today and will be paid on 30 June 2021 to shareholders on the register on 4 June 2021. The total dividend for the year was 85.8% covered by adjusted earnings per share, reflecting the short-term dilution of our earnings due to the timing difference between raising new equity capital and deploying it in income-generating assets. For the year ending 31 March 2022, we target a total dividend of at least 6.2 pence.

Our total accounting return for the year was 27.7%, which was well ahead of our target of 10% per annum. This reflected substantial growth in the underlying value of the portfolio, as discussed below.

Financial and operational highlights

The EPRA NTA per share at 31 March 2021 was 135.1 pence, up 23.4% from 109.5 pence per share at 31 March 2020. The primary driver of the increase in the year was the strong valuation uplift, which reflected like-for-like valuation growth of 18.8%. This was the result of the yield compression referred to above, the continued growth in rents and the benefits of asset management.

At the year end, the Group had net debt of £194.8 million (31 March 2020: £181.0 million), giving an LTV ratio of 24.6%. Our short-term intention is to have a maximum LTV of around 35%, compared to a previous target range of up to 40%. This recognises the need for prudence in uncertain times, although it does reduce the potential to grow earnings.

As a result of new acquisitions during the period, we now have 600 occupiers across more than 8.5 million sq ft of single and multi-let space. Reflecting the resilience of the occupational market during the year, the strength of the relationships the Tilstone team has with our occupiers and their local market knowledge, 117 lease events were completed during the year. 54 new leases and 63 lease renewals were agreed, delivering like-for-like rental growth of 2.9% and an increase in the portfolio occupancy to over 95%. This would be a strong performance in a normal year, but when delivered during a period that saw three national lockdowns and against a backdrop of a near 10% decline in headline gross domestic product, it is even more impressive.

CHAIRMAN'S STATEMENT CONTINUED

Governance

The Board continues to review the Company's strategy, to ensure it remains appropriate as market conditions evolve. During the year we held our annual strategy day, chaired by my fellow Director Aimée Pitman, who is a strategy specialist. This confirmed our view that the investment policy will continue to generate value for shareholders and reaffirmed our commitment to further developing our ESG approach.

The Board continues to work very effectively with Tilstone and we conduct a formal review every year of the contractual arrangements with them. On the third anniversary of our Investment Management Agreement, Aimée Pitman (as Chair of the Management Engagement Committee) and I undertook a shareholder consultation exercise. Working with all the relevant stakeholders, we were delighted to be able to progress the agreement on the basis of a two-year rolling notice period. The Board's continuing view is that Tilstone have performed ahead of expectation. Throughout the relationship they have made good decisions, been open to challenge and at all times behaved with a commitment to high ethical standards and the consideration of our wider stakeholder base.

Outlook

We have now completed three and a half years as a public company. During this financial year just gone, and against the backdrop of the global pandemic, we have declared or paid 6.2 pence in dividends to our shareholders and at the year end our share price was 126.0 pence. The journey, however, is far from over. The Board members have a strong belief that the chosen asset class will continue to generate attractive returns, underpinned by permanent structural and societal shifts. We intend to judiciously deploy further capital, while successful asset management will drive both rental growth and meaningful upside opportunities in underexploited areas of the portfolio. We continue to identify attractive opportunities to grow the portfolio through acquisition and asset management and look forward to the year ahead with confidence.

Neil Kirton
Chairman

24 May 2021

INVESTMENT CASE

The urban warehouse market is compelling for asset owners. It presents us with significant opportunities for long-term value creation, through further growth in the portfolio and active asset management.

STRONG OCCUPIER DEMAND

Covid-19 has accelerated the already powerful trends driving demand for urban warehouse space, in particular the structural shift from high street retail to e-commerce. Demand for space is coming from an increasingly diversified occupier base, who compete for the same buildings.

CONSTRAINED SUPPLY

Capital values for small and medium-sized warehouses are typically well below replacement cost, making it uneconomic to develop new assets in many areas. Combined with strong occupational demand, this means there is a limited supply of urban warehouse space available to let in economically attractive locations.

GROWING INCOME

The demand and supply imbalance contributes to growing market rents. Coupled with the benefits of our active asset management programme and the strong reversionary potential in the portfolio, this contributes to robust growth in our rental income each year.

TOP MANAGEMENT

We have an experienced Board and a highly knowledgeable Investment Advisor, Tilstone, which gives us a deep understanding of the sector and a wide network of industry contacts through which we can source investments.

ATTRACTIVE PIPELINE

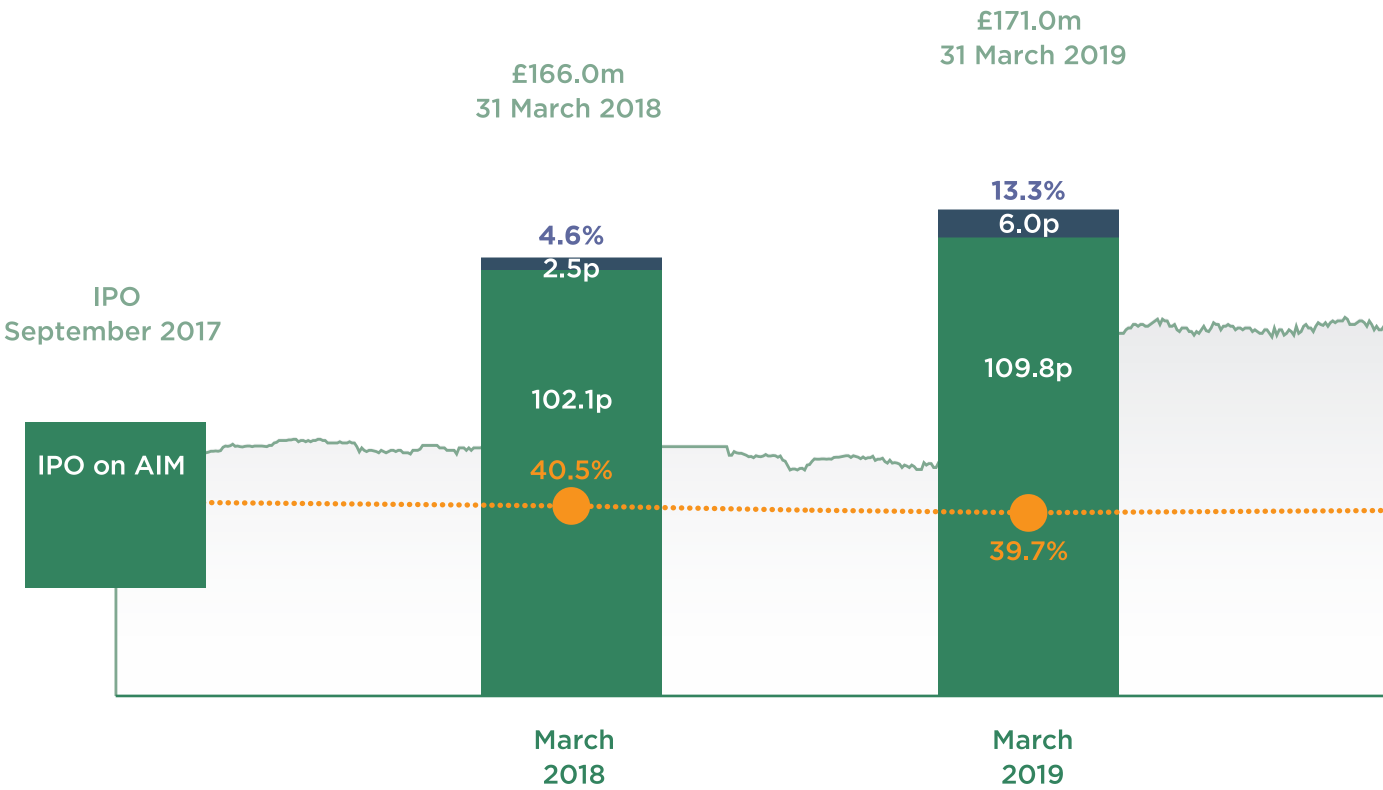
We continue to see good opportunities to acquire assets at below their replacement cost, while further diversifying our income and strengthening the portfolio's sustainability, quality and growth prospects. We also have the potential to drive further value from underutilised land within the portfolio.

STRONG RETURNS AND QUARTERLY DIVIDENDS

Our diversification by occupier, lease length and geography reduces risk and gives us a sustainable income stream, allowing us to reward shareholders through attractive dividends. These dividends, along with capital growth, contribute to a total return target of 10% per annum.

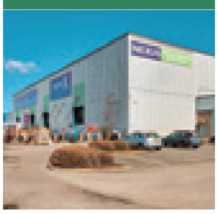
DELIVERING TOTAL RETURNS

Since IPO, Warehouse REIT has delivered strong total returns, based on both an attractive dividend and regular capital growth. Our aggregate total return over this period has been 51.0%, or 14.6% on an annualised basis.

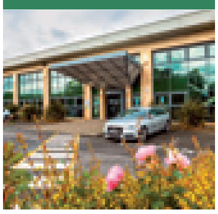


KEY EVENTS SINCE IPO

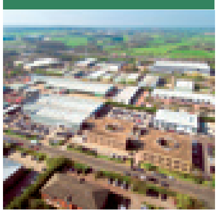
September 2017
IPO on AIM raised £150.0 million



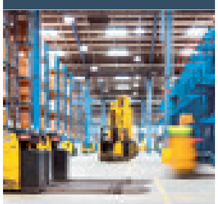
November 2017
£65.0 million facility agreed with HSBC



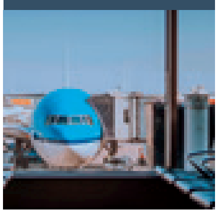
February 2018
Increase in facility to £135.0 million with HSBC



March 2018
2.5 pence dividend declared for FY18

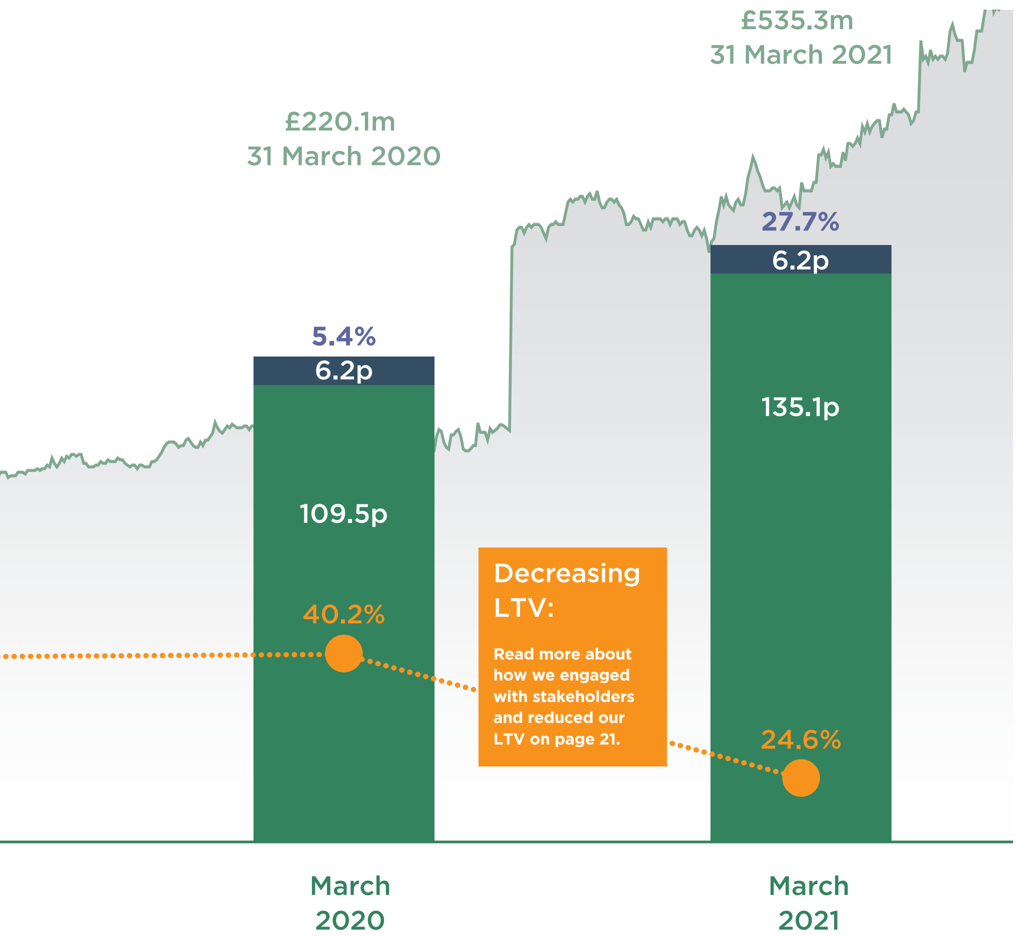


March 2019
Increase in dividend declared (6.0 pence)



April 2019
£76.5 million equity raise

We see further opportunities to create value for shareholders over the coming years.



Key

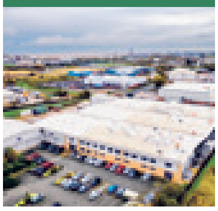
- Market capitalisation
- % Total accounting return
- EPRA NAV/NTA per share
- LTV ratio
- Dividends declared or paid

Since IPO we have acquired

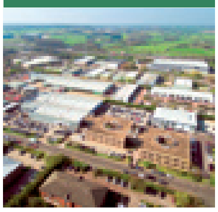
127

assets

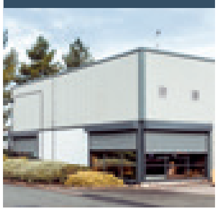
November 2019
£135.0 million facility refinanced with HSBC



January 2020
£220.0 million refinancing with club of lenders for five years



March 2020
Increase in dividend declared (6.2 pence)



July 2020
£153.0 million equity raise

February 2021
£45.9 million equity raise

March 2021
Dividend declared in line with target (6.2 pence)

MARKET OVERVIEW

We expect the urban warehouse market to remain highly attractive for us. Our market is driven by powerful long-term trends, which have been further reinforced by the impact of Covid-19 on both consumers and businesses.

Our market

Demand for warehouse space in the UK comes from a diverse occupier base but the growth in e-commerce has been a particular feature of our market in recent years, as many businesses need warehouses to fulfil online orders. The acceleration of e-commerce, as consumers have turned to online shopping during Covid-19 lockdowns, has only fuelled this demand. Other types of businesses such as manufacturers also use warehouses for e-commerce, allowing them to sell directly to end customers, often increasing market share and gross margins.

Covid-19 has focused businesses on the resilience of their supply chains. To help insulate them from future shocks, some companies are holding higher stock levels and looking to source or manufacture products closer to home (onshoring), further boosting demand for warehouse space. For importers, increased trade friction with the EU is also a factor in the need to hold higher stock and source more domestically.

This demand means that with relatively little new space being developed, there is a shortage of available supply, so rents are rising for all types of occupier and they are signing longer leases to secure the space they need.

The logistics delivery chain

The UK logistics delivery chain has three distinct tiers, with urban warehouses playing an increasingly important role. While the Group's diversification strategy has seen us acquire a number of tier 1 and tier 2 assets, the majority of the portfolio fits into tier 3.

Tier 1 – national 'Big Box' warehouses

Big Boxes are buildings in excess of 200,000 sq ft. They are often used for national distribution and serviced by containers arriving from large ports. They are usually located on or close to motorways.

Tier 2 – regional distribution centres ("RDCs")

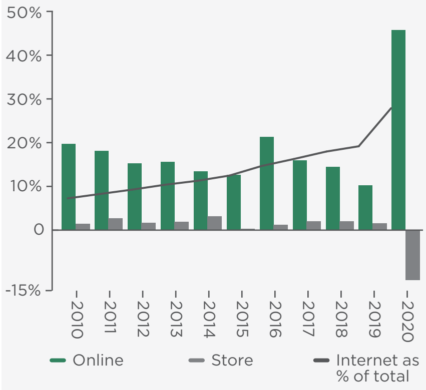
RDCs are typically 100,000 to 200,000 sq ft and located close to motorways and major conurbations. They provide smaller hubs which facilitate distribution from Big Boxes. Before the advent of online shopping, tier 2 facilities were the final warehouse prior to delivery to the end retailer.

Tier 3 – urban warehouses

This is the third and most recent level of the supply chain and our primary focus. As more trade has shifted to the internet, the need to ensure next-day or even same-day delivery of orders has resulted in the creation of a sophisticated delivery infrastructure, handled by smaller warehouses located close to the customer.

STRONG OCCUPIER DEMAND

Online vs instore sales growth



Source: ONS

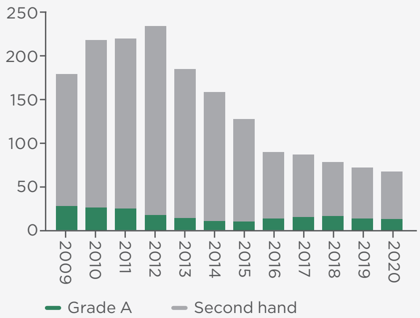
The UK is one of the world's most advanced markets for online retail, one which has been growing rapidly for many years. Even so, e-commerce achieved step-change growth in 2020, rising 46.0% (source: ONS), spurred on by changes in shopping habits during Covid-19. John Lewis and Partners have seen a 33% increase in online sales for 2020 from 42% to 75% which now equates to £7 in every £10 being spent with John Lewis now coming via e-commerce. In October 2020, Knight Frank Research published analysis to suggest that every £1.0 billion of online expenditure requires 1.36 million sq ft of warehouse space (higher than previously thought) and forecasting demand for an additional 92 million sq ft of UK warehouse space by 2024, assuming that online sales will average a sustained level of 32.0% of UK retail market share.

How we are responding

We acquire assets in economically buoyant areas, close to transport links and large conurbations. This is helping to further increase the proportion of the portfolio supporting online retail.

CONSTRAINED SUPPLY

UK availability by grade (m sq ft)[1]



Source: Lambert Smith Hampton

1. Units less than 50,000 sq ft

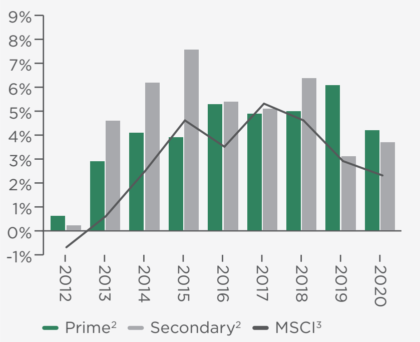
While speculative development of warehouse space has increased in the last year, this is primarily in the Big Box market, reflecting economies of scale in constructing large assets. Except in certain areas, it continues to remain uneconomical to develop new space in our niche small box range. As a result, vacancy rates have fallen to their lowest point in three years at 5.7%, with large falls in the North West, East and West Midlands, South East and the East of England. (Source: Savills) Total take-up of warehouse space in 2020 was a record 59.7 million sq ft. (Source: LSH)

How we are responding

With an increasingly diverse occupier base keen to secure space, we are continuing to acquire assets in areas of high demand, offering longer leases to occupiers. On a highly selective basis, we are also looking to complement our core focus on growing income, generating value by creating new space on underutilised land within the portfolio.

RISING RENTS

UK rental growth (%)



Source: Lambert Smith Hampton / Savills, MSCI

2. Units less than 20,000 sq ft
3. All industrial

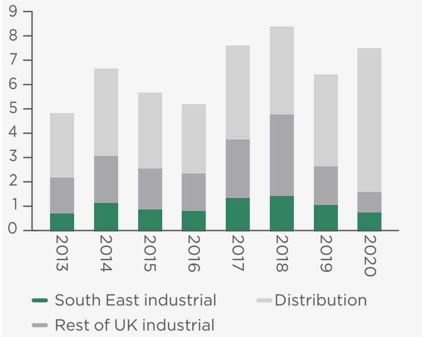
The imbalance between demand and supply means that rental growth has and is forecast to remain robust for logistics space. For the UK as a whole, prime rental growth in 2020 for 50,000 sq ft units averaged 4.2% (source: LSH). Realfor forecast that rental growth will continue, averaging 2.4% for the next five years. However, in recent years rents for secondary space of the type we own have grown faster than rents for prime space. This reflects growth from a lower base, the opportunity to enhance rents through refurbishing assets and the fact that prime stock comes to market at higher rental levels, historically giving less scope for increases.

How we are responding

We use targeted capital expenditure to make vacant assets attractive to potential occupiers, enabling us to consistently capture rental growth ahead of ERV. The WAULT across the portfolio of 5.8 years also creates opportunities to achieve rental growth at lease renewal and at regular rent reviews in longer leases.

ATTRACTIVE INVESTMENT MARKET

Investment volume (£bn)[4]



Source: Lambert Smith Hampton

4. All industrial

The attractions of the industrial sector (and Covid-19's negative impact on retail and office occupiers) led to £6.9 billion of total UK investment real estate stock changing hands in 2020, the highest on record (Source: LSH). The competition amongst buyers has led to prices hardening, with prime distribution yields down from 4.5% to 4.0% during the year (source: CBRE). Overseas investment increased markedly, with a 56% increase in 2020 versus 2019. International buyers also dominated the larger deals, accounting for six of the top ten transactions in the year. Further overseas new entrants are expected. Portfolios attract a premium over individual assets, with this premium increasing to 5-10%.

How we are responding

The Investment Advisor's knowledge of the market, built up over nearly a decade of investing in the sector, helps us to continue to source acquisitions at accretive prices, and we continue to target further additions to the portfolio. Our ability to develop the 'lazy acres' within the portfolio also gives us a potential source of new assets at attractive yields on cost. The Investment Advisor continues to source attractive investments above prime yields.

BUSINESS MODEL

Our business model is designed to create both economic and social value for our stakeholders.

INPUTS

The following resources are central to our value creation model:

Physical assets
We have a portfolio of modern urban warehouses, in key locations across the UK.

Skilled and experienced people
We rely on the skills and experience of Tilstone's team of property, finance and other professionals, as well as outsourced providers for specialist services.

Specialist knowledge
Tilstone's deep understanding of the urban warehouse market helps us to identify assets to acquire and opportunities to create value through active asset management.

Relationships
We draw on Tilstone's strong relationships with current and potential occupiers, asset owners, intermediaries and other key stakeholders, in particular Savills.

Financial assets
We finance our business using shareholders' equity, an appropriate level of bank debt and the proceeds from any asset disposals.

HOW WE CREATE VALUE

Identify assets to acquire
We draw on Tilstone's extensive networks, often assisted by Savills, to help us source suitable investments. This can enable us to acquire assets off market, potentially on more attractive terms, which is an important advantage.

Review and approve transactions
Tilstone conducts thorough due diligence, including inspecting each property, considering ESG aspects and, typically, meeting the occupiers. A report, including cash flow and return forecasts, is then submitted to Tilstone's investment committee.

Monitor and manage investments
Day-to-day property management is outsourced to Savills and Aston Rose, freeing Tilstone to focus on strategic conversations with occupiers and regular visits to assets. This is key to our 'space intelligence', which involves understanding the assets

Create value through asset management
Tilstone creates detailed business plans and scrutinises each asset before we acquire it, including a range of asset management outcomes. We support lease renewal and rental growth through targeted capital expenditure and explore other

Recycle capital
While our intention is to be a long-term holder, we recognise that the life cycle of an asset passes through peaks and troughs.

Once we have completed our asset management plan for a property, we will consider a disposal.

Sustainability is integral to our approach and more information on how it underpins our business model can be found on page 55.

Key considerations include the quality and diversity of existing income, supply and demand for space in the local market, and the asset's sustainability performance.

Tilstone negotiates terms with the vendor and our Investment Manager reviews the proposal and considers it for approval. Acquisitions valued at 10% or more of gross asset value ("GAV"), or any outside the investment policy, must have Board approval.

and our occupiers' needs, and helps to drive lease renewals and new lettings, which contribute to rental and NAV growth.

Tilstone also monitors the market, often with Savills' support, to identify potential investment and occupier opportunities.

value creation opportunities, for example by redeveloping surplus land or improving an asset's sustainability performance. Tilstone's contacts are important for letting vacant space, while close occupier relationships ensure that most renew their leases, underpinning our income and rental growth.

We also look to dispose of assets that are non-core to the portfolio and will sell assets where future performance is forecast to be flat.

CREATING ECONOMIC VALUE

The majority of our occupiers pay rent quarterly in advance, converting our revenue quickly into cash. Many of our costs are partially or wholly fixed, so we turn a rising proportion of our income into profit as we grow. As a REIT, we do not pay corporation tax on profits and capital gains from our qualifying property rental business, supporting our ability to pay progressive dividends to shareholders.

We also generate capital growth through our asset management activities, higher rents and market yield compression, contributing to our NAV growth.

We create value for our lenders through robust interest cover and attractive assets, which provide a high level of security.

6.2p
DIVIDEND

27.7%
TOTAL ACCOUNTING RETURN

4.0x
INTEREST COVER

CREATING SOCIAL VALUE

Our warehouses enable our occupiers to run and grow their businesses effectively. This in turn creates jobs in their communities, supporting the local economy, and generates tax receipts that contribute to public services.

We also look to add value for society through our approach to sustainability. For example, refurbishing and extending the life of an existing building has a considerable carbon saving compared with constructing a new building. See our sustainability section on pages 48 to 59 for more information.

OUR STAKEHOLDERS

Understanding the needs and priorities of our stakeholders is essential if we are to meet our responsibilities to them and create economic and social value. We are therefore committed to open dialogue with our stakeholders.

Our approach to stakeholder engagement

The Investment Advisor is responsible for the majority of our day-to-day engagement and provides regular updates to the Board on stakeholder views. The Board's primary direct engagement is with shareholders.

Culture and our service providers

During the year, the Board drafted and approved a culture statement, which sets out our expectations regarding high standards of ethics and behaviour. We are strongly committed to an ethos and culture that balances our shareholders' desire for financial returns and the operating environment within which we achieve those returns.

We expect our service providers to fully endorse these values and to consider the impact of their decisions on our occupiers, local communities and wider stakeholders, as well as their own employees.

The Management Engagement Committee ("MEC") conducts an annual review of service provider performance, which includes consideration of their policies and procedures around ethics and culture and their engagement with the Company's other service providers. More information on the MEC's work in the year can be found on pages 91 and 92.

Our stakeholder engagement

OCCUPIERS	Their material issues	How we engage	Outcomes
Our occupiers are at the heart of our value creation model. Tilstone's approach to 'space intelligence' ensures a robust understanding of current and potential occupiers and their needs.	• The size, quality and location of our warehouses • Rental levels • Lease length and terms • Flexibility and the ability to scale-up in terms of size • Managing the requirement to socially distance in the current Covid-19 environment, in line with Government guidance • Support to meet sustainability targets, including energy and carbon, transport, climate change adaption and/or employee wellbeing	Our engagement with occupiers is a key part of our business model and is described on page 20. We communicate regularly with our existing occupiers via our Investment Advisor and property management teams, to anticipate trends and their evolving preferences. This year selected occupiers will be involved in an ESG questionnaire to identify mutual objectives and future initiatives. The Board receives regular updates from the Investment Advisor on these interactions.	• Assisted occupiers with pandemic-related cash flow issues via rent concessions or deferrals • Rolling programme of refurbishments, estate enhancements and efficiency improvements • Identification and installation of mutually beneficial sustainability initiatives • Determined occupiers' wider strategy with vacant units offered to meet their occupation requirements at an estate and portfolio level

SHAREHOLDERS

A growing group of supportive and informed shareholders is vital to our business, in particular as we look to grow by raising and deploying shareholder equity to expand the portfolio.

Their material issues

- Market drivers
- Strategy and business model
- Operational and financial performance
- Balance sheet strength
- ESG strategy and performance
- Dividends and total returns

How we engage

Open channels of communication and engagement with shareholders are a high priority for both the Board and the Investment Advisor.

The Board receives regular updates on shareholders' views directly, as well as from the Investment Advisor and its Nominated Advisor and Broker, as they undertake meetings and roadshows with shareholders on the Company's behalf.

All shareholders are encouraged to vote at the Annual General Meeting, during which the Board and the Investment Advisor are available to answer questions.

See the shareholder relations section on page 85 for more information.

Outcomes

- Maintained dividend
- Increased reporting on rent collections
- Reduced target LTV from 40% to 35%
- Continued to demonstrate progress towards ESG targets
- Published ESG policy
- Formed Sustainability Committee, providing oversight of ESG goals
- Continued transparent ESG reporting via EPRA submission and voluntary disclosures under TCFD framework
- Increased reporting on total accounting returns including a new dedicated section on the website

LENDERS

Employing an appropriate level of debt is a key part of generating financial returns. We therefore need strong relationships with lenders, who are committed to providing the lending facilities we need on appropriate terms.

Their material issues

- Quality of security
- Compliance with covenants
- Good working relationships
- Ability to provide the accordion when required
- Hedging of interest rates where appropriate

How we engage

The Board is kept informed by our Investment Advisor, which provides updates and engages with our lenders through regular meetings to support our relationships.

The Board and Investment Advisor regularly review and stress test our debt facilities and key ratios, to ensure that sufficient debt is available, both in terms of amount and duration.

Outcomes

- Open communication with lenders
- Regular portfolio updates via compliance reporting provides comfort
- Quarterly reviews regarding hedging and other associated funding matters with the lenders and other advisors

OUR STAKEHOLDERS CONTINUED

Our stakeholder engagement continued

THE INVESTMENT ADVISOR

Tilstone implements our strategy and is responsible for the day-to-day operation of the business, making it a critical stakeholder for the Group.

Their material issues

- The Investment Management Agreement
- Transparency of fee calculations and prompt payment
- Clear investment strategy
- Day-to-day asset management
- Management of other third-party suppliers
- Open two-way communications

How we engage

The Board encourages open, regular and transparent discussion with the Investment Advisor, and representatives of the Investment Advisor have been appointed to the Board.

The Investment Advisor can also draw on the experience of the Board members to support it in monitoring and developing the portfolio.

See the MEC report on pages 91 and 92 for more information.

Outcomes

- Alignment of core objectives
- Continued level of service, delivering higher returns
- Annual review by the Management Engagement Committee

OTHER THIRD-PARTY SERVICE PROVIDERS

We operate an outsourced business model, in which key services are provided to us by third parties. Our key service providers include G10 Capital as the Investment Manager, Savills and Aston Rose as our Property Managers, Link as our Administrator, Registrar and Company Secretary, AuditR as our Risk Management and Internal Audit Advisor, Peel Hunt as our Nominated Advisor and Broker, FTI Consulting as our Financial PR and IR Advisor and Crestbridge Property Partnerships as the Depositary.

Their material issues

- Clear terms of reference
- Clarity of fees
- Open two-way communications and information flow

How we engage

The Board maintains regular contact with its key third-party service providers via the Investment Advisor, taking a constructive and positive approach to working, with the aim of building long-term relationships. Their advice, as well as their needs and views, are routinely taken into account.

The Board has refined the Modern Slavery Statement, reflecting the importance of having procedures and policies in place to mitigate the risk of modern slavery and human trafficking, both within the business and its supply chain.

See the MEC report on pages 91 and 92 for more information on third-party service providers.

Outcomes

- Commitment to prompt payment
- All of our suppliers with spend > £100k have a Modern Slavery Statement or a signed declaration
- Monthly monitoring calls with the Investment Manager

LOCAL COMMUNITIES

We are aware of our wider responsibilities to the local communities affected by the Company's investments.

Their material issues

- Noise and traffic
- Health and safety
- Environmental performance
- Employment opportunities

How we engage

The Board ensures that any key decisions take into account the impact on local communities and the environment. The Board is pro-active in meeting health and safety requirements, local environmental standards on waste and other regulatory obligations.

Outcomes

- Commitment to EPRA sustainability reporting
- Support for charity occupiers throughout Covid-19, to ensure continued service to their customers
- Provision of emergency storage of PPE equipment to health service
- Consideration of local government ESG targets
- Commissioning of public art projects

SECTION 172(1) STATEMENT

The Directors have had regard for the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing their duty under section 172. They consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are affected by our business, especially with regard to major decisions.

Set out opposite are the matters the Board is required to take into account under section 172(1).

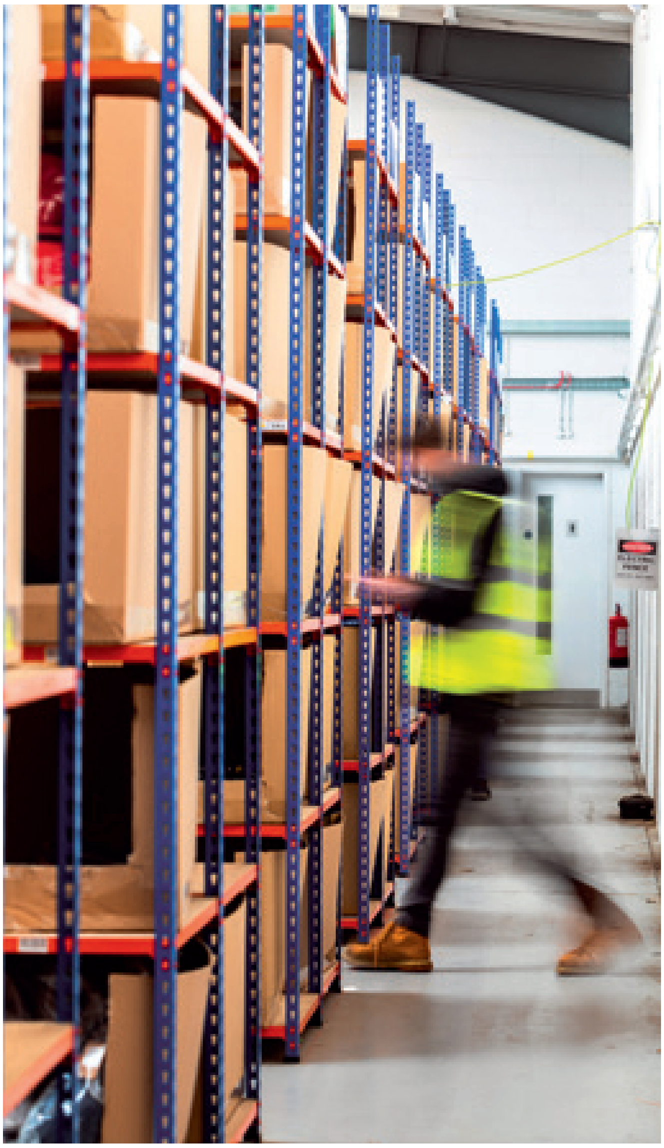
Taking account of stakeholder views

Information on stakeholder engagement, including how the Board is kept informed about stakeholder views, can be found on pages 20 to 23. This engagement is an important input to the Board's decision making. The Directors keep the methods for engaging with stakeholders under review, to ensure they remain effective.

Key Board decisions

The Board's key decisions during the year included:

- approving four interim dividends of 1.55 pence each;
- approving the equity issue announced on 18 June 2020, which raised gross proceeds of approximately £153.0 million;
- approving the share placing announced on 5 February 2021, which raised gross proceeds of £45.9 million; and
- establishing a Sustainability Committee.



MATTER	RESPONSE
a) The likely consequence of any decision in the long term.	All Board decisions involve careful consideration of the longer term consequences and their implications for stakeholders. For example, the decisions to approve the two equity fundraisings in the year required the Board to consider the long-term benefits to shareholders from further growth in the portfolio against the short-term impact on earnings per share. In addition, sustainability credentials were considered as part of the acquisition strategy during the year, for both current and future occupiers.
b) The interests of the company's employees.	The Company is externally managed and therefore does not have any employees.
c) The need to foster the company's business relationships with suppliers, customers and others.	As described on page 20, the Company's relationships with its occupiers are managed day-to-day by the Investment Advisor, with the Board kept regularly updated. During the year, the Board worked closely with the Investment Advisor to ensure the Company engaged regularly and sensitively with occupiers during Covid-19. The Investment Advisor is the key supplier to the Company and the Board was pleased to extend the Investment Management Agreement during the year (see page 73). The Board oversees the Company's relationships with all its principal service providers through the Management Engagement Committee.
d) The impact of the company's operations on the community and environment.	As discussed in the Chairman's statement on page 11, one of the conclusions from the Board's strategy day was the need to further increase the Company's focus on ESG matters. As a result, the Board has formed a Sustainability Committee, as outlined on page 54. For more information on the Company's environmental performance and community engagement, see pages 58 and 59 respectively.
e) The desirability of the company maintaining a reputation for high standards of business conduct.	During the year, the Board drafted and approved a culture statement, setting out its commitment to ethics and high standards of business conduct. All of the key service providers are expected to abide by these standards. See page 79 for more information. Reputational risks are also considered as part of the Group's risk management framework, as described in the risk management and principal risks section on pages 60 to 69.
f) The need to act fairly between members of the company.	The Board is aware of the need to treat all shareholders equally but, with the exception of equity raises, there are no decisions it takes where shareholders could be treated differently. When raising new equity, the Board ensures as far as possible that existing shareholders can participate in proportion to their current holdings, so they are not disadvantaged. For example, qualifying shareholders were able to participate in the equity issue announced in June 2020. In addition, Board members and members of the Investment Advisor's senior management own a total of 28.2 million shares in the Company between them, further aligning their interests with the outcomes delivered for shareholders as a whole.

OUR OBJECTIVES AND STRATEGY

We aim to create value through a top-down approach to investment, supported by an appropriate mix of financing, followed by hands-on asset management with best-in-class processes.

Our objectives

We aim to provide shareholders with an attractive total return, underpinned by secure income.

Total accounting return

10%
PER ANNUM

Our target is at least **10%** per annum, through a combination of dividends and growth in NAV.

OUTCOME IN 2020/21
Achieved
The total accounting return for the year was **27.7%** (see page 15).

PLAN FOR 2021/22
We continue to target a return of at least 10% per annum.

Dividends

6.2
PENCE

Our target for the year was a total dividend of **6.2 pence** per share.

OUTCOME IN 2020/21
Achieved
We declared total dividends of **6.2 pence** per share.

PLAN FOR 2021/22
Our target dividend for 2021/22 is at least 6.2 pence per share.

Our strategy

To achieve our objectives, we follow the strategy set out below:

INVESTMENT STRATEGY

Location
We look for attractive sites, close to major transport links and large conurbations, with a high level of occupier demand and suitable local workforce.

Optionality
We look for buildings with a range of different uses and long-term flexibility, including the potential to change permitted use.

Buildings
We look for buildings that match occupiers' current and future needs. Multi-let estates spread risk and offer more asset management opportunities than single-let assets. Rental increases can also be reflected across the estate. We generally target buildings of less than 100,000 sq ft and have an average size of 10,000 sq ft.

RISKS:
- poor performance of the Investment Advisor;
- poor returns on portfolio; and
- acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment strategy.

MEASURED BY:
- like-for-like valuation increase;
- EPRA NAV; and
- dividend per share.

DURING THE YEAR WE:
- acquired 17 assets for £246.6 million, at a NIY of 6.0%;
- added 2.5 million sq ft to the portfolio;
- further diversified the portfolio by size of building and location; and
- further enhanced the occupier mix, adding strong new covenants and increasing exposure to existing major occupiers.

POST YEAR END WE:
- acquired 68,000 sq ft of multi-let industrial units and an adjacent development site, located seven miles south of Cambridge city centre and within four miles of both the Wellcome Genome Park and Granta Park. The purchase price of £20.2 million reflects a net initial yield of 4.2% on the apportioned price for the completed buildings.

ASSET MANAGEMENT STRATEGY

We budget to spend 0.75% of our gross asset value ("GAV") on capital expenditure each year, with a target return of at least 10%. We also target a vacancy level of 5-7%, since vacant properties allow us to carry out asset management activities.

Improving the sustainability performance of our assets, for example by improving their energy efficiency, is an important part of maintaining property values and occupier appeal.

RISKS:

- poor performance of the Investment Advisor

MEASURED BY:

- occupancy;
- like-for-like rental income growth; and
- rental increases agreed versus valuer's ERV.

DURING THE YEAR WE:

- despite local lockdown restrictions, invested £1.9 million or 0.2% of GAV in capital expenditure;
- completed 54 new lettings, at rents 9.2% ahead of ERV;
- completed 63 lease renewals, with a 10.2% increase in headline rents;
- disposed of 11 assets for a total of £16.5 million, realising a £0.5 million loss on sale; and
- progressed our development projects at Queenslie Industrial Estate, Glasgow and Radway Green, Crewe.

POST YEAR END WE:

- completed eight new lettings, at rents 5.1% ahead of ERV; and
- completed 17 lease renewals, with a 10.8% increase in headline rents.

FINANCIAL STRATEGY

We fund the business through shareholders' equity, bank debt and any disposal proceeds we generate. We look to raise equity at times when we can make investments that are accretive to shareholders.

Our strategy for debt financing is to maintain a prudent level of debt, with a LTV range of 30-40% in the longer term. We look to hedge the interest on a proportion of our debt, to provide certainty over our financing costs.

RISKS:

- significant volatility in interest rates;
- inability to attract investors; and
- breach of borrowing policy or loan covenants.

MEASURED BY:

- LTV ratio.

DURING THE YEAR WE:

- raised £153.0 million of new equity in July 2020;
- raised a further £45.9 million of new equity in February 2021; and
- raised disposal proceeds of £16.5 million (see above).

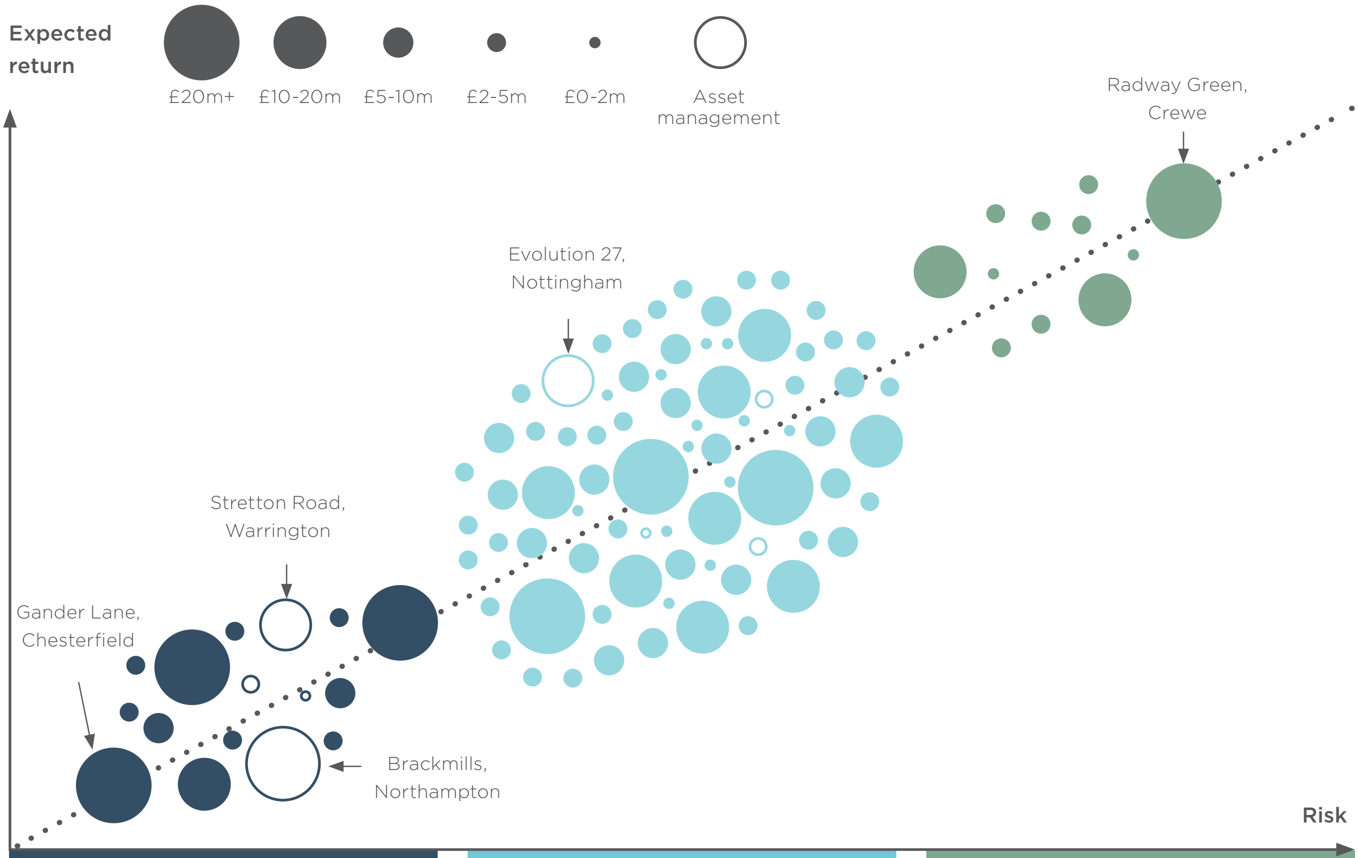
POST YEAR END WE:

- acquisition of multi-let estate near Cambridge, increased LTV, closer to the target range.

STRATEGICALLY POSITIONED PORTFOLIO

Since our IPO, we have deliberately constructed a well-balanced portfolio. It combines core assets delivering secure income and value add and opportunistic assets, with strong potential for value creation through pro-active asset management.

FOCUSED PORTFOLIO WITH STRONG GROWTH POTENTIAL



CORE
31.5%

These are prime, modern assets, close to urban locations and excellent transport hubs, and either let to or suitable for occupiers with strong covenants. These assets also have, or are capable of having, strong ESG credentials.

VALUE ADD
57.2%

These assets are in strategic locations and require some form of active asset management to turn them into core holdings. This can include refurbishment, reletting, regearing lease lengths or general repositioning of a key valuation metric.

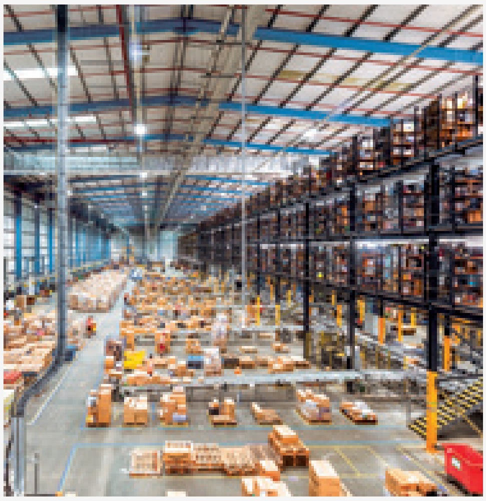
OPPORTUNISTIC
11.3%

These assets require improvement through major refurbishment, securing enhanced planning consent, demolition, or repurposing and reletting. They may include land with the potential to obtain planning permission, which will increase value and create a development opportunity once sufficient pre-lets are secured.

STRATEGICALLY POSITIONED PORTFOLIO:
CORE

Gander Lane, Chesterfield

This purpose-built warehouse of 501,000 sq ft is let to Amazon UK, which became the Group's largest occupier on acquisition. There are more than 12 years remaining on the full repairing and insuring lease, with five-yearly upward-only rent reviews (no breaks) and a low passing rent. The asset is within one mile of the M1 motorway.



STRATEGICALLY POSITIONED PORTFOLIO:
VALUE ADD

Granby Trade Park, Milton Keynes

This 10-acre estate offers 147,000 sq ft of gross lettable area, across 24 units ranging in size from 1,600 sq ft to 28,000 sq ft. There are currently 17 occupiers across 19 of the units, including Toolstation, Sally Salon and an NHS Foundation Trust. We see potential to increase the rental tone by continuing to refurbish the units and improving the quality of occupiers, capitalising on the strategic location in Milton Keynes.

STRATEGICALLY POSITIONED PORTFOLIO:
OPPORTUNISTIC

Radway Green, Crewe

25-acre multi-let industrial estate in Crewe, Cheshire. Planning was secured in March 2021 on this site in collaboration with the adjoining landowner (16 acres), for a combined 803,000 sq ft across six new high-bay warehouse units, ranging from 22,000 sq ft to 340,000 sq ft.

STRATEGY IN ACTION

Brackmills, Northampton

Key statistics

VALUATION: £30.5M 31 March 2020	VALUATION: £40.5M 31 March 2021
SIZE SQ FT: 335,000 31 March 2021	CONTRACTED RENT: £1.9M 31 March 2021
KEY OCCUPIER: **John Lewis plc**	OCCUPANCY: 100% 31 March 2021

What is it?

The asset is on the Brackmills Industrial Estate, Northampton and comprises two units let to John Lewis Partnership. The units total 335,000 sq ft and have 9-metre eaves, 27 dock-level loading doors and 8 level access. Northampton is in the heart of the 'Golden Triangle', one of the UK's premier distribution locations, putting the asset within 4.5 hours' drive time of 85% of the UK population.

Why did we buy it?

The property was well priced and in a core logistics location, with excellent transport links. Low availability of space in this location, coupled with rising rents, meant we saw good reversionary potential at the next rent review, as well as scope to extend the lease given the occupier's investment in the building. John Lewis is a leading UK business with a strong covenant, as shown by its 5A1 Dun & Bradstreet rating, and the units are well positioned to support its e-commerce growth.

What have we done since purchase?

Since acquiring the asset, we have engaged with the occupier to understand its wider occupational strategy and the building's role within it. This helped us to agree a new reversionary lease that extended the term from March 2024 to March 2029, subject to a rent review in March 2024 with a cap and collar.

Sustainability features

- Close proximity to public transport links
- Looking to collaborate with the occupier, to support its ESG initiatives
- Planned installation of electric vehicle charging points and PV solar panels will enhance sustainability

What is the future?

We will continue to engage with John Lewis over its occupational requirements and will progress the March 2024 rent review.

STRATEGY IN ACTION

Midpoint Estate, Middlewich

Key statistics

AGGREGATE PURCHASE PRICE:
£44.7M

VALUATION:
£55.3M
31 March 2021

SIZE SQ FT:
561,000
31 March 2021

CONTRACTED RENT:
£3.0M
31 March 2021

KEY OCCUPIERS:
Wincanton Holdings Limited, Pentagon Sport Limited, Creative Arts Products Limited

OCCUPANCY:
97%
31 March 2021

What is it?

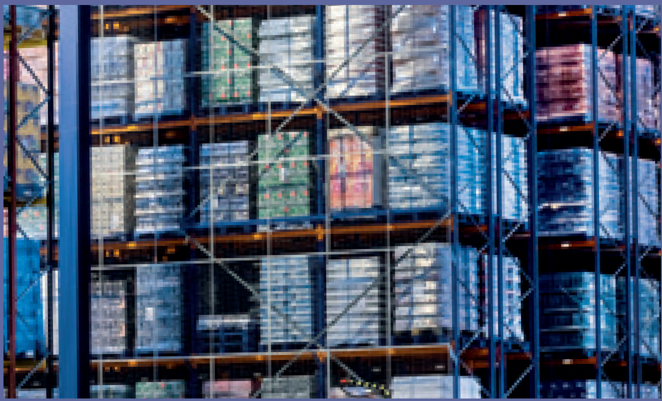
The Group has built its holdings at Midpoint through several transactions. It originally acquired a multi-let estate of 21 high-quality units, totalling 181,000 sq ft. Since then, it has added a further 6,300 sq ft unit, a single-let warehouse of 373,900 sq ft and a development site of 7.7 acres. The Midpoint Estate is strategically located near the M6 motorway in Cheshire.

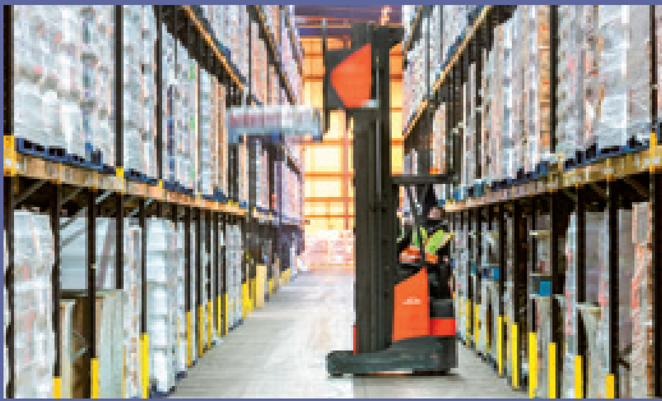
Why did we buy it?

The multi-let estate offered the chance to add further units through targeted acquisitions, to build critical mass. It also provided opportunities to grow rents and the WAULT through lettings, rent reviews, lease regears and renewals. The single-let warehouse is let to Wincanton, the UK's largest third-party logistics operator. The unit had a low passing rent of £5 per sq ft and a remaining lease term of 3.5 years, offering reversionary potential and the scope to secure the occupier on a longer-term basis. The development site is in a key logistics location and has planning consent to develop further units.

What have we done since purchase?

We have added to our holdings, as described previously. We have also let vacant space ahead of ERV, setting a new rental tone for the estate which has helped to drive income through rent reviews and lease renewals.





Sustainability features

- Core occupier keen to engage and explore sustainable solutions together
- Occupier has installed charging points for company cars
- Scope to drive improvements in EPC ratings through refurbishments and installation of LED lighting

What is the future?

We will continue to drive rental tone, overall income and capital values through targeted capital expenditure, including refurbishing vacant units where possible and develop the site on a pre-let basis.

STRATEGY IN ACTION

Evolution 27, Nottingham

Key statistics

VALUATION: £11.8M 31 March 2020	VALUATION: £17.6M 31 March 2021
SIZE SQ FT: 217,000 31 March 2021	CONTRACTED RENT: £1.0M 31 March 2021
KEY OCCUPIER: **DFS Limited**	OCCUPANCY: 100% 31 March 2021

What is it?

A high-specification, modern detached distribution warehouse located at Sherwood Park, Nottingham, with direct access to J27 of the M1. The 217,000 sq ft unit benefits from 11.4-metre eaves height and the space comprises of ground-floor warehouse space, with two mezzanine floors of c.31,000 sq ft each and substantial yard and car parking space.

Why did we buy it?

The unit is strategically located for logistics, just 0.5 miles away from the M1 motorway. Nottingham and Derby are under 20 miles away and East Midlands Airport is a 20-minute drive. Sherwood Park is one of Nottingham's dominant business locations, with existing occupiers including Babcock, Dell, Eddie Stobart, L'Oréal and SPS Aerostructures. Finally, the building offered a number of redevelopment and refurbishment options, to appeal to a wide variety of occupier requirements.

What have we done since purchase?

We have undertaken a rebranding and full marketing exercise and secured planning permission for alterations to the site, including an option to extend the building by over 20,000 sq ft. In June 2020, we completed a short-term letting to DFS and then worked with the occupier to secure a longer-term lease for five years from March 2021. DFS will use the warehouse to distribute online sofa and furniture sales, as it continues to focus on the growth of e-commerce.

Sustainability features

- EPC rating of C
- Car charging points to be installed as part of our refurbishment works
- Energy-efficient lighting installed and electrical circuits upgraded

What is the future?

As part of the new letting to DFS, we will undertake £1.6 million of significant capital refurbishment and upgrade works, working with the occupier as it operates from the unit. The works will include:

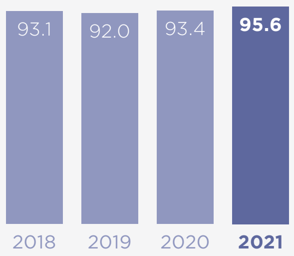
- stripping out previous alterations, electrical remediation and other statutory upgrades;
- significant alterations to the west elevation of the building, to reconfigure the car park into a concrete service yard; and
- addition of ten new dock levellers and two-level access doors.

KEY PERFORMANCE INDICATORS

We use the following key performance indicators ("KPIs") to monitor our performance and strategic progress.

OCCUPANCY (%)

Link to strategy: **Asset management**



Description

Total open market rental value of the units leased divided by total open market rental value, excluding development property and land, and equivalent to one minus the EPRA vacancy rate.

Why is this important?

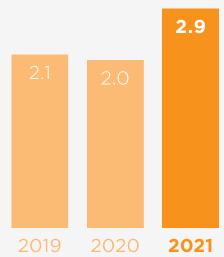
Shows our ability to retain occupiers at renewal and to let vacant space, which in turn underpins our income and dividend payments.

How we performed

The increase in occupancy reflects the success of our asset management initiatives. Effective occupancy (excluding units being refurbished or under offer) was 98.2% (31 March 2020: 96.5%).

LIKE-FOR-LIKE RENTAL INCOME GROWTH (%)

Link to strategy: **Asset management**



Description

The increase in contracted rent of units owned throughout the period, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment.

Why is this important?

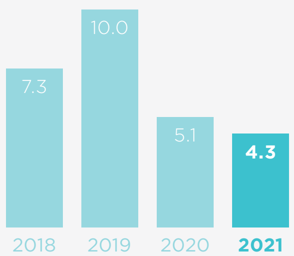
Shows our ability to identify and acquire attractive properties and grow average rents over time.

How we performed

We continued to deliver good rental growth from the portfolio, with a 2.9% like-for-like uplift, showing the benefits of asset management and continued favourable market conditions.

RENTAL INCREASES AGREED VERSUS VALUER'S ERV (%)

Link to strategy: **Asset management**



Description

The difference between the rent achieved on new lettings and renewals and the ERV assessed by the external valuer, expressed as a percentage above the ERV at the start of the period.

Why is this important?

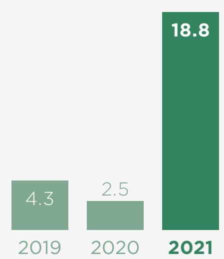
Shows our ability to achieve superior rental growth through asset management and the attractiveness of our assets to potential occupiers.

How we performed

We maintained our track record of achieving rental levels ahead of ERV.

LIKE-FOR-LIKE VALUATION INCREASE (%)

Link to strategy: **Investment, Asset management**



Description

The increase in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, and net of capital expenditure.

Why is this important?

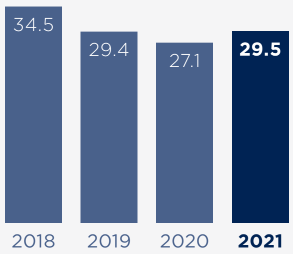
Shows our ability to acquire the right quality of assets at attractive valuations, add value through asset management and drive increased capital values by capturing rental growth.

How we performed

The valuation of the portfolio continued to increase during the year, reflecting market yield compression and the benefits of asset management.

TOTAL COST RATIO (%)

Link to strategy: **Not applicable**



Description

EPRA cost ratio including direct vacancy costs but excluding one-off costs. The EPRA cost ratio is the sum of property expenses and administration expenses, as a percentage of gross rental income.

Why is this important?

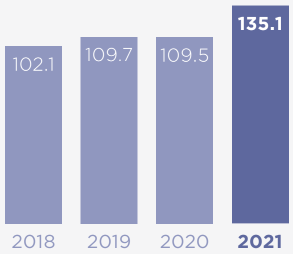
Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.

How we performed

The total cost ratio increased due to the timing difference between raising cash and capital deployment. We expect this ratio to decline in the year ending 31 March 2022, as we receive a full year of income from assets acquired in the current year.

EPRA NTA (PENCE PER SHARE)

Link to strategy: **Investment, Asset management**



Description

This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

Why is this important?

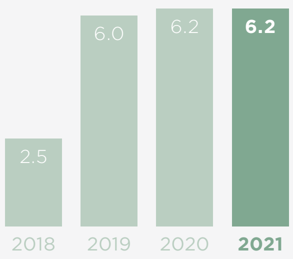
Shows our ability to acquire well and to increase capital values through active asset management.

How we performed

The EPRA NTA increased by 23.4% during the year, largely due to the increase in the portfolio's valuation.

DIVIDENDS (PENCE PER SHARE)

Link to strategy: **Investment**



Description

The total amount of dividends paid or declared in respect of the financial year divided by the number of shares in issue in the period.

Why is this important?

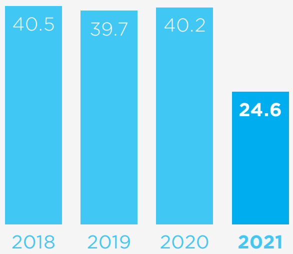
Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins dividend payments to shareholders.

How we performed

We achieved our dividend target for the year of 6.2 pence per share.

LOAN TO VALUE RATIO (%)

Link to strategy: **Financing**



Description

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.

Why is this important?

Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.

How we performed

After engagement with our shareholders, we took the decision to maintain debt levels below our target of 35%.

INVESTMENT ADVISOR'S REPORT

THE ECONOMIC RELEVANCE OF OUR ASSETS HAS STOOD THE TEST OF A YEAR OF UNCERTAINTIES WHICH HAS BEEN REFLECTED IN THE INDEPENDENT ANNUAL VALUATION UPLIFT.

TILSTONE PARTNERS LIMITED
Investment Advisor

Introduction

This was a highly active year for the Group, against the backdrop of Covid-19 and growing investor interest in the secure income offered by the sector. The Company raised gross proceeds of nearly £200 million through equity issues and invested a total of £246.6 million in high-quality assets, with a blended net initial yield of 6.0%.

The strong occupier relationships we have developed contributed to highly successful rent collection during the year, despite the numerous challenges caused by Covid-19. This also reflected the resilience of the portfolio and the well-diversified base of occupiers, who range from local businesses to the largest multinational companies, across many different sectors.

In addition, the Group has continued to develop its approach to sustainable business. More information on this can be found on pages 48 to 59.

Acquisitions

The Group continued to add attractive assets to its portfolio throughout the year. These acquisitions targeted space for e-commerce-related operations in economically relevant locations and further improved the quality of income. The acquisitions in the year were a mix of multi-let assets, of the type the Group has primarily purchased since IPO, as well as further single-let assets. The Group has been able to increase the number of single-let assets it holds, which typically offer both longer-dated and more secure income, as the portfolio's expansion in recent years means it now has in-built diversification. As a result of the acquisitions in the year, Amazon is the Group's largest occupier, making up 8.7% of the contracted rent roll at the year end.

First quarter acquisitions

The Group acquired Knowsley Business Park, which is located opposite its existing Nexus estate. The asset comprises five modern purpose-built units totalling 116,000 sq ft, which are fully let to two strong covenants. The purchase price of £7.9 million reflected a NIY of 7.1%. The business park offers both near-term and longer-term asset management opportunities, including the potential for lease extensions.

Second quarter acquisitions

The Group acquired two single-let warehouse assets for a total consideration of £82.3 million, reflecting a blended NIY of 5.4% and a combined WAULT of nine years:

- a prime 501,000 sq ft fulfilment centre in Chesterfield, for £57.3 million. The asset is let to Amazon UK Limited on a full repairing and insuring lease, with over 13 years remaining on acquisition. The lease benefits from five-yearly upward-only rent reviews, with no breaks, and a low passing rent; and
- a 374,000 sq ft single-let warehouse in Middlewich, Cheshire, for £25.0 million. The asset is occupied by Wincanton Holdings Limited and offers both short and long-term asset management opportunities. The lease had 3.5 years remaining on acquisition and a low passing rent of approximately £5 per sq ft. Following this and subsequent acquisitions, the Group now has holdings totalling over 560,000 sq ft at Middlewich.

Third quarter acquisitions

The Group purchased a 574,000 sq ft warehouse portfolio for £43.6 million, reflecting a blended NIY of 6.7%. On acquisition, the portfolio was 90% let and generated contracted annual rent of £2.95 million with a WAULT of 5.5 years.

17	**2.5M**	**£246.6M**
ASSETS ACQUIRED	SQ FT ADDED TO THE PORTFOLIO	AGGREGATE CONSIDERATION

The individual assets are:

- Gateway Park, a 28-unit industrial estate totalling 220,000 sq ft, close to Birmingham Airport and the M42. The park is let to a high-quality occupier mix including FedEx, Circle Express and Swissport;
- a 50,000 sq ft unit on Jay's Close in Basingstoke, serving as the European headquarters for TaylorMade on a lease expiring in 2026 and guaranteed by Adidas. The property is let off a low passing rent of below £9 per sq ft and is ideally located for the town centre and M3 motorway;
- Chittening Industrial Estate in Avonmouth, near Bristol and the M49. This 200,000 sq ft, ten-unit scheme is let to a diverse range of occupiers including Palletways UK, Encon Insulation and DS Smith;
- a three-unit warehouse property on Newport Road, Cardiff, totalling 50,000 sq ft; and
- a 54,000 sq ft warehouse in Ebbw Vale, South Wales, leased to DHL on an eight-year term, off a low rent of £3.31 per sq ft.

In Milton Keynes, the Group purchased Granby Trade Park for £17.5 million, at a NIY of 5.7%. The estate comprises 24 urban logistics and trade counter units across 147,000 sq ft and has excellent transport connectivity. There is potential to increase the rental tone through refurbishments and to enhance the occupier mix. On acquisition, the estate generated £1.1 million of income from 16 occupiers across 19 of the units, with a low average rent of £7.20 per sq ft. Almost half the space is secured for over eight years.

Towards the end of the quarter, the Group bought a portfolio of four single-let and multi-let distribution warehouse assets for £18.6 million, at a blended NIY of 6.1%.

The assets total 200,000 sq ft and are situated in strategic last-mile distribution hubs in the North West and West Midlands. On acquisition, the portfolio was 100% occupied and generated income of £1.22 million per annum. The average rent of £6.1 per sq ft is reversionary and offers good potential for rental growth. The portfolio had a WAULT of approximately five years, with opportunities to increase the longevity of income in the short term.

Fourth quarter acquisitions

The Group acquired two adjacent distribution warehouses in Harlow for £13.9 million including costs, reflecting a NIY of 8.6%. The 115,000 sq ft unit is the UK distribution hub for a global beauty and cosmetics company, with over four years remaining on the lease. The 62,000 sq ft unit is let to a specialist in shop fittings and supplies on a short-term lease. The assets have significant potential to capture rental growth, as well as longer-term asset management opportunities.

In Speke, Liverpool, the Group acquired four modern warehouse units ranging from 74,000 sq ft to 163,000 sq ft and totalling 390,000 sq ft. The purchase price of £35.0 million reflected a NIY of 5.5%. Boulevard Industry Park is one of Liverpool's most successful and popular business locations. The properties are let to three occupiers in the automotive and pharmaceutical sectors, generate a net rental income of £2.1 million per annum, equating to a low average rent of £5.31 per sq ft, and provide a WAULT of over seven years.

At Glasgow Airport Business Park, the Group purchased three units totalling 56,000 sq ft for £5.3 million, reflecting a net initial yield of 6.3%. The units are occupied by two global transport, logistics and delivery companies and a craft beer distributor. On acquisition, the average passing rent was low (£6.40 per sq ft) and the WAULT was more than four years to expiry.

INVESTMENT ADVISOR'S REPORT CONTINUED

Pipeline

We continue to screen a substantial amount of stock on the Group's behalf, enabling us to identify attractive opportunities to acquire e-commerce-focused assets that will be accretive to shareholder value. While the significant attractions of the sector mean yields have compressed during the year, we remain highly selective and will not compromise on asset quality in exchange for higher yields.

Asset management

Working with occupiers

Maintaining strong relationships with the Group's occupiers has always been central to the business model. Covid-19 has reinforced the importance of this approach, which supported the Group's ability to maintain a high level of rent collection throughout the year. During the first half of the financial year in particular we were in regular contact with occupiers, so we could understand the impact of Covid-19 on their businesses and provide appropriate support where needed. This included allowing some occupiers to temporarily pay rent on a monthly basis rather than quarterly. Some occupiers have also required additional space to cope with higher demand.

The Group's rent collection performance demonstrates the strength of its occupier relationships. As at 24 May 2021, the Group had collected 98.6% of the total rent due for the year.

While a few of the Group's smaller occupiers did cease trading this year, the level of bad debts remains low (see the financial review for more information). The Group has been successful in reletting the affected units at higher rents.

We continue to carry out analysis that allows us to assign the equivalent of a bond rating to occupiers, so we can assess the spread of credit risk across the portfolio. This enables us to strategically target specific occupiers or units from an asset management perspective. More generally, we see occupiers using warehouse space more efficiently, allowing them to increase the revenue they generate using the Group's assets. This in turn makes their rental payments a smaller proportion of their revenue, further increasing the security of the Group's income and the prospects for rental growth.

To support our ability to effectively manage the Group's portfolio and maintain strong occupier relationships, we have added a further two members to the asset management team and expect to continue to add resource in the coming months.

Disposals

The Group's asset management strategy includes an ongoing programme of disposing of mature, lower-yielding or non-core assets, so it can recycle the capital to generate further income growth and higher total returns.

The Group disposed of a further 11 assets in the year, for gross proceeds of £16.5 million. These assets included retail warehouses, offices and some smaller warehouse units that we assessed as being non-core. The portfolio remains under constant review to identify further opportunities to increase efficiency and dispose of any assets that are considered ex-growth or non-core.

Capital expenditure

Carefully targeted capital expenditure is key to enhancing the quality of the Group's assets. It enables us to attract occupiers, increase rental levels and capital values, and support occupiers' growth plans, through value-enhancing improvements or extensions to units, in exchange for higher rents or extended leases. The Group therefore aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes investment in development projects and is calculated based on GAV excluding developments.

Total capital expenditure in the year amounted to £2.6 million (31 March 2020: £3.7 million) despite local lockdown restrictions, continuing the strategy of refurbishing vacant units, resulting in strong occupier interest, growth in ERV and enhanced capital value in these properties during the year to 31 March 2021. At the year end, approximately 1.5% of the portfolio's ERV was under refurbishment (31 March 2020: 2.1%).

Leasing activity

We have continued to successfully let vacant space and renew leases on the Group's behalf, reflecting the quality of the Group's assets and strong occupier demand for space. The Group has maintained its record of leasing outperformance, with new lettings consistently achieving rents ahead of ERV and lease renewals also driving strong rental growth.

Lease lengths continue to increase, with an average length for new leases and renewals of 7.5 years. This reflects both our occupiers' confidence in their businesses and the shortage of available space in key locations.

New leases

The Group secured 54 new leases on 270,100 sq ft of space during the year. These will generate annual rent of £1.7 million, achieved at 9.2% ahead of the ERV. The level of incentives remains steady.

Key examples of new lettings in the year included:

- a new ten-year lease with a break at year three, for a 17,600 sq ft unit at Air Cargo Centre in Glasgow, to a large distribution business. The rent of £105,540 per annum represents a 9.1% premium to the 31 March 2020 ERV and confirms the rental tone for the estate;
- a new five-year lease with a break at year three, for a 20,600 sq ft unit at Farthing Road Industrial Estate, Ipswich to an e-commerce furniture retailer. The rent of £103,120 per annum represents a 19.9% premium to the 31 March 2020 ERV and further establishes the rental tone for the estate;
- a new ten-year lease with a break at year five, for a 16,700 sq ft unit at Delta Drive, Tewkesbury, to the UK distribution company of an international engineering components group. The rent of £109,500 per annum represents a 49.5% premium to the 31 March 2020 ERV and further supports the rental tone for the estate;
- a new five-year lease, for a 21,000 sq ft unit at Witan Park, Witney, Oxfordshire, to an international motor sport company. The rent of £157,740 per annum represents a 2.7% premium to the 31 March 2020 ERV and marks a significant letting following the recently completed comprehensive refurbishment of the units, setting a new tone 15% higher than the previous highest rent achieved on the estate.

Lease renewals

The Group continues to retain the majority of its occupiers, with 73% remaining in occupation at lease expiry and 69% with a break arising in the year.

In total, there were 63 lease renewals on 778,400 sq ft of space during the year. The renewals resulted in an average uplift of 10.2% above the previous passing rent and 2.6% above the ERV.

Examples of notable lease renewals included:

- a ten-year lease renewal, with no breaks, with Iron Mountain, at 1 Stretton Road, Warrington. The agreement reflects a 26.2% uplift to the previous rent paid, with a headline rent of £615,000 per annum or £5.80 per sq ft;
- a combined ten-year lease renewal on two units (along with simultaneously taking a third unit on a new lease), with a year five break, at North Seaton Industrial Estate, Ashington to a clothing company looking to expand and sell more online. The renewals reflect a 28.0% uplift to the previous rent paid and an increase of 14.5% ahead of the 31 March 2020 ERV;
- a five-year lease extension on 335,000 sq ft with John Lewis at Brackmills, Northampton, taking the unexpired term certain to eight years. The agreement includes a minimum uplift at the next rent review which would show a 4.3% uplift on the current passing rent; and
- a five-year lease extension on 49,200 sq ft with a major car retailer at Meridian Business Park, Leicester, taking the unexpired term certain to over ten years. The agreement includes a settlement of the forthcoming rent review at a 24% increase on the previous rent.

INVESTMENT ADVISOR'S REPORT CONTINUED

Asset management continued

Development activity

We look to extract value from unused or underutilised land, either on or adjacent to the Group's estates. In doing so, our aim is to obtain new assets for the portfolio at a yield ahead of acquiring a similar standing investment, therefore extracting value for the Group. The Group will not build new accommodation without first achieving a pre-let on at least some of the proposed space. The Company's investment policy limits investment in development activity to 15% of GAV at the time of purchase. Development also provides an opportunity to accelerate the ongoing improvements in the sustainability characteristics of the portfolio.

In March 2021, we were pleased to secure planning approval in respect of Radway Green, the Group's 25-acre multi-let industrial estate in Crewe, Cheshire. The application was submitted in collaboration with the adjoining landowner, for a combined 803,000 sq ft across six new high-bay warehouse units, ranging from 22,000 sq ft to 340,000 sq ft. We applied for and received detailed consent on two of the units and outline consent on the remainder. The planned development retains some existing space which is currently income producing, while utilising the estate's undeveloped areas. We intend to implement the scheme in a number of phases, to both maximise retained income and meet occupier demand. In the near term, we will look to invest in the site's infrastructure to prepare it for pre-lets, with initial occupational demand being encouraging.

We have also secured the adjoining 60 acres of existing greenfield land which has been allocated in the local plan for employment use, with potential for over 1.0 million sq ft of warehouse space. The enlarged scheme has the potential to create a multi-let scheme of regional significance.

We continued to make good progress with the planned development at Queenslie Industrial Estate, Glasgow. Substantial progress has been made to clear the planning conditions, in anticipation of placing certain plots under offer by way of pre-lets. Securing these pre-lets would enable work to start on site in the near term.

Portfolio analysis

The acquisitions and asset management activity during the year contributed to the portfolio valuation of £792.8 million at the year end (31 March 2020: £450.5 million), across a total of 8.5 million sq ft of space (31 March 2020: 6.2 million sq ft).

The table below analyses the portfolio as at 31 March 2021:

Warehouse location	Valuation £'m	Occupancy	Net initial yield	Net reversionary yield	Lease length to expiry Years	Lease length to break Years	Average rent £ per sq ft	Average capital value £ per sq ft
Southern England	247.4	95.9%	6.0%	6.6%	5.5	4.4	6.17	89.41
Northern England	234.6	97.0%	4.6%	4.9%	5.5	4.3	5.05	99.88
Midlands	200.7	95.8%	5.2%	5.7%	6.6	6.0	5.41	91.41
Rest of UK	69.2	91.4%	6.3%	7.3%	5.7	3.7	5.04	64.06
Total	**751.9**	**95.6%**	**5.4%**	**5.9%**	**5.8**	**4.7**	**5.51**	**89.60**
Development land	40.9							
Total	**792.8**							

At the year end, the contracted rent roll for the Group's investment portfolio, which comprises the completed buildings and excludes development property and land, was £43.0 million, compared with the ERV of £47.2 million. In addition, the Group had contracted rent of £0.6 million from development property. Contracted rents increased by 2.9% on a like-for-like basis, showing the benefits of asset management and the underlying rental growth in the market.

The NIY of the investment portfolio was 5.4% at 31 March 2021, with a reversionary yield of 5.9%. The ERV typically assumes that a unit is re-let in its current condition and does not take account of the potential to increase rents through refurbishment, repositioning or change in permitted planning use. As noted above, the Group's asset management programme is unlocking the portfolio's reversionary potential.

The WAULT for the investment portfolio stood at 5.8 years at 31 March 2021 (31 March 2020: 5.2 years).

This reflects the benefits of the acquisitions and asset management in the year, offsetting the natural reduction in WAULT over time. Occupancy across the investment portfolio increased to 95.6% at the year end (31 March 2020: 93.4%), reflecting the strength of occupier demand and the quality of the Group's assets. Effective occupancy across the investment portfolio, which excludes units under offer to let or undergoing refurbishment, was 98.2% at the year end (31 March 2020: 96.5%), with 1.1% of the investment portfolio under offer to let and a further 1.5% undergoing refurbishment at that date.

The changes to the portfolio over the last three years, in terms of both acquisitions and disposals, have resulted in a marked increase in the size and quality of the Group's assets. At 31 March 2018, the Group owned 881 units across 92 assets, with an average unit size of c.5,000 sq ft and average value per asset of £3.2 million. At 31 March 2021, the number of units had reduced to 838 across 101 assets, reflecting the ongoing disposal of estates with larger numbers of small units. The average unit size had doubled to c.10,000 sq ft, with an average value per asset of £7.8 million.

£43.0M

CONTRACTED RENT
(31 MARCH 2020: £29.7 MILLION)

5.4%

NET INITIAL YIELD
(31 MARCH 2020: 6.4%)

95.6%

TOTAL OCCUPANCY
(31 MARCH 2020: 93.4%)

INVESTMENT ADVISOR'S REPORT CONTINUED

Financial review

Performance

Rental income rose 20.0% to £34.2 million (year ended 31 March 2020: £28.5 million), primarily as a result of asset acquisitions in the year, a full year of revenue from assets purchased during the prior year and rental growth captured through asset management. EPRA like-for-like rental income increased by 0.7%.

Total revenue, which includes insurance recharges, dilapidation income and any surrender premiums, was £35.8 million. (Total revenue in the year ended 31 March 2020 was £30.1 million, including a £0.8 million surrender premium and dilapidations payment in respect of units taken back at Witney.)

The Group's operating costs include its running costs (primarily the management, audit, company secretarial, other professional and Directors' fees), and property-related costs (including legal expenses, void costs and repairs). Total operating costs for the year were £10.9 million (year ended 31 March 2020: £9.0 million, including £0.4 million of one-off costs related to an equity raise that was postponed until current year). The Investment Advisor fee for the year increased by £1.6 million, primarily as a result of the increase in net assets following the completion of the equity raise in the first half (see equity financing below) and the like-for-like increase in the portfolio valuation of 18.8%. Despite the economic impact of Covid-19, the net movement in the loss allowance only increased £0.4 million (year ended 31 March 2020: £0.1 million), reflecting the quality and diversity of the Group's occupier base and the strength of its relationships with them.

We continue to exercise tight control of the Group's costs. The total cost ratio, which is the EPRA cost ratio including direct vacancy costs, was 29.5% (year ended 31 March 2020: 27.1% excluding one-off costs). We expect this to reduce during the year ending 31 March 2022, as a number of the Group's costs are fixed or semi-fixed and the Group will benefit from a full year of income from recently acquired assets. The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was 1.4% (year ended 31 March 2020: 1.9%, excluding one-off costs).

The Group completed the sale of 11 assets during the year, generating proceeds of £16.5 million (year ended 31 March 2020: 12 assets for proceeds of £16.7 million). This resulted in a modest loss on disposal of £0.5 million (year ended 31 March 2020: profit of £0.9 million).

At 31 March 2021, the Group recognised a gain of £105.0 million on the revaluation of its investment properties (year ended 31 March 2020: gain of £5.1 million).

Net financing costs, which include the interest costs associated with the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging), totalled £6.2 million (year ended 31 March 2020: £6.5 million). The charge in the prior year included a one-off cost of £0.4 million, relating to the accelerated amortisation of loan issue costs following the refinancing of the Group's debt facilities during the year ending 31 March 2020.

Statutory profit before tax for the year was £123.1 million (year ended 31 March 2020: £20.7 million).

As a REIT, the Group's profits and capital gains from its property investment business are exempt from corporation tax. The corporation tax charge for the period was therefore £nil (year ended 31 March 2020: £nil).

Earnings per share ("EPS") under IFRS was 35.2 pence (year ended 31 March 2020: 8.6 pence). EPRA EPS was 5.3 pence (year ended 31 March 2020: 6.3 pence, or 6.5 pence excluding one-off costs). Both EPS measures reflect the short-term dilutive impact of the equity issues, which increased the weighted average number of shares in issue ahead of the full deployment of funds in accretive acquisitions.

Dividends

The table below sets out the interim dividends declared in respect of the year ended 31 March 2021:

Quarter to	Declared	Paid	Amount (pence)
30 June 2020	30 July 2020	2 October 2020	1.55
30 September 2020	3 November 2020	31 December 2020	1.55
31 December 2020	26 January 2021	1 April 2021	1.55
31 March 2021	24 May 2021	30 June 2021	1.55
Total			**6.20**

The total dividend for the year of 6.2 pence per share was in line with target. All four interim dividends were paid in full as property income distributions.

The total dividend was 85.8% covered by EPRA EPS, reflecting the short-term dilutive impact of the equity raises, as noted above.

The cash cost of the total dividend paid during the year was £15.6 million (year ended 31 March 2020: £14.7 million), reflecting the increase in the number of shares in issue.

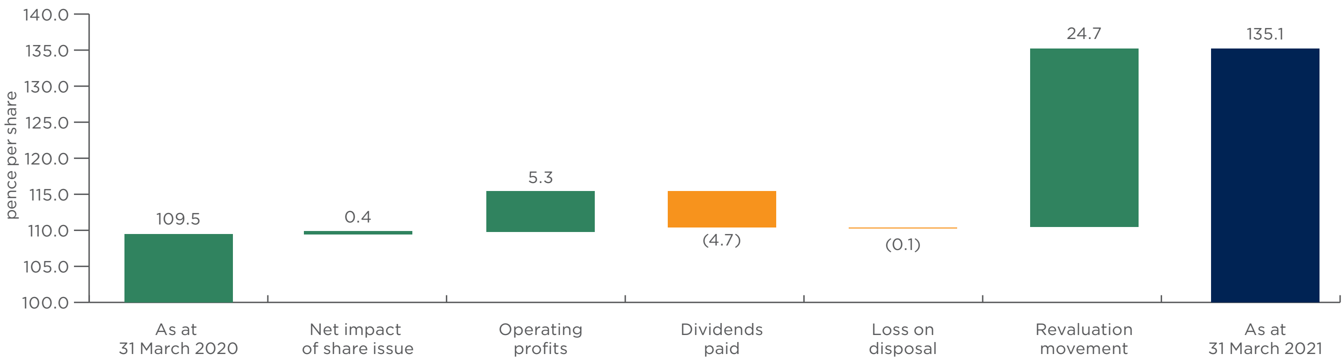
Valuation and net asset value

The portfolio was independently valued by CBRE as at 31 March 2021, in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards).

The portfolio valuation of £792.8 million (31 March 2020: £450.5 million) represented a 18.8% like-for-like increase in the valuation, taking into account the capital expenditure in the year of £2.6 million. The like-for-like valuation increase was primarily driven by yield compression, as well as benefiting from income growth. The EPRA NIY was 4.7% (31 March 2020: 5.9%).

The valuation resulted in an EPRA NTA of 135.1 pence per share at the year end (31 March 2020: 109.5 pence per share). This primarily reflects the revaluation gain noted above, equivalent to 24.7 pence per share.

Movement in EPRA NTA (pence per share)



INVESTMENT ADVISOR'S REPORT CONTINUED

Financial review continued

Equity financing

On 18 June 2020, the Company announced a proposed equity raise through a firm placing, placing, open offer and offer for subscription and intermediaries offer, at 110.0 pence per share, representing a premium of 0.5 pence per share to the EPRA NTA as at 31 March 2020.

On 6 July 2020, the Company announced that it had received valid applications and commitments in respect of 139,090,908 shares. The gross proceeds of the issue were therefore approximately £153.0 million, with net proceeds of £149.3 million after expenses of £3.7 million.

On 5 February 2021, the Company raised gross proceeds of approximately £45.9 million through the placing of 37,934,400 new shares at 121.0 pence per share. This represented a premium of 2.2% to the EPRA NTA of 118.4 pence at 30 September 2020.

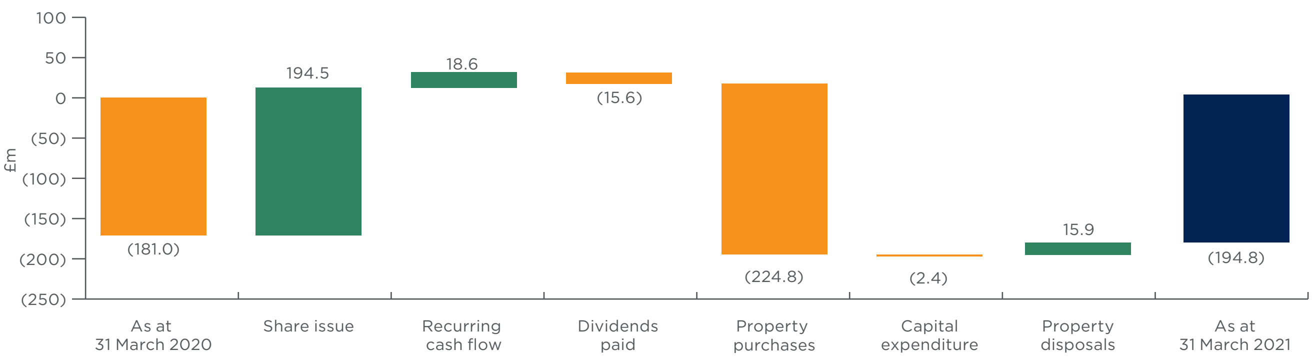
Debt financing and hedging

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and comprises an RCF of £63.0 million and a term loan, which increased from £157.0 million to £182.0 million during the second half of the year, as the Group drew on £25.0 million of the £80.0 million accordion included with the facility. The facility has an option to extend for a further two years, and a remaining accordion of a further £55.0 million.

The term loan was fully drawn at the year end, while £40.0 million was drawn against the RCF. Total debt at the year end was therefore £222.0 million (31 March 2020: £186.5 million), with the Group also holding cash balances of £27.2 million (31 March 2020: £5.5 million). The LTV ratio at 31 March 2021 was therefore 24.6% (31 March 2020: 40.2%).

The chart below reconciles the movement in net debt during the year. The primary movements relate to the net proceeds of £194.5 million from the two share issues, net asset disposal proceeds of £15.9 million, and the acquisition of assets totalling £224.8 million. Recurring cash flow of £18.6 million funded dividend costs of £15.6 million.

Change in net debt



The Group has two interest rate caps of £30.0 million each. They run until November 2022 and November 2023 and have respective rates of 1.50% and 1.75%, excluding lending margin. At the period end, the Group had therefore hedged the interest costs on 27.0% of its debt. There were no changes to the Group's interest rate hedging arrangements during the year.

Post year end activity

On 18 May 2021, the Group acquired the Cambridge South Industrial Estate, comprising 68,000 sq ft of newly built multi-let industrial units and an adjacent development site, located on the wider Dales Manor Business Park, seven miles south of Cambridge city centre and within four miles of both the Wellcome Genome Park and Granta Park. The purchase price of £20.2 million reflects a net initial yield of 4.2% on the apportioned price for the completed buildings.

Compliance with the investment policy

The Group's investment policy is summarised below. The Group continued to comply in full with this policy throughout the year.

Investment policy	Status	Performance
The Group will only invest in warehouse assets in the UK.	✓	All of the Group's assets are UK-based urban warehouses.
No individual warehouse will represent more than 20% of the Group's last published gross asset value ("GAV"), at the time it invests.	✓	The largest individual warehouse represents 9.0% of GAV.
The Group will target a portfolio with no one occupier accounting for more than 15% of its gross contracted rents at the time of purchase. No more than 20% of its gross assets will be exposed to the creditworthiness of a single occupier at the time of purchase.	✓	The largest occupier accounts for 8.7% of gross contracted rents and 12.4% of gross assets.
The Group will diversify the portfolio across the UK, with a focus on areas with strong underlying investment fundamentals.	✓	The portfolio is well-balanced across the UK, as shown in the map on page 6.
The Group can invest no more than 10% of gross assets in other listed closed-ended investment funds.	✓	The Group held no investments in other funds during the year.
The Group will not speculatively develop properties, except for refurbishing or extending existing assets. Speculative developments are those which have not been at least partially leased, pre-leased or de-risked in a similar way.	✓	Other than refurbishing vacant units, the Group did not undertake any speculative development in the period.
The Group may invest directly, or through forward funding agreements or commitments, in developments (including pre-developed land), where: • the structure provides us with investment risk rather than development risk; • the development is at least partially pre-let, sold or de-risked in a similar way; and • we intend to hold the completed development as an investment asset. The Group's exposure to these developments cannot exceed 15% of gross assets at the time of purchase.	✓	The Group made no investments or financial commitments to pure speculative developments in the period.
The Group views an LTV of between 30% and 40% as optimal over the longer term but can temporarily increase gearing up to a maximum LTV of 50% at the time of an arrangement, to finance value enhancing opportunities.	✓	The LTV at 31 March 2021 was 24.6%.

The Company's full investment objective and policy are set out on page 151.

Investment Manager

The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD") and, as such, is required to have an Investment Manager who is duly authorised to undertake that role. G10 Capital Limited ("G10") is the Company's AIFM and Investment Manager, with Tilstone providing advisory services to both G10 and the Company.

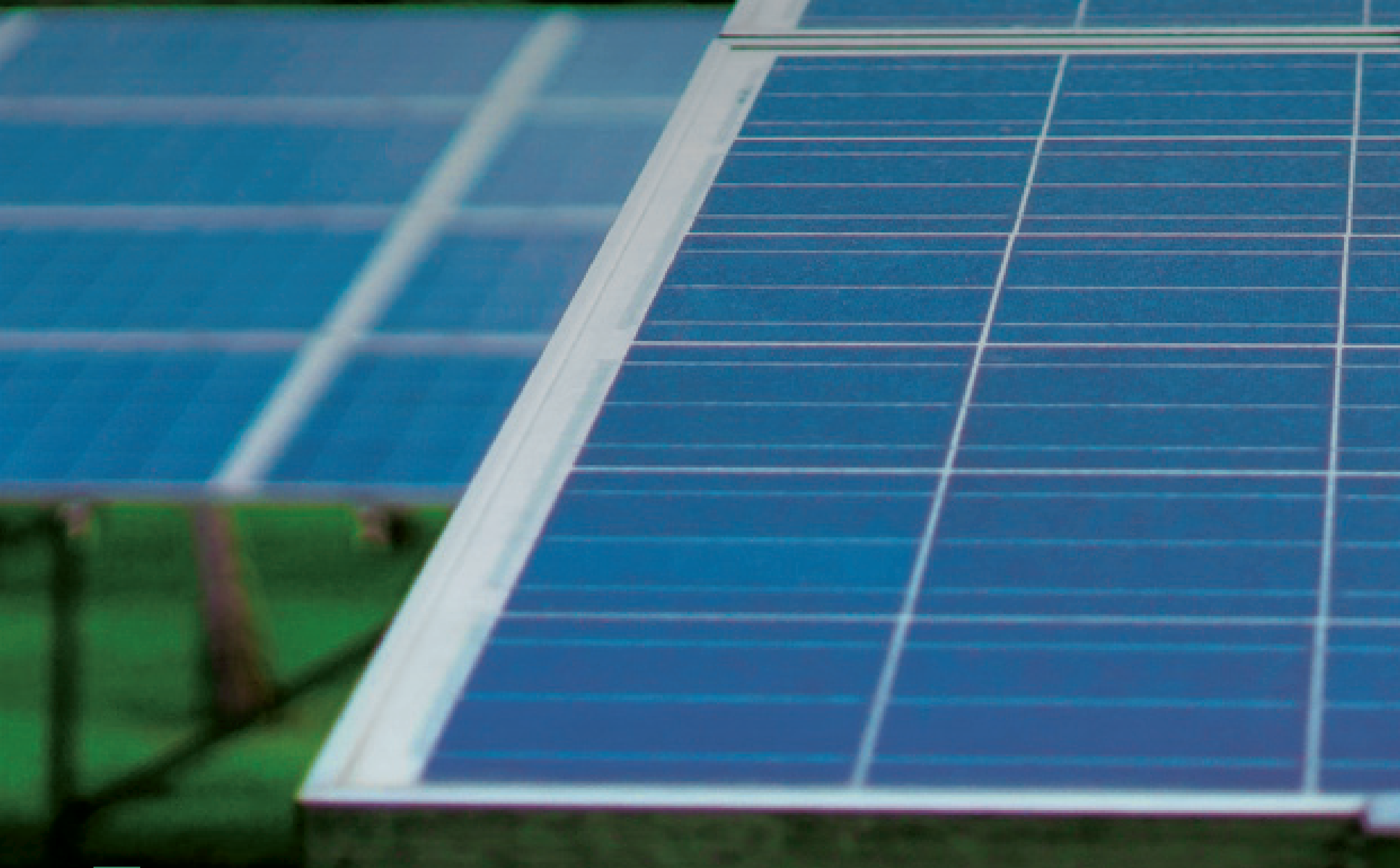
Tilstone Partners Limited
Investment Advisor

24 May 2021

SUSTAINABILITY REPORT

> ACTION ON CLIMATE CHANGE, AND THE WIDER ESG AGENDA, IS SOMETHING OUR STAKEHOLDERS INCREASINGLY EXPECT, AND OUR INVESTORS DEMAND. WE HAVE PUT IN PLACE A STRATEGIC FRAMEWORK TO MANAGE THE ESG ISSUES RELEVANT TO OUR PORTFOLIO, WHILST CONTINUING TO EMBED RESPONSIBLE BUSINESS PRACTICES THROUGHOUT OUR OPERATIONS.

NEIL KIRTON
Chairman



Introduction from Neil Kirton

"
WE NOW HAVE A CLEAR FRAMEWORK IN PLACE TO GUIDE OUR APPROACH, AND LOOK FORWARD TO REPORTING ON PROGRESS NEXT YEAR.

During a year dominated by Covid-19, the ESG agenda has advanced rapidly. The social and economic upheaval brought about by Covid-19 has highlighted the role that business, and the real estate sector, can play in supporting a sustainable economic recovery.

The climate crisis meanwhile remains unabated, with 2020 the joint hottest year on record. The implications for the business community are clear; rapid action is necessary if we are to remain within the framework of the Paris Agreement and limit global warming to below 2°C.

Action on climate change, and the wider ESG agenda, is something our stakeholders increasingly expect, and our investors demand. Already, we are seeing many of our key occupiers respond by setting ambitious carbon targets of their own, often aiming to achieve net zero carbon status by 2040 or earlier. The investment community has also mobilised, with 2020 seeing record inflows into ESG funds. Across Europe, the value of assets in sustainable funds increased by 53%, with capital inflows hitting €255 billion.

In this respect, the year ended 31 March 2021 was also a year of progress for the Group. As we committed to in our previous Annual Report, we have put in place a strategic framework to manage the ESG issues relevant to our portfolio, whilst continuing to embed responsible business practices throughout our operations.

Our starting point was a review of our material ESG risks and opportunities given our business model. With the support and guidance of expert consultants, we have identified the most significant areas where we can have the greatest positive impact, reduce the footprint of our operations, support our occupiers and deliver value for our investors.

These areas have been combined to form our strategy, split into four pillars: creating a resilient portfolio; reducing our footprint; supporting our occupiers; and embedding responsible business foundations.

The pillars support our business model by defining the actions necessary through our investment, asset and property management activities, as well as the standards and policies we expect our stakeholders and business partners to abide by. Against each pillar, we have defined long-term objectives supported by a roadmap of actions to guide the implementation of our strategy in the short to medium term.

While our focus remains on the environmental impact of our business, the long-term impacts of Covid-19 on the way we live and work are likely to be profound. In this respect, we will work closely with our occupiers to define health and wellbeing standards into our asset and property management activities to ensure the safety of all building users is protected.

The Board, supported by our Investment Advisor Tilstone Partners Limited, are resolute in their commitment to integrating the roadmap into the day-to-day management of the portfolio and the business. We now have a clear framework in place to guide our approach and have established a Sustainability Committee with members from the Investment Advisor and the Board, chaired by Aimée Pitman. We look forward to reporting on progress next year.

Neil Kirton
Chairman

24 May 2021

SUSTAINABILITY REPORT CONTINUED

Sustainability in action

Reducing EPC risk

We have targeted a minimum EPC rating of E across our portfolio. The target aligns us with the UK Government's energy efficiency standards which require newly let properties to achieve a minimum EPC rating of E, and for all properties with an EPC and existing leases from 2023.

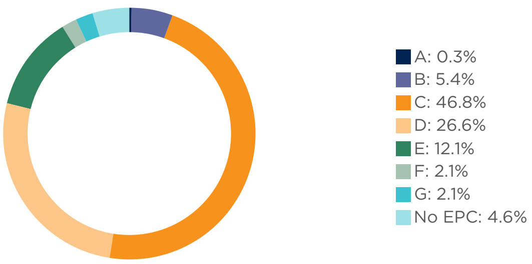
Since 31 March 2020, the percentage of E and above rated buildings has increased from 81% to 91% and the percentage of buildings with no ratings has decreased from 13.2% to 4.6%. The median average EPC rating, by square footage, across our portfolio stands at C as at 31 March 2021.

The overall results reflect the significant growth of our portfolio during the year coupled with constant recycling of capital. We use our annual capital expenditure budget to target investments that deliver improvements to the operational performance of each asset, benefiting their marketability and rental growth potential.

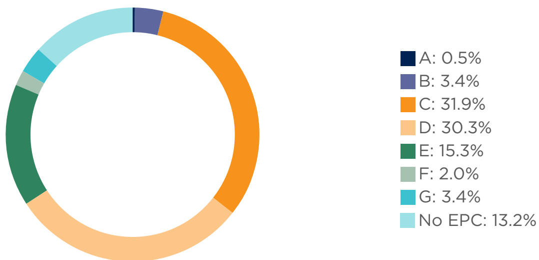
In anticipation of more stringent standards that are likely to be introduced, our roadmap targets a minimum EPC rating of B across all non-exempt properties by 2030.

EPC analysis (by floor area, including expired EPCs)

March 2021

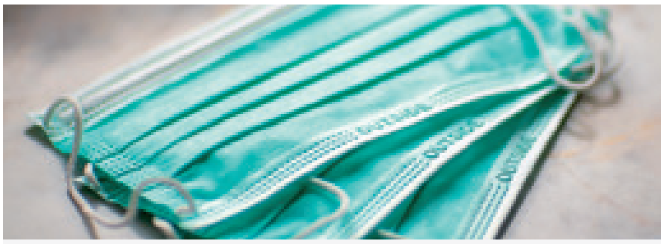


March 2020



Sustainability

We installed our first electric vehicle ("EV") charging point at Tramway Industrial Estate in Banbury as part of a pilot project with Raw Charging.



We provided approximately 23,000 sq ft of short-term rent-free warehouse space to urgently store vital personal protective equipment for NHS suppliers and The Leeds and York Partnership NHS Foundation Trust.

We are projected to achieve energy savings of an average of 71%, following our replacement of outdated lighting, in five units, with more efficient LED alternatives at Webb Ellis Industrial Park, Rugby. EPC ratings have also improved to 'C' as a result.

We provided flexible lease agreements and temporary rent reductions to support local charities including a food bank and a therapy centre during Covid-19.

Sustainability strategy

During 2020 we undertook a strategic review to determine our sustainability strategy and roadmap. The review included a materiality assessment to identify the most significant sustainability-related risks and opportunities for the Group.

The assessment included external tests to understand stakeholder views, peer practices, the legislative environment and investor expectations, along with an internal review against our business model and strategy supported by internal engagement with the Investment Advisor.

Following a validation exercise, we identified ten material topics that reflect our major impacts and where we have a meaningful opportunity to influence positive change through our portfolio.

The strategy, presented below, aims to safeguard our ability to deliver sustainable financial returns to our investors, protect and enhance the value of our portfolio and make a positive contribution to the sustainability challenges that we share with our occupiers. These are underpinned by our ESG policy (available to download on our website) which sets out our commitment to operating as a responsible business and reporting transparently on our progress.

CREATING A RESILIENT PORTFOLIO

- Target net zero carbon for design and construction
- Targeting green building certifications
- Reducing EPC risk

REDUCING OUR FOOTPRINT

- Increasing energy and resource efficiency
- Reducing waste and resource consumption

SUPPORTING OUR OCCUPIERS

- Engagement to understand occupier net zero carbon goals and support wellbeing
- Integrating sustainability criteria into lease clauses and providing occupier training

RESPONSIBLE BUSINESS FOUNDATIONS

- Governance and policies (environment, health and safety and supply chain)
- Risk management (including climate-related risk)
- Transparent disclosure and participation in investor benchmarks and indices

SUSTAINABILITY REPORT CONTINUED

Our strategic roadmap and long-term objectives

Our roadmap and long-term objectives address the material ESG issues that impact our business and stakeholders.

CREATING A RESILIENT PORTFOLIO

MATERIAL ISSUES

- Energy and carbon
- Climate change adaptation, mitigation and resilience
- Green building certifications and standards (including BREEAM, LEED and EPCs)

LONG-TERM OBJECTIVE		
• Evaluating net zero carbon pathway	• Targeting green building certifications	• Reducing EPC risk
ROADMAP ACTIONS		
• Undertake a review of net zero carbon frameworks to identify the most appropriate pathway to achieve net zero carbon status covering operations, design and construction	• Review current development, construction and redevelopment standards against BREEAM criteria to determine level of attainment	• Conduct an EPC risk review against existing MEES regulations, and anticipated increases
HOW WE WILL TRACK OUR PERFORMANCE		
• Carbon footprint	• Number of BREEAM certifications by level	• Proportion of the portfolio with an EPC rating of E and above

REDUCING OUR FOOTPRINT

MATERIAL ISSUES

• Energy and carbon	• Circular economy (waste and resource management)
LONG-TERM OBJECTIVE	
• Increasing energy and resource efficiency (landlord and occupier)	• Reducing waste and resource consumption
ROADMAP ACTIONS	
• Report landlord-obtained utilities consumption and establish a baseline • Conduct environmental audits at assets with the highest energy and carbon impact to identify cost-effective opportunities to improve performance through operational expenditure and capital expenditure • Provide guidance for asset and property management teams to improve efficiencies covering common areas/shared services	• Align construction material procurement and waste disposal practices consistent with target BREEAM achievement level • Integrate materials selection and embodied carbon analysis as part of the scoping exercise for net zero carbon
HOW WE WILL TRACK OUR PERFORMANCE	
• Asset energy consumption and associated GHG emissions (absolute, like-for-like and intensities) • Utilities costs and cost savings • Occupier surveys	• Proportion of construction waste recycled/diverted from landfill • Proportion of construction materials with recycled inputs • Average embodied carbon of materials and new developments

Materiality is a term borrowed from financial risk management and auditing and is the threshold beyond which an issue is deemed to be important or a priority.

SUPPORTING OUR OCCUPIERS

MATERIAL ISSUES

- Sustainable transport and connectivity
- Climate change adaptation, mitigation and resilience
- Energy and carbon
- Building wellbeing and productivity
- Health, safety and security of building and site users

LONG-TERM OBJECTIVE

- Engagement to understand occupier net zero carbon goals and support wellbeing
- Support occupier wellbeing and provide a safe environment for all building users

ROADMAP ACTIONS

- Engagement with key occupiers to understand opportunities to align with occupiers' sustainability priorities, share utilities consumption to support environmental audits and capital expenditure and external reporting
- Conduct renewable energy and electric vehicle charging infrastructure feasibility studies across the portfolio, prioritising largest consuming assets based on landlord and occupier energy
- Conduct a baseline review of existing assets' health and wellbeing performance (aligned with the WELL Standard)
- Provide practical advice and clear information in tenant guides, where relevant, to support energy savings, carbon reduction, health, safety and security and wellbeing
- Review potential to integrate sustainability clauses into leases
- Define health and wellbeing standards that can be integrated into development guidelines and requirements

HOW WE WILL TRACK OUR PERFORMANCE

- Total portfolio energy consumption (landlord and occupier)
- Number of leases with green clauses
- Number of assets with health and wellbeing initiatives in place

RESPONSIBLE BUSINESS FOUNDATIONS

MATERIAL ISSUES

- Human rights and labour conditions
- Health, safety and security of building and site users
- Climate change adaptation, mitigation and resilience

LONG-TERM OBJECTIVE

- Robust governance and oversight of ESG risks
- Transparent disclosure and participation in investor benchmarks and indices

ROADMAP ACTIONS

- Establish a Sustainability Committee with Board-level representation to review progress against the action plan, and include sustainability performance in quarterly Board reports
- Report climate-related risks in line with the Task Force on Climate-related Financial Disclosures ("TCFD") and conduct scenario analysis
- Integrate ESG risks into the risk management framework and principal risk categories
- Report our ESG performance in line with the EPRA Sustainability Best Practices Recommendations
- Publish our ESG policy formalising our commitment to managing material ESG issues
- Conduct a gap analysis against the GRESB Real Estate Assessment

HOW WE WILL TRACK OUR PERFORMANCE

- Value at risk due to climate change
- Annual risk assessment
- EPRA ranking
- GRESB ranking

SUSTAINABILITY REPORT CONTINUED

Climate-related disclosures

We use the framework developed by the Task Force on Climate-Related Financial Disclosures ("TCFD") to report our governance and management of climate-related risks. As part of our roadmap, we will conduct a more detailed scenario analysis to identify both physical and transitional risks and opportunities to our portfolio, and implement mitigation measures throughout the acquisition, property and asset management life cycle.

Governance

The Board is responsible for approving the REIT's sustainability strategy, long-term goals and actively monitoring portfolio performance. Our Sustainability Committee, a principal committee of the Board, will oversee the management of our climate-related risks and opportunities, which will be attended by the Investment Advisor. Aimée Pitman will chair our Sustainability Committee which has oversight of performance towards the long-term goals. The implementation of our roadmap and driving towards our long-term goals is assigned to the Investment Advisor.

Risk management

With the focus on sustainability escalating rapidly, the Board has recognised the importance of identifying the impact of climate change to our business. During the year we identified the key risks with input from our consultant, JLL, via a materiality assessment. The key risks have been added to our risk register so they are monitored as part of our wider risk management process. (See pages 60 to 69). The Board and Investment Advisor are raising their understanding of the potential physical impact of climate change and the wider implications associated with increased regulation, occupier requirements and increased focus on sustainable assets.

A more detailed climate change risk assessment will be undertaken in line with TCFD recommendations.

Metrics and targets

We have developed a long-term roadmap which will drive us towards our sustainable objectives. As we clarify the actions, specific targets can be set to meet on an annual basis. This year we have started to collate relevant data that sets a baseline for us to move forward. This includes detailed EPC certification analysis and energy consumption for the common areas and shared services of our assets. Our performance under the roadmap will be reported quarterly to the Board.

This is the first year we will report in line with EPRA Best Practices Recommendations on Sustainability Reporting and issue our EPRA tables in our Annual Report and on our website.

Strategy

Climate change is factored into all decisions made within our business, including our financial planning.

How ESG creates value in our business model

Identify assets to acquire

- Focus on properties with potential for enhanced sustainability credentials, i.e. sustainable transport possibilities.
- Climate change risk considerations integrated into due diligence. Flooding risk is a key consideration due to the increased weather extremes the country is experiencing. Credit is given to buildings that have the potential to respond well to sustainable features, demonstrate long-term resilience and those that could respond to capital expenditure.

Property management

- Strong facilities management ensures our sites are visited regularly and assessed for health and safety, with maintenance undertaken to counter any increased damage and hazards. The Board monitors a summary of the health and safety report.
- Smart management of service charge which enables measurement of consumption of resources: electricity; water; waste removal; and renewable supplies.

Asset management

- Focus on providing a first-class service for occupiers: providing occupiers with energy-efficient space that is resilient to climate change.
- Working with occupiers to agree leases that benefit all stakeholders and enables improvements to the assets in a sustainable manner, for example upgrading to LED lighting.
- Working with occupiers to reach mutual sustainable targets, identifying areas of overlap and enabling transparency of energy consumption data. Identifying energy efficiencies and carbon emission reduction initiatives such as electrical charging points.
- Maintaining and improving EPCs through improved certification, monitoring and improvement strategy in collaboration with our EPC consultant, MEES Solutions.

Capital expenditure and development

- Strategy of recycling and upgrading assets, for example via LED lighting installation and removing redundant gas boilers.
- Assessing sustainable power sources and renewable energy opportunities in partnership with experienced consultants.
- Upgrading existing buildings and developing surplus land: extending life expectancies of buildings to minimise construction and associated carbon emissions.

Recycle capital

- Capitalising on assets that benefit from sustainable enhancements and disinvesting in non-core assets that no longer benefit from investment.

Underpinned by strong corporate governance

SUSTAINABILITY REPORT CONTINUED

EPRA Sustainability Best Practices Recommendations

We have chosen to report our material environmental, social and governance data in accordance with the 3rd edition of the EPRA Sustainability Best Practices Recommendations ("sBPR"), September 2017.[1] Our reporting response has been split into three sections:

1. Overarching recommendations
2. Environmental performance measures
3. Social and governance performance measures

1. Overarching recommendations

Organisational boundaries

Our EPRA reporting covers the properties owned by the Group, which at 31 March 2021 included a portfolio of 101 urban warehouse assets located across the United Kingdom. The activities of our Investment Advisor, who is responsible for all management and administrative functions, fall outside the scope of this report as it is a separate legal entity outside of the Group.

Coverage

Unless otherwise stated, all absolute performance measures relating to electricity, fuels and associated greenhouse gas ("GHG") emissions relate to assets where we procure utilities for common areas, shared services, occupier areas and those properties that are vacant. These account for 19 out of the 101 assets within our portfolio at 31 March 2021. Coverage of these assets, where we procure the utilities, is 100%. The remaining assets are single or multiple occupancy assets with no landlord-obtained utilities.

Like-for-like performance measures include properties within this scope for which we have collected two years' worth of consistent data – and excludes properties sold, acquired or under development during the period: 1 April 2019 to 31 March 2021. Our like-for-like portfolio therefore represents 16 out of the assets covered in our organisational boundaries, and data coverage is 100% of these properties.

We aim to complete annual health and safety assessments for 100% of the assets, excluding those where the responsibility for health and safety assessments is with the occupier.

Boundaries – Reporting on landlord and occupier consumption

The energy and associated GHG emissions data reported includes electricity and fuels consumption which we purchase as landlords and refers to common areas, shared services and occupier areas where this consumption is not sub-metered but recharged via the service charge. Utilities procured directly by occupiers is excluded as it falls outside our operational control.

Estimation of landlord-obtained utility consumption

All data is based on invoices and/or meter readings where available. Estimations have been applied where invoices were not available at the time of publication. In these instances, we have estimated consumption data based on the most recent invoice or reading for the corresponding period. On this basis, the following proportion of data is estimated for 2020/21:

- electricity: 6%;
- gas: 31%; and
- water: 92%.

1. EPRA sustainability guidelines and definitions are available for download via: **www.epra.com/sustainability/sustainability-reporting/guidelines**.

Analysis – Normalisation

Energy and emissions intensity indicators are calculated using floor area sq ft for whole buildings. We are aware of a mismatch between the numerator and denominator, as in some properties our utilities consumption relates to common areas only, and in others it covers both shared services, outside space and occupier areas where there are no sub-meters.

Analysis – Segmental analysis (by property type, geography)

Segmental analysis is organised by the property classification used in our financial reporting, which defines our investment portfolio as urban warehouse assets. Additional segmental analysis by geography is not applicable as all assets are in the United Kingdom.

Reporting period

Absolute performance measures and intensity metrics are reported for the most recent reporting year (year ending 31 March 2021). Like-for-like performance measures are reported for the two most recent reporting years that we can collect consumption data for (years ending 31 March 2020 and 31 March 2021).

Disclosure on own offices

The data excludes our registered office as it is not occupied by the Group. Utilities associated with our Investment Advisor's own office consumption and employee-related performance measures are excluded as they fall outside the scope of our organisational boundaries.

Data verification and assurance

All data generated is reviewed for consistency and coherence before being released into the Group reporting database. External verification or assurance by a third party is not currently undertaken.

Materiality

Following the materiality assessment conducted as part of our strategy review, the following EPRA performance measures are not considered material. We have therefore excluded them from our reporting:

- District heating or cooling ("DH&C")-absolute & DH&C-like for like: No DH&C is procured across our portfolio;
- Diversity-Emp; Diversity-Pay; Emp-Training; Emp-Dev; Emp-Turnover & H&S-Emp: The Group has no direct employees. All administrative functions associated with the management of our portfolio are conducted by our Investment Advisor, which is a separate legal entity and therefore outside the organisational boundaries of this report; and
- Waste-absolute & Waste-like for like: Operational waste is generated solely by our occupiers and is therefore outside of our control. Waste generated through our development activities is excluded from the scope of the EPRA sBPR. We have identified a long-term target to reduce waste from developments as part of our sustainability strategy.

SUSTAINABILITY REPORT CONTINUED

EPRA Sustainability Best Practices Recommendations continued

2. Environmental performance measures

EPRA CODE	PERFORMANCE MEASURE	UNIT	SCOPE	ABSOLUTE 2020/21	LIKE-FOR-LIKE 2019/20	LIKE-FOR-LIKE 2020/21	% CHANGE
Elec-Abs; Elec-LfL	Total electricity consumption	MWh	Total landlord-obtained electricity	2,011.3	1,126.7	1,017.2	(10)%
Fuels-Abs; Fuels-LfL	Fuel consumption	MWh	Total landlord-obtained fuels	87.2	131.5	66.7	(49)%
Energy-Int	Building energy intensity	kWh/sq ft/ year	Building energy intensity	1.15	0.80	0.69	(14)%
GHG-Dir-Abs	Total direct greenhouse gas ("GHG") emissions	t CO_2e	Direct – Scope 1	16.0	24.2	12.3	(49)%
GHG-Indir-Abs	Total indirect greenhouse gas ("GHG") emissions	t CO_2e	Indirect – Scope 2 (location-based)	468.9	288.0	237.1	(18)%
GHG-Int	Greenhouse gas ("GHG") emissions intensity from building energy consumption	kg CO_2e/ sq ft/year	Scopes 1 & 2 greenhouse gas ("GHG") emissions	0.27	0.20	0.16	(20)%
Water-Abs; Water-Lfl	Water consumption (mains supply)	Litres	Total landlord-obtained water	20,369	20,452	20,369	(0.4)%
Water-Int	Building water intensity	Litres/sq ft/ year	Building water intensity	0.011	0.013	0.013	(0.4)%

3. Social and governance performance measures

EPRA CODE	PERFORMANCE METRIC	UNIT OF MEASUREMENT	2020/21
H&S-Asset	Asset health & safety assessments	%	98%
H&S-Comp	Asset health & safety compliance	%	100%
Comty-Eng	Community engagement, impact assessments and development programmes	%	See above
Gov-Board	Composition of the highest governance body	Number of Non-Executive Board members	6
		Number of independent Non-Executive Board members	4
		Average tenure on the governance body (years)	3
		Number of independent/Non-Executive Board members with competencies relating to environmental and social topics	2
Gov-Select	Nominating and selecting the highest governance body	Please see the Nomination Committee report on pages 86 and 87	
Gov-Col	Process for managing conflicts of interest	Please see the corporate governance statement on page 83	

Narrative on performance

Environmental performance

Absolute landlord-obtained electricity consumption during the year ended 31 March 2021 was 2,011.3 MWh. Landlord-obtained fuel consumption (natural gas) over the same period was 87.2 MWh. This equated to an energy intensity (electricity and gas) of 1.15 kWh/sq ft/year across the properties included in our organisational boundaries.

On a like-for-like basis, landlord-obtained electricity consumption decreased by 10%, and fuels consumption decreased by 49% compared with 2019.

We saw a corresponding 14% reduction in the energy intensity of our like-for-like portfolio.

Like-for-like Scope 1 and 2 emissions fell by 49% and 18% respectively. Total Scope 1 and 2 emissions from building energy consumption were 484.9 tonnes of CO_2e, which translated into a GHG emissions intensity of 0.267 kg/CO_2e/sq ft/year.

Water consumption also fell over the same period, although at a smaller rate due to the already low levels of use. Absolute water consumption for the year ending 31 March 2021 was 20,369 litres, representing a water intensity of 0.011 litres/sq ft.

The reductions can largely be attributed to Covid-19 and the extended lockdowns which led to reduced occupancy rates as more occupiers implemented work-from-home policies.

We also invest in resource efficiency measures as part of our standard approach to asset management. We target a spend of 0.75% of our GAV on capital expenditure each year, and this includes consideration of energy efficiency initiatives balanced against the potential return in terms of asset value and rental growth.

Expenditure encompasses improvements to building infrastructure, electrical installations such as replacing existing lighting with LEDs, and updating heating systems with efficient boilers in warehouse and office space.

For an analysis of Energy Performance Certificates please see page 50. No properties in our portfolio had a green building certification (such as BREEAM, LEED or similar) in the previous financial year.

Social performance

Health and safety

The Property Managers conduct an annual health and safety assessments of the assets which cover:

general hazards and risk assessments;

- fire safety;
- water hygiene;
- progress on existing hazards identified; and
- any specific risks related to a particular site.

One assessment has not been possible during the last year due to the Covid-19 restrictions on travel to Northern Ireland.

Community engagement

We ensure that key decisions relating to the portfolio take into account our impact on local communities. This involves meeting health and safety requirements, conducting impact assessments and undertaking wider consultations required as part of the planning approval process for new developments. As no applicable developments were announced in 2020/21, we have marked this performance measure as not applicable. For more information, see the stakeholder engagement section of our strategic report, as set out on pages 20 to 23.

Governance

Governance performance measures relate to the Board. For full background information on our governance performance measures, including a profile of the Board, a description of our nomination procedures, and processes for managing potential conflicts of interest, please see page 83.

Non-Executive Directors Aimée Pitman and Martin Meech both have significant experience relating to developing strategies to improve social and environmental impacts in business. Aimée led work in 2020 with Eden McCallum and Chapter Zero to develop a 'toolkit' for climate change strategy and action. Martin has experience implementing sustainable strategies via his role at Travis Perkins.

On behalf of the Board

Neil Kirton
Chairman

24 May 2021

RISK MANAGEMENT AND PRINCIPAL RISKS

A pro-active, proven approach to risk management.

Our framework and approach

Overall responsibility for managing risk rests with the Board, whose approach is set out in a formal risk management framework. Recognising and assessing risk and opportunity is at the heart of the Group's decision making, and the steps set out in the risk framework to enable this are as follows:

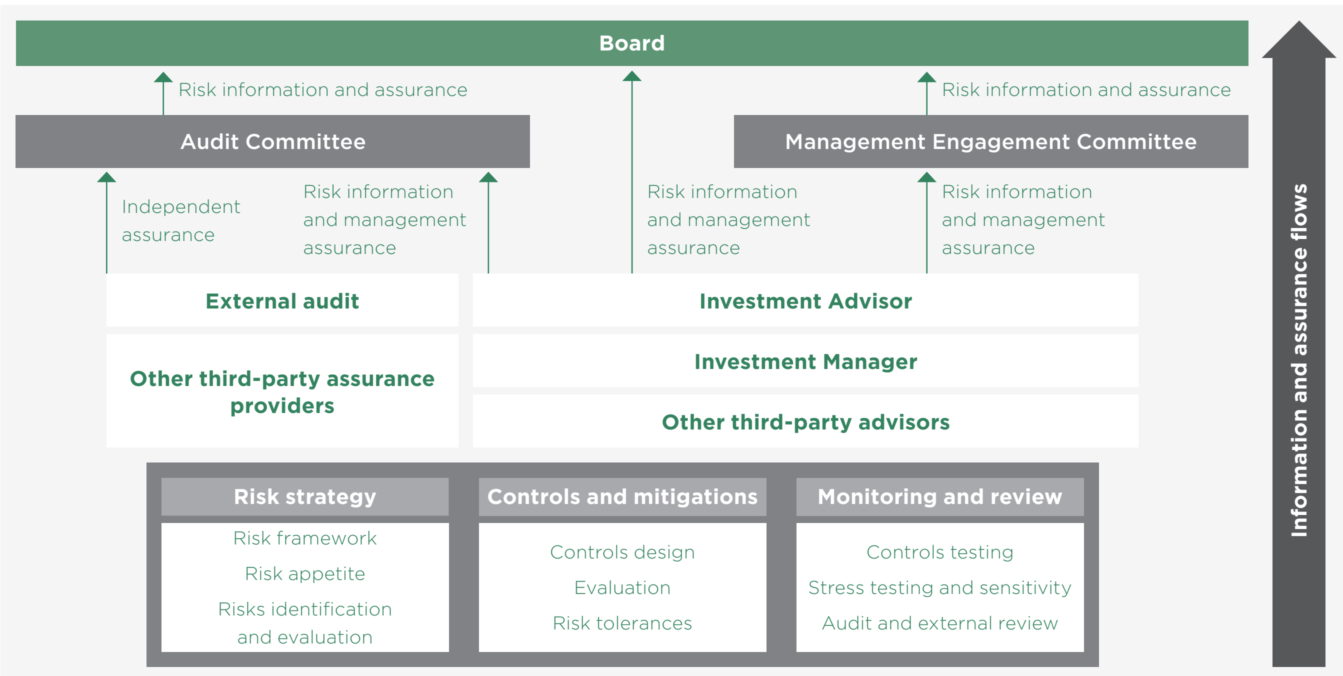
- **Capture** – Regular, formal review and recording of risks
- **Evaluate** – Assessment of the risk, against a standardised scale of likelihood and impact. We assess both the inherent and current risk, to understand where we rely most heavily on the controls and risk mitigations in place
- **Manage and mitigate** – Identification and consideration of the controls in place, and agreement of any additional actions required
- **Monitor** – Regular review of risks, to ensure the information captured remains relevant, accurate and current. Conditions for risks may change from time to time, including the emergence of additional causes or impacts resulting in a requirement for further management. The status of additional risks is tracked

The information gathered through these steps enables the Board to consider its corporate risks, understand and agree its principal risks, and assess the effectiveness of the controls put in place to mitigate them.

The Audit Committee has considered the effectiveness of the risk management process, and reviewed the corporate risks and those risks which the Board considers to be principal risks. The Committee has also reviewed information relating to actions taken and the effectiveness of mitigating controls, prior to advising the Board.

The Board has carried out its own robust assessment and agreed the list of principal risks, taking into account the risks that could threaten our business model, future performance, solvency or liquidity, as well as our strategic objectives. To gain a comprehensive understanding of the risks facing the business, the Board and Audit Committee also receive presentations from the Investment Manager and Investment Advisor, as well as other external advisors.

There were no significant weaknesses identified in the risk management process during the year, and no changes were made to the framework by either the Investment Advisor's senior management team or the Audit Committee.



Warehouse REIT is clear on the benefits of effective risk management, and remains committed to delivering those benefits.

Alongside the Board and Audit Committee, the Investment Manager and Investment Advisor have primary roles in risk management. They assist with the understanding of the risk framework; its translation into operational risk management and measurement activities; and compliance with those activities to ensure that risks remain within a level which is acceptable to the Board.

The Management Engagement Committee is responsible for reviewing the performance of third parties, which include the Investment Manager and Investment Advisor. The Committee considers the effectiveness of risk management processes as part of its performance evaluation.

Our appetite for risk

The Board determines the level of risk it will accept in achieving our business objectives, and this has not changed during the year. Our overall risk tolerance is low and this, alongside our culture, ensures that potential problems, risks or issues are identified quickly, to enable consideration and appropriate action to be taken.

We have no appetite for risk in relation to regulatory compliance, or in relation to the health, safety and welfare of our occupiers, the staff of our contractors and service providers, or the wider community who are connected to, or impacted by, our activities. We do, however, have a moderate appetite for risk in relation to activities which drive revenues and increase financial returns for our investors.

Our risk categories

We categorise our risks into groups, as although we recognise that they are all closely linked, in most cases these categories determine the allocation of responsibility for control, monitoring and reporting.

Our reputation is important to us, and we consider the potential for reputational damage in the assessment of all our risks. We do not include reputational risk as a category, as it underpins our approach to all risk evaluation and mitigation.

- **Business risks** – relating to the delivery of our business, including strategy, market, systems and processes, and stakeholders.
- **Operational risks** – which focus on the Group's core business and include the composition of our portfolio, valuation and tenancy management.
- **Compliance risks** – which cover every aspect of our business, from the listing rules, to the environment rules, and the FCA's requirements, as well as general business regulations such as health and safety, taxation and modern slavery. The regulatory environment in which we operate continues to develop and drive higher standards and expectations for the Group.
- **Financial risks** – arising from our strategy for funding our business operations, including investors, joint ventures, debt and cash management, and including market, credit and liquidity risk.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Emerging risk

A significant element of our risk management process is identifying and considering potential emerging risks, and assessing their ability to impact our business. Emerging risks are considered during the regular risk reviews, and would also be specifically debated and evaluated as they arise during the year. Consideration of emerging risks includes:

- whether the risk is relevant to the Group's business;
- how significant the impact would be, if the risk crystallises;
- the assumptions we make in considering the risk;
- our potential strategies for managing and mitigating the risk; and
- whether this is a risk that we should continue to pro-actively monitor.

Clearly, the impact of Covid-19, and the associated lockdowns created a significant challenge throughout the year ended 31 March 2021. Whilst we had previously included this in our principal risks, we widened our consideration during the year to include the implications and challenges of a return to more normal working and commercial arrangements, as lockdown measures start, and hopefully continue, to lift during the 2021 calendar year.

Although our risk reviews during the year have resulted in the addition of new risks in the corporate risk register, we have added only one new principal risk, which is related to our work on our ESG agenda. Further information is included in the climate change section on the following page.

Emerging risks

Risk	Time horizon	
COVID-19	Short (<2 years) · Medium (2-5 years) · Long (>5 years) Reducing risk	Although the Company has not been significantly impacted by the Covid-19 pandemic and associated suppression measures, we continue to take a cautious view, and consider there remains in the short term a potentially significant risk if the wider economy continues to be impacted. We expect that risk to decrease over time.
CLIMATE CHANGE	Short (<2 years) · Medium (2-5 years) · Long (>5 years) Increasing risk	Climate change is considered to be one of the most significant challenges facing governments, and we expect this to have an increasing effect on our business going forward. We are anticipating a need to invest significant time and resources into ensuring our commercial activities are designed and managed to be as environmentally sound as is possible, impacting everything from the location and type of buildings we acquire, management routines, supply chain selection and cost, and regulatory and reporting requirements.

The potential impact of these risks is included in the descriptions of principal risks, on pages 60 to 69, and our roadmap in the sustainability section which sets out our objectives on pages 52 and 53.

Climate change

We have committed to understanding our ESG risks and have incorporated them within the risk management process. We have considered whether our ESG programme and roadmap is appropriate in terms of timescales and content, and whether we are communicating our intentions appropriately to our stakeholders. These risks and associated mitigation plans have been incorporated within the overall risk register.

We have included one specific principal risk relating to the impact of climate change, which we consider could have an increasing impact across the business. We have considered both direct and indirect impacts:

Direct

- Adverse weather events impacting properties
- Increasing costs of supplies or disruption to supplies for maintenance and development
- Increasing cost of utilities
- Additional regulatory burden and an increasing risk of non-compliance, because of the complexity and volume of regulation arising
- Properties not meeting occupier requirements relating to energy efficiency or logistics
- Impact on property values/rents, if assets are not developed or maintained to appropriate modern standards

Indirect

- Impact on investor interest and our reputation compared to our peers
- Inability to access funding through green bonds, or similar

We have placed significant focus on ESG, and climate change risk in particular, during the year, bringing in external specialists to provide support in understanding issues and developing our plans for the mitigation of risks. We have a robust framework in place, including:

- a clear ESG strategy and action plan, linked to our overall business strategies and plans;
- regular Board oversight and monitoring of progress on our ESG roadmap;
- creation of a Sustainability Committee, which will be attended by our Investment Advisor;
- integrating a sustainability budget into our financial modelling processes; and
- development of a specific ESG risk register.

The Board has also reviewed and agreed a programme of activities and targets for the next financial year, to support and drive our ambitions in this area.

This includes:

- targeted surveys of occupiers, to include alignment with sustainability targets and reporting on energy performance;
- review of reporting relating to TCFD; and
- implementation of EPRA reporting during the year ending 31 March 2022.

During the year we will continue to research and evaluate our exposure to climate-related risks, building on the foundations put in place during the year ended 31 March 2021. We will reassess our approach and plans as additional technologies and techniques are identified and disseminated into the commercial marketplace. This will enable us to challenge ourselves and our occupiers, to ensure that we are taking effective actions to manage our impact on the environment and to capture any potential commercial opportunities, following the best practice recommendations of the TCFD.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Our principal risks

A principal risk is one that is considered material to the Group's development, performance, position or future prospects. Our principal risks are captured in the corporate risk register and are reviewed by the Board and Audit Committee during their regular meetings.

This includes considering:

- any substantial changes to principal risks, including new or emerging risks;material changes to control frameworks in place;
- changes in risk scores;
- changes in tolerance to risk;
- any significant risk incidents arising; and
- progress with any additional mitigating actions which have been agreed.

The heat map below summarises current principal risk exposures.

The heat map summarises the Group's current principal risk exposures

BUSINESS RISKS

1. Impact of Covid-19
2. Impact of climate change
3. Poor performance of the Investment Advisor
4. Poor returns on portfolio

OPERATIONAL RISKS

5. Acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment strategy

COMPLIANCE RISKS

6. Loss of REIT status

FINANCIAL RISKS

7. Significant rent arrears and irrecoverable debt
8. Breach of borrowing policy or loan covenants
9. Interest rate changes

Changes to principal risks

The Board has regularly reviewed the principal risks during the year, each time reflecting on external and commercial pressures and any changes arising from business activities and operations.

As referred to in the emerging risk section, we have added one principal risk, relating to the impact of climate change.

One further risk, reflecting our ability to attract investors, has been removed from the schedule of principal risks. It remains on our corporate risk register, but we consider that the Group's maturity, stability, reputation and performance have put us in a position where this is no longer one of our principal risks.

In most cases, the business's exposure to the agreed principal risks has reduced during the year. The potential impact of Covid-19 was difficult to predict in early 2020, and we had taken a prudent approach and increased the exposure of some of our key financial and operational risks. In the event, our performance has been better than anticipated, and we have not seen the more significant business impacts that could have arisen. We therefore revised our assessment of risk as the year progressed.

However, we remain cautious, as the outcome and cessation of Covid-19 control measures are not yet certain. Our enhanced control and monitoring routines, put in place by the Investment Advisor to support occupiers and provide clear visibility of the position and trends over time, therefore remain in place.

Business risks

Risk	Potential impact	Mitigation
1 COMMERCIAL IMPACT OF COVID-19 Change: Decrease Business model link: Monitor and manage investments; Create value through asset management	In addition to the immediate health and social care risks, the potential impact of Covid-19 could still be significant, particularly if the move out of lockdown does not progress as planned. Impacts include: • Commercial – potential loss of occupiers, increase in bad debts, and increase in void rates and costs • Financial – impact on banking covenants, asset values, returns and potentially dividends • Reduced quality of services and support from key professional advisors	The underlying strength of the business is the diverse occupier base, with more than 600 occupiers across the portfolio. We do not have significant proportions of our business from any one organisation or sector. A range of enhanced controls and mitigations were put in place, and where appropriate, these remain. The working arrangements for both the Investment Advisor's asset managers and the outsourced Property Managers are designed to maintain regular contact and dialogue with occupiers, to provide the Board with clear visibility of significant issues and risks arising. The Board constantly assesses the position, with additional mitigations possible. For example, there is the ability to flex expenditure, such as capital expenditure, refurbishments and some discretionary costs.

Key

N New
Decrease
No change
Increase

Identify assets to acquire
Review and approve transactions
Monitor and manage investments
Create value through asset management
Recycle capital

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Business risks continued

Risk	Potential impact	Mitigation
2 IMPACT OF CLIMATE CHANGE Change: N Business model link:	Climate change will have an impact across all businesses and sectors. We have considered the potential risks for the Group and have identified both direct and indirect impacts. These impacts include increasing costs, an increasing regulatory burden, reluctance of occupiers to take leases on buildings which are not efficient in design or for their operations, and a potential reduction in asset values. In turn, this may impact our ability to attract and retain investors, and to access the most cost-effective funding.	We have engaged external advisors to assist us with developing a pro-active ESG strategy and action plan. The Board's strategy review included detailed focus on ESG issues, and the Board has oversight of the agreed ESG roadmap. A sustainability budget has been integrated into our financial modelling processes. We have set up a Sustainability Committee, which includes input from the Investment Advisor and the Board, and there is a separate ESG risk register which enables us to continually monitor progress in key risk areas. A number of specific actions are planned for the year ending 31 March 2022, including occupier surveys, a review of TCFD reporting, and the roll out of EPRA reporting.
3 POOR PERFORMANCE OF THE INVESTMENT ADVISOR Change: Business model link:	If the Investment Advisor does not perform as anticipated, there is potentially a significant risk to our success.	The Board and the Investment Advisor work closely together, with frequent liaison supporting the regular Board meetings and comprehensive formal reporting that has been put in place. Individuals within the Investment Advisor have significant shareholdings in the Company, which reduces the risk that the Investment Advisor will not fulfil its responsibilities. The activities of the Investment Advisor are also subject to the oversight of the Investment Manager, G10, which reviews and approves all major transactions, including the acquisition and disposal of assets. The Investment Advisor has invested significantly in additional resources during the year, building its strength and depth. The Management Engagement Committee carries out an annual formal service review of the Investment Advisor.

Key

N New — Decrease — No change — Increase

Identify assets to acquire — Review and approve transactions — Monitor and manage investments — Create value through asset management — Recycle capital

Business risks continued

Risk	Potential impact	Mitigation
4 POOR RETURNS ON PORTFOLIO Change: Decrease Business model link: Create value through asset management; Review and approve transactions; Recycle capital	If our strategy is not delivered effectively, it would be challenging to produce the target returns set out in the Company's prospectus. We consider our exposure to this risk has reduced during the year, as the market for industrial and logistics property is positive, which is enhancing pricing and returns overall.	The Board uses its expertise and experience to set our investment strategy and seeks external advice to underpin its decisions, for example through independent asset valuations. There are robust controls and detailed due diligence arrangements in place around the acquisition of assets, designed to ensure that investments will produce the expected results. Significant changes in the portfolio, both acquisitions and disposals, require specific Board approval. The Board regularly reviews performance statistics against forecasts and targets.

Operational risks

Risk	Potential impact	Mitigation
5 ACQUISITION OF INAPPROPRIATE ASSETS OR UNRECOGNISED LIABILITIES, OR A BREACH OF INVESTMENT STRATEGY Change: No change Business model link: Identify assets to acquire; Review and approve transactions	Inappropriate acquisitions could reduce our returns and increase risk.	We have a clearly defined investment strategy, with processes and controls designed to ensure that we only make compliant acquisitions. Our acquisition and disposal protocols set out robust and documented due diligence processes for all key areas of consideration, including portfolio mix, property type and quality, legal issues, environmental requirements, and the sector and quality of occupier. Where appropriate, we seek external expertise, for example on environmental issues and property valuations. All potential acquisitions are measured against our agreed investment strategy by the Investment Advisor and approved by G10, the Investment Manager. Significant acquisition decisions must also be approved by the Board.

Key

- New
- Decrease
- No change
- Increase
- Identify assets to acquire
- Review and approve transactions
- Monitor and manage investments
- Create value through asset management
- Recycle capital

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Compliance risks

Risk	Potential impact	Mitigation
6 LOSS OF REIT STATUS Change: No change Business model link: Identify assets to acquire; Review and approve transactions	If we breach REIT or AIM rules, there would be a significant impact on investors.	We have a comprehensive governance framework, including the Board and Audit Committee, and clearly allocated responsibilities, set out through the matters reserved for the Board, terms of reference for Board committees, and contracts with the Investment Advisor and other key service providers. We seek external advice on governance and compliance with rules. Peel Hunt is our Nominated Advisor and is responsible for advising and guiding us on our responsibilities under the AIM rules. Deloitte advise, monitor and file all corporate tax compliance matters on behalf of the Group. The position against key requirements of the REIT legislation is reviewed by the Investment Advisor each month and by Link quarterly, and is reported to the Board. Similarly, cash and earnings cover for dividends are continuously monitored.

Financial risks

Risk	Potential impact	Mitigation
7 SIGNIFICANT RENT ARREARS AND IRRECOVERABLE DEBT Change: Decrease Business model link: Monitor and manage investments; Create value through asset management	A significant loss of rental income through bad debts could have a material impact on our ability to meet our financial forecasts. Our rent collection performance has remained positive and consistent, despite Covid-19, and this risk has therefore reduced.	We have a large and diverse occupier portfolio, which means we do not have a high level of exposure to any specific sector or organisation. We undertake robust due diligence on occupiers, which is subsequently supported by effective credit control processes. The Investment Advisor continually monitors our exposure to larger occupiers, and the Board receives analysis of portfolio risk by sector and customer. We also take rent deposits and rent guarantees, where appropriate, and rents are predominantly paid in advance. We frequently monitor debtors to ensure that we have the most up-to-date view of the position, and the Investment Advisor's Asset Managers and the Property Managers maintain regular contact and relationships with occupiers.

Key

- N New
- Decrease
- No change
- Increase
- Identify assets to acquire
- Review and approve transactions
- Monitor and manage investments
- Create value through asset management
- Recycle capital

Financial risks continued

Risk	Potential impact	Mitigation
8 BREACH OF BORROWING POLICY OR LOAN COVENANTS Change: Decrease Business model link: Review and approve transactions; Create value through asset management; Recycle capital	Breaching borrowing policies and/or loan covenants may affect our ability to obtain additional funding, either through investment or financing. The reduction in exposure is linked to the positive market and asset values, which, when coupled with the Group's positive cash position, make it unlikely that compliance with the borrowing policy or loan covenant could be put at risk.	The Investment Advisor continually monitors our debt covenants and reports on them to the Board. Performance and forecasts are reported to the Board on a quarterly basis and considered against the approved treasury strategy. We prepare a quarterly compliance letter for our lenders, which confirms our position over the period. LTV ratios are reviewed regularly and investment decisions take these into account.

Risk	Potential impact	Mitigation
9 INTEREST RATE CHANGES Change: Decrease Business model link: Identify assets to acquire; Create value through asset management; Recycle capital	Changes in interest rates could affect our ability to fund and deliver our strategy. Interest rate changes may also affect overall market stability.	We actively manage our debt position. We have a funding arrangement with a consortium, which provides a five-year facility with significant headroom, at commercially attractive rates. We have interest rate caps in place, to reduce the impact of any significant volatility, and review hedging requirements quarterly. The Investment Advisor maintains detailed forecasts of the property portfolio, subject to regular scenario testing, and reports regularly to the Board. This enables us to be pro-active in our response to changes in economic conditions.

Key

New
Decrease
No change
Increase

Identify assets to acquire
Review and approve transactions
Monitor and manage investments
Create value through asset management
Recycle capital

GOING CONCERN AND VIABILITY STATEMENT

Going concern

The Board monitors the Group's ability to continue as a going concern. Specifically, at quarterly Board meetings, the Board reviews summaries of the Group's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows. Throughout the year, the Board had been meeting frequently, in conjunction with the Investment Advisor, to review the current uncertainties created by Covid-19, specifically rent collection, cash resources, loan facility headroom and covenant compliance, acquisitions and disposals of investment properties, discretionary and committed capital expenditure and dividend distributions.

The Group ended the year with £21.3 million of unrestricted cash and £23.0 million of headroom readily available under the facilities. The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants. Valuations would need to fall by 49.1% or rents by 70.0%, when compared with 31 March 2021, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 24 May 2021, 95.8% of rents invoiced in March 2021 in relation to the quarter to June 2021 were received.

As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure, and minimum dividend distributions under the REIT rules.

Based on this information, and in light of mitigating actions available, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements. The Directors are also not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. They therefore have adopted the going concern basis in the preparation of the Annual Report and Financial Statements.

Assessment of viability

In accordance with the AIC Code of Corporate Governance, the Directors have assessed the Group's prospects over a period greater than the 12 months considered by the going concern provision.

The Directors have conducted their assessment over a three-year period to May 2024, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

The principal risks detailed on pages 65 to 69 summarise the matters that could prevent the Group from delivering its strategy. The Board seeks to ensure that risks are kept to a minimum at all times and, where appropriate, the potential impact of such risks is modelled within its viability assessment.

The nature of the Group's business as the owner of a diverse portfolio of UK warehouses, principally located close to urban centres or major highways and let to a wide variety of occupiers, reduces the impact of adverse changes in the general economic environment or market conditions, particularly as the properties are typically flexible spaces, adaptable to changes in occupational demands.

The Directors' assessment takes into account forecast cash flows, debt maturity and renewal prospects, forecast covenant compliance, dividend cover and REIT compliance. The model is then stress tested for severe but plausible scenarios (including impact potential impacts arising as a result of the response to Covid-19), individually and in aggregate, along with consideration of potential mitigating factors. The key sensitivities applied to the model are a downturn in economic outlook and restricted availability of finance, specifically:

- increased occupier churn;
- increased void periods following break or expiry;
- decreased rental income; and
- increased interest rates.

Current debt and associated covenants are summarised in note 17, with no covenant breaches during the period. The sensitivity analysis identifies the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants.

Taking into account mitigating actions, the results of the sensitivity analysis and stress testing demonstrated that the Group would have sufficient liquidity to meet its ongoing liabilities as they fall due, maintain compliance with banking covenants and maintain compliance with the REIT regime over the period of the assessment.

Furthermore, the Board, in conjunction with the Audit Committee, carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, strategy, future performance, solvency or liquidity over the three-year period. The risk review process provided the Board with assurance that the mitigations and management systems are operating as intended. The Board believes that the Group is well positioned to manage its principal risks and uncertainties successfully, taking into account the current Covid-19 risk and the economic and political environment.

The Board's expectation is further supported by regular briefings provided by the Investment Advisor. These briefings consider market conditions, opportunities, changes in the regulatory landscape and the current economic and political risks and uncertainties. Additionally, the trend for increased warehouse space driven by online sales and the shortage of supply nationally is seen as mitigation. These risks, and other potential risks which may arise, continue to be closely monitored by the Board.

Viability statement

Having considered the forecast cash flows, covenant compliance and the impact of sensitivities in combination, the Directors confirm that, taking account of the Group's current position, the principal risks set out in the strategic report and in light of the current economic uncertainty resulting from the impact of Covid-19, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

On behalf of the Board

Neil Kirton
Chairman

24 May 2021

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

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BOTH THE INDEPENDENT DIRECTORS AND TILSTONE HAVE WORKED HARD TO ENSURE THAT WE CONSIDER ALL OUR STAKEHOLDERS IN OUR DECISION MAKING, AS WE CONTINUE TO MATURE AS A PUBLIC COMPANY.

NEIL KIRTON
Chairman

I am pleased to report that the Board responded with total commitment to the fulfilment of its responsibilities, during a year that presented many challenges. I referred last year to the way we have been responding to Covid-19. This has necessitated an even more regular dialogue, both within the Board and between the Company and Tilstone, as we tried to balance the interests of all our stakeholders and manage through the year.

During the year, we continued to devote progressively more time to the evolution of our ESG strategy and approach, which we discuss in detail elsewhere in this report. Both the independent Directors and Tilstone have worked hard to ensure that we consider all our stakeholders in our decision making, as we continue to mature as a public company. One of our strengths as a business is that we have a very wide cross-section of occupiers within the portfolio and our geographical spread naturally means that we sit within and impact a wide range of communities. We have paid a great deal of attention to ensuring that in our dealings with our occupiers during the difficulties of 2020, we have operated in a way that balanced the need to maximise the financial returns from our assets with the required understanding of the difficulties some occupiers have faced.

At the end of the current year, we made some changes to our Board Committees. To reflect the importance we attach to ESG, we created a Sustainability Committee, chaired by my colleague Aimée Pitman. Going forward, Martin Meech will chair the Management Engagement Committee. Lynette Lackey (who also chairs the Audit Committee) will replace Aimée Pitman on the Nomination Committee which also comprises Simon Hope and myself. I will continue to chair the Committee. All these changes take effect formally from 1 April 2021.

A significant event during the year involved the acquisition of five single and multi-let warehouses from Greenstone Property Holdings, for £43.6 million. Under the AIM rules this was classed as a related party transaction, as two non-independent Board Directors had an equity interest in Greenstone.

AIC Code – principles

BOARD LEADERSHIP AND PURPOSE

Read more on page 72 to 79

COMPOSITION, SUCCESSION AND EVALUATION

Read more on pages 86 and 87

REMUNERATION

Read more on pages 93 to 95

DIVISION OF RESPONSIBILITIES

Read more on pages 78 and 83

AUDIT, RISK AND INTERNAL CONTROL

Read more on pages 88 to 90

The strength of our relationship with Tilstone meant that the independent Directors had visibility of the opportunity to acquire these assets. From the outset of this transaction, the Board set out to clearly identify any conflicts of interest and meticulously manage them. As part of this, we engaged Reed Smith and Peel Hunt, the Company's NOMAD, with carefully scoped workstreams to ensure that as any transaction gathered momentum, we were in a position to execute while maintaining the highest possible standards of oversight and governance. We were very clear that this was a transaction consistent with our strategy and we were delighted that at the general meeting in December, 92% of the votes were cast in favour of the Resolution.

We continued to engage with our shareholders during the year. A particular focus was the consultation during the middle of the year around the future of the Investment Management Agreement, as it reached its third anniversary post IPO. This was a particularly valuable exercise, resulting in the continuation of the existing agreement based on a two-year rolling notice period – an outcome that the Board was delighted with. In general, as the business continues to grow, our level of engagement with shareholders is itself growing and becoming more regular. We continue to welcome this.

We have made a clear and explicit statement focused on corporate culture. Although we are an externally managed company, and we therefore have no employees, we felt it important to be clear on our expectations of both ourselves and anyone that provides services to the Company. These expectations are embedded into the relationships that we have with our partners and that they in turn have with theirs.

Neil Kirton
Chairman

24 May 2021

BOARD OF DIRECTORS

Membership of the Board was unchanged during the year. All the Directors are non-executive and the majority are independent of the Investment Advisor.

Neil Kirton
Non-Executive Chairman

Date of appointment
1 August 2017

Skills and experience
Neil has over 25 years of experience working in the securities and investment banking industries, giving him a deep understanding of capital markets and investor needs.

Other current appointments
Neil is a managing director and co-regional head, EMEA Business Intelligence and Investigations at Kroll. He is also a non-executive director of Ingenta plc.

Past appointments
Neil was formerly global head of equity distribution at ABN AMRO Bank NV and a member of ABN AMRO's Global Equity Directorate. He was head of UK equity sales and deputy chief executive at Hoare Govett, head of equities at Bridgewell Securities, head of corporate finance and CEO at Arbuthnot Securities and an executive director of Arbuthnot Banking Group plc.

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Aimée Pitman
Non-Executive Director

Date of appointment
1 August 2017

Skills and experience
Aimée has over 30 years' experience in strategy development across various sectors, most notably real estate, travel and leisure, and financial services.

Other current appointments
Aimée runs her own strategy consulting business, Pitman & Co. Consulting. As an independent consultant, she works as a client director with Eden McCallum LLP, a London-based consultancy firm, where she co-leads the Travel & Leisure and Property practices. She is also a non-executive advisor of McArthurGlen and a director of Go Native Holdings Limited.

Past appointments
Aimée was a Vice President within MAC Group/Gemini Consulting's strategy practice and went on to work over a number of years with European travel group TUI, supporting it on strategy, distribution and operational excellence.

Lynette Lackey
Non-Executive Director

Date of appointment
15 November 2018

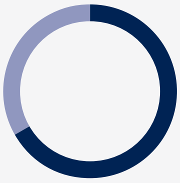
Skills and experience
Lynette is a chartered accountant and experienced non-executive director. She has considerable knowledge of financial matters and of the real estate sector.

Other current appointments
Lynette is a non-executive director of Places for People Group and chair of its regulated board. She was previously the Senior Independent Director and chair of the group audit and risk committee of the group board. Lynette is also a director of Centaurea Investment Limited, Derwent Housing Association and Cotman Housing Association, and a member of council at the London Chamber of Commerce & Industry.

Past appointments
Lynette was a partner of BDO LLP for ten years, where she was responsible for a portfolio of real estate investor and developer clients. She is a former partner in Greenside Real Estate Solutions, as well as the chair of the Association of Women in Property. Until recently, she served on the boards of the London Chamber of Commerce & Industry and Land Aid Charitable Trust as a non-executive director.

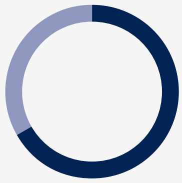
Structure of the Board

Board structure



- Independent 4
- Non-independent 2

Gender split



- Male 4
- Female 2

Martin Meech
Non-Executive Director

Date of appointment
1 August 2017

Skills and experience
Martin has more than 30 years' operational experience as a property director, gained in a range of major companies. Martin is a Fellow of the Royal Institution of Chartered Surveyors.

Other current appointments
Martin is the group property director of Travis Perkins plc, the largest supplier of building materials in the UK, and chief executive officer of Travis Perkins (Properties) Ltd. He oversees the group's freehold portfolio, with a market value in excess of £700 million.

Past appointments
Martin is a former non-executive director of Quintain Estates and Development plc, chairman of the BRC Property Advisory Group and member of the Bank of England Property Forum.

Simon Hope
Non-Executive Director (non-independent)

Date of appointment
24 July 2017

Skills and experience
Simon has 35 years' experience in the real estate sector, gained during his career at Savills, one of the world's leading property agents.

Other current appointments
Simon leads the real estate investment teams at Savills. He has sat on the group executive board since 2008. He helped to establish the Charities Fund Property Board, which has a current fund value of approximately £1.16 billion and is the first Common Investment Fund available to all charities in England and Wales that directly invests in UK commercial property. Simon is the Non-Executive Chairman of Tilstone and represents Tilstone on the Board. He is a director of a number of bloodstock syndicates and other horse racing organisations, and a governor of Magdalen College, Oxford.

Past appointments
Simon was on the Savills plc board from 1999 to 2010. As part of Savills Investment Management, he was chair of Savills UK Limited's proprietary trading arm, Grosvenor Hill Ventures Limited, during a five-year period up to 2006, when this fund delivered an internal rate of return in excess of 35%.

Stephen Barrow
Non-Executive Director (non-independent)

Date of appointment
24 July 2017

Skills and experience
Stephen is an experienced global equity investor, giving him an in-depth understanding of capital markets and institutional investors.

Other current appointments
Stephen is a member of the advisory board of Glia Ecosystems Limited and a non-employee partner of Absolute Return Partners, where he manages his own portfolio.

Past appointments
In his former roles as chief investment officer at IronBridge International and head of global equities at Deutsche Asset Management, Stephen managed over £5 billion of assets for a wide variety of clients, including many large global institutions.

Key to Committees: Audit Committee; Management Engagement Committee; Nomination Committee

INVESTMENT ADVISOR

The Board has appointed Tilstone Partners Limited to provide day-to-day asset management and advisory services to the Group.

Simon Hope
Non-Executive Chairman

Simon has been Chairman of Tilstone since its formation in 2010 and was a founding investor. Prior to that he worked with Andrew Bird whilst Andrew was property director at Barlows Plc, trading a number of portfolios including a sale to Westbury Fund Management.

Simon's biography can be found on page 75.

Andrew Bird
Managing Director

Andrew founded the Tilstone brand in 2010 to focus on commercial property investment and development. After identifying opportunities within the warehouse sector, the focus moved in August 2013 to creating the Tilstone Property Portfolio, which the Company acquired as its seed portfolio as part of the September 2017 initial public offering. As Managing Director of Tilstone, Andrew takes overall responsibility for strategy, direction and business performance.

Prior to founding Tilstone, Andrew was appointed as property director to the board of Barlows plc in 1994, a north-west focused commercial property company with a listing on the Main Market of the London Stock Exchange. He was subsequently part of a consortium that took the company private in 2001. The business created a separate asset management company through which Andrew served on the investment committee of Westbury plc, a quoted property fund (2002-2007). Andrew has also served as a non-executive director of Dee Valley Group plc, at that time, a London Stock Exchange quoted water utility company.

Paul Makin
Investment Director

Paul is Tilstone's Investment Director and is responsible for the sourcing of investment opportunities, asset management and creating positive occupier relationships.

He has extensive investment consultancy experience through his work at CBRE Limited and subsequently at Mapeley Estates Limited (a previously quoted property company), where he was head of investment and investment asset management, tasked with extracting value from outsourcing contracts and new acquisitions. Paul expanded his horizons with a senior investment asset management role at Moorfield Group Limited, a real estate private equity company. There he took a key role in the purchase and asset management of projects such as the UK Logistics Fund, in a joint venture with SEGRO plc.

Peter Greenslade
Finance Director

Peter has significant experience in company management, control, reporting and corporate activity, especially in the private equity arena. He qualified as a chartered accountant with Binder Hamlyn, before working in a variety of finance roles for blue chip companies including Grand Metropolitan (Diageo plc), De La Rue plc and ICL plc. During his time as group finance director of Robert Walters plc, the company successfully floated on the Main Market of the London Stock Exchange. While he was at Spectron Group Limited, the company was restructured and eventually sold to a trade buyer.

As part of the management team of Axiom Consulting Limited, Peter was involved in a management buyout from Aon Limited, funded by private equity, and later its trade sale to Charles Taylor plc. He was also part of the team at Kane Group Limited which undertook the private equity-backed acquisition of HSBC Insurance Services Limited. Peter is also a founder of RPL Investments Limited, a company which specialises in assisting with raising funds for small businesses as well as advising on corporate strategy.

CORPORATE GOVERNANCE STATEMENT

This report explains the key features of the Company's governance structure.

Statement of compliance

The Board recognises the importance of sound corporate governance, commensurate with the Company's size and nature and the interests of its shareholders. The Board is therefore committed to maintaining high standards of corporate governance.

The Board undertakes an annual review of its compliance with the principles and recommendations of the AIC Code of Corporate Governance. A copy of the AIC Code, which was last updated in 2019, can be obtained via the AIC website, **www.theaic.co.uk**.

During the year ended 31 March 2021, the Company has complied with the AIC Code, except where the Board has concluded that adherence or compliance with any particular principle or provision would not have been appropriate to the Company's circumstances, in which case the reasons are fully explained in this statement.

The Board of Directors

Under the leadership of the Chairman, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It establishes the purpose, values and strategic aims of the Company and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls.

The Directors are responsible for the determination of the Company's investment policy and strategy and have the overall responsibility for the Company's activities, including the control and supervision of the Investment Manager and Investment Advisor.

The Board consists entirely of Non-Executive Directors, with no individual having unfettered powers of decision. The Directors possess a wide range of relevant business and financial expertise and brief biographies, including details of their significant commitments, can be found on pages 74 and 75. The Directors consider that they commit sufficient time to the Company's affairs.

Each Director was appointed for an initial three-year term, subject to re-election annually at each AGM (see page 81). The Board has not stipulated a maximum term of any directorship, except that, subject to ensuring business continuity, the Chairman will remain on the Board for a maximum period of nine years.

Chairman

Non-Executive Directors

Audit Committee	**Nomination Committee**	**Management Engagement Committee**

Structure of the Board during the year

	Audit Committee	Management Engagement Committee	Nomination Committee	Independent/ Non-independent	Male/Female
Neil Kirton[1]		✔	✔	Independent	Male
Aimée Pitman[2, 4]	✔	✔		Independent	Female
Lynette Lackey[3, 4]	✔	✔		Independent	Female
Martin Meech[4]	✔	✔	✔	Independent	Male
Simon Hope			✔	Non-independent	Male
Stephen Barrow				Non-independent	Male

1. Chair of the Nomination Committee.
2. Chair of the Management Engagement Committee.
3. Chair of the Audit Committee.
4. With effect from 1 April 2021, Martin Meech was appointed as Chair of the Management Engagement Committee and Aimée Pitman retired as Chair of the Management Engagement Committee in light of her appointment as Chair of the Sustainability Committee. Lynette Lackey was appointed as a member of the Nomination Committee and Martin Meech retired as a member of the Nomination Committee.

None of the Directors has a service contract. Letters of appointment set out the terms of their appointment and copies are available on request from the Company Secretary and will be available at the AGM, if physical attendance by shareholders is permitted at that time. The Directors are not entitled to any compensation for loss of office.

The Company has established an induction procedure for new Directors, including the provision of an induction pack containing information about the Company, its processes and procedures. New appointees also meet the Chairman and relevant personnel at Tilstone.

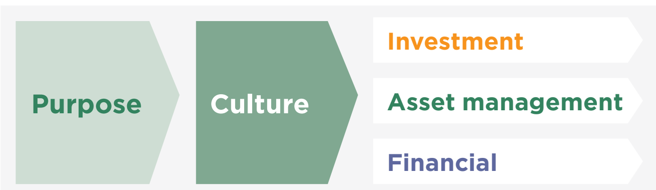
Chairman and Senior Independent Director

The Chairman, Neil Kirton, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs.

The Board has appointed Martin Meech as the Senior Independent Director. He provides a channel for any shareholder with concerns regarding the Chairman and leads the independent Directors' annual evaluation of the Chairman. The Senior Independent Director would consult when necessary with the other Non-Executive Directors without the Chairman being present, if required, for example to consider the Chairman's performance.

The role and responsibilities of the Chairman and the Senior Independent Director are clearly defined and set out in writing, a copy of which is available on the Company's website at **www.warehousereit.co.uk**.

Purpose and culture



The Company's purpose is to own and manage warehouses in economically vibrant urban areas across the UK, providing the space its occupiers need for their businesses to thrive.

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He demonstrates objective judgement, promotes a culture of openness and debate, and facilitates effective contributions by all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

The Board seeks to ensure the alignment of the Company's purpose, values and strategy with the culture of openness, debate and integrity through ongoing dialogue and engagement with the Investment Manager, Investment Advisor and the Company's other service providers. The culture of the Board is considered as part of the annual performance evaluation process which is undertaken by each Director. The culture of the Company's service providers is also considered by the Board during the annual review of their performance and while considering their continuing appointment. This includes assessing their approach to significant ethical issues such as modern slavery. The Company's Modern Slavery Statement, reviewed by the Board each May, is available from its website **www.warehousereit.co.uk**.

Engaging with our stakeholders

Details of how we engaged with our key stakeholders during the year ended 31 March 2021 are set out in the strategic report on pages 20 to 25.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Board of Directors continued

Board operation

The Directors meet at regular Board meetings, held at least four times a year, with additional meetings arranged as necessary. The table below sets out the Directors' attendance at both regular and ad-hoc Board and Committee meetings during the year ended 31 March 2021, against the number of meetings each Board member was eligible to attend:

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Neil Kirton	■■■■■■■■■■■■■	—	■	■
Aimée Pitman	■■■■■■■■■■■□□ [1]	■■■■■	■	—
Lynette Lackey	■■■■■■■■■■■■■	■■■■■	■	—
Martin Meech	■■■■■■■■■■■■■	■■■■■	■	■
Simon Hope	■■■■■■■■■■■■□ [1]	—	—	■
Stephen Barrow	■■■■■■■■■■■■■	—	—	—

1. Absent as the relevant meeting was scheduled at short notice. To the extent that meetings were missed, notice was provided and apologies given to the Chair of the respective meeting.

As noted above, additional ad-hoc Board meetings were held during the period. Meetings were held in November and December 2020 to approve acquisitions. In June 2020, meetings were held in respect of the placing, open offer, offer for subscription and intermediaries offer and in February 2021 in respect of the institutional placing. The Board also held two strategic sessions during the year: one covered the Company's overall strategy and the other focused specifically on ESG.

The Board has formal arrangements for the Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense. The Company has also taken out a Directors' and Officers' liability insurance policy, which includes cover for legal expenses. In addition, the Company has specific Public Offering of Securities insurance, which began on 20 September 2017 with a six-year run-off period.

Subject to the provisions of UK law, the Company has provided each Director with an indemnity in respect of liabilities which they may incur when discharging their duties as a Director. There are no other qualifying third-party indemnity provisions in place.

Board evaluation

The Directors continue to be committed to the need for regular Board evaluation. This enables them to continually monitor and improve the Board's performance.

This year's evaluation took place after the year end and involved an internal performance evaluation by way of questionnaires completed by the Non-Executive Directors and evaluated independently of the Board. The scope of the questionnaire is designed to cover all aspects of the Board's operation, including the management of meetings, the strengths and independence of the Board and the Chairman, individual Directors and the performance of its Committees, each Director's perspective on the Board's future priorities, training requirements, and the way the Board works as a team.

Martin Meech, as the Senior Independent Director, led the appraisal of the Chairman, including meetings with other members of the Board to appraise the Chairman's performance. The outcome of the evaluation of the Chairman's performance was discussed with him.

The key conclusions were that the Board continues to work well as a team and particularly well with Tilstone. There were no significant concerns that arose in the evaluation. During the remainder of 2021, the Board will continue to refine its own mechanisms but may also provide more training where required and ensure that it is both careful and committed to the execution of its strategy.

Independence of Directors

The Board has reviewed the independence of each Director and the Board as a whole. A majority of the Board is independent of the Investment Advisor and free from any business or other relationships that could materially interfere with the exercise of the Directors' independent judgement.

Simon Hope is the Non-Executive Chairman of the Investment Advisor, an employee of Savills (one of the Company's Property Managers) and a director of several companies owned by Tilstone; he is therefore considered to be a non-independent Director. Stephen Barrow is also on the Tilstone Board of Directors and is therefore considered to be a non-independent Director. Both Simon Hope and Stephen Barrow had cross-directorships in Tilstone Partners Limited and Tilstone Oxford Limited and are both LLP members of Tilstone Halifax LLP, Tilstone Halifax LLP and Somersham Coventry LLP.

The Board considers that all other Directors are independent of the Investment Advisor in both character and judgement.

Election/re-election of Directors

Under the Company's Articles of Association, Directors are required to stand for election at the first AGM after their appointment. Thereafter, at each AGM any Director who has not stood for appointment or re-election at either of the two preceding AGMs is required to retire and offer him/herself for re-election, as is any Director who has held office for a continuous period of nine years or more.

Beyond these requirements, and in line with corporate governance best practice, the Board has determined that all Directors will seek annual re-election at the Company's AGMs. All Directors will therefore stand for re-election at the forthcoming AGM. The Board considers that, during the year ended 31 March 2021, each Director has performed effectively and demonstrated commitment to the role. It therefore believes that it is in the best interests of shareholders that each Director is re-elected at the AGM.

Board responsibilities and relationship with the Investment Advisor

The Board's main roles are to lead the Company and ensure its long-term sustainable success, generating value for shareholders and contributing to wider society, and to approve the Company's purpose, values and strategic objectives and satisfy itself that these and its culture are aligned. The Board has adopted a schedule of matters reserved for its decision, which is reviewed annually.

These specific responsibilities include:

- approving the Company's investment and business strategy;
- approving the gearing policy;
- overseeing cash management;
- approving the Annual and Half-yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;
- approving acquisitions and disposals which are within the investment policy but have a value of 10% or more of the GAV of the Company's portfolio, and any acquisitions or disposals outside the investment policy;
- raising new capital and approving major financing facilities;
- approving the valuation of the Group's portfolio;
- approving and recommending dividends;
- approving Board appointments and removals;
- appointing or removing the Investment Manager, Investment Advisor, Depositary, Auditor and Company Secretary; and
- ensuring a satisfactory dialogue with shareholders and other key stakeholders.

A copy of the schedule of matters reserved for the Board's decision is available on the Company's website at **www.warehousereit.co.uk**.

The Company has sub-contracted its day-to-day functions to a number of service providers, each engaged under separate legal agreements. In particular, managing the Group's assets has been delegated to the Investment Manager. The Investment Advisor provides recommendations to the Investment Manager's investment committee. These recommendations cover acquisitions and sales of Group assets (where this would be in line with the Company's objectives and investment policy) and recommendations on where the Company should incur borrowings and give guarantees and securities (subject to certain investment restrictions imposed by the Board and the Board's overall control and supervision). The Board, the Investment Manager and the Investment Advisor operate in a fully supportive, co-operative and open environment.

At each Board meeting, the Directors follow a formal agenda, which is circulated in advance by the Secretary. The Secretary and Investment Advisor regularly provide financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice. Representatives from the Investment Advisor and the Investment Manager attend each Board meeting and communicate with the Board between formal meetings.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Key Board activities during the year

A report from the Investment Advisor is reviewed at each meeting, which includes relevant matters to highlight since the previous meeting and details of portfolio activity, the pipeline and health and safety matters.

The Board also receives and reviews a quarterly share register analysis, as well as a report from the Company Secretary including regulatory and governance updates.

April 2020

- Consideration of impact of Covid-19

May 2020

- Updates from Committee Chairs
- Approval of preliminary results for the year ended 31 March 2020 and fourth interim dividend for the 2020 financial year
- Review of going concern and long-term viability statements

June 2020

- Approval of Annual Report and Financial Statements for the year ended 31 March 2020 and Notice of AGM
- Publication of a prospectus in connection with proposed placing, open offer, offer for subscription and intermediaries offer to raise gross proceeds of up to £175 million

July 2020

- Approval of first interim dividend for the 2021 financial year

September 2020

- Consideration of AGM matters

October 2020

- Review of key strategic developments of the Company

November 2020

- Approval of Half-yearly Report and second interim dividend for the 2021 financial year
- Updates from Committee Chairs

December 2020

- General meeting to approve the acquisition of approximately 20% of Greenstone Property Investments Limited not already owned following the subscription by the Company

January 2021

- Updates from Committee Chairs
- Approval of third interim dividend for the 2021 financial year

February 2021

- Proposed placing, to raise gross proceeds of up to £45.9 million
- Review of the Company's environmental, social and governance arrangements, including consideration of its key stakeholders

March 2021

- Review of the Company's compliance with the AIC Code
- Appointment of Martin Meech as Chair of the Management Engagement Committee with effect from 1 April 2021 and retirement of Aimée Pitman as Chair of the Management Engagement Committee in light of her appointment as Chair of the Sustainability Committee
- Appointment of Lynette Lackey as a member of the Nomination Committee and retirement of Martin Meech as a member of the Committee with effect from 1 April 2021
- Annual review of the Board, Committees and Chairman through an independent evaluation
- Completion of a formal and competitive selection process resulting in the appointment of BDO LLP as external Auditor for the year ending 31 March 2022

Conflicts of interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Group's interests. The Board has a formal system to consider such conflicts, with the Directors who have no interest in the matter deciding whether to authorise the conflict and any conditions to attach to such authorisation. The procedure was complied with during the acquisition of Greenstone Property Investments Limited with Simon Hope and Stephen Barrow recusing themselves from all discussions relating to the acquisition.

Board Committees

The Board has three Committees: the Nomination Committee, the Audit Committee and the Management Engagement Committee. Given the Board's size, it is not felt appropriate for the Company to have a separate remuneration committee and the full Board deals with the functions that this committee would normally carry out.

The Committees' terms of reference are available on the Company's website at **www.warehousereit.co.uk**.

Nomination Committee

During the year, the Nomination Committee comprised of Neil Kirton, Simon Hope and Martin Meech. With effect from 1 April 2021, Lynette Lackey replaced Martin Meech as a member of the Committee. The Chairman of the Board is a member of, and chairs, the Nomination Committee. A majority of the members of the Nomination Committee are independent Non-Executive Directors.

A report from the Chair of the Nomination Committee is set out on pages 86 and 87.

Audit Committee

The members of the Audit Committee are Lynette Lackey (Chair), Martin Meech and Aimée Pitman. The Chairman of the Board is not a member of the Committee. The members of the Audit Committee consider that they collectively have the requisite skills and experience to fulfil the Audit Committee's responsibilities and competence relevant to the REIT sector. Lynette Lackey is a qualified accountant with audit experience in the real estate investor and developer industry.

A report from the Chair of the Audit Committee is set out on pages 88 to 90.

Management Engagement Committee

During the year, the Management Engagement Committee comprised of Aimée Pitman (Chair), Neil Kirton, Lynette Lackey and Martin Meech, all of whom are independent Non-Executive Directors. With effect from 1 April 2021, Martin Meech was appointed to the role of Chair following Aimée Pitman's retirement from the position of Chair. The Chair of the Board is a member of the Committee.

A report from the Chair of the Management Engagement Committee is set out on pages 91 and 92.

Company Secretary

The Board has direct access to the advice and services of the Secretary, Link Company Matters Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and for ensuring that the Company meets its statutory obligations.

CORPORATE GOVERNANCE STATEMENT CONTINUED

How governance supported the delivery of the Company's strategy during the year ended 31 March 2021

As noted on page 81, approving the strategy and overseeing its implementation is one of the Board's core responsibilities. Set out below are the Board's activities in respect of each element of the strategy set out on pages 26 and 27 of this report. In addition, during the year the Board held a strategy day, which is a key event allowing the Board to examine the strategy and the market context for it. More information can be found in the Chairman's statement on pages 72 and 73.

Strategy	Board governance role	Key activities during the year
INVESTMENT STRATEGY 1	• Overseeing the selection of acquisitions, against the backdrop of current market and economic conditions • Approving acquisitions which are within the investment policy but have a value of 10% or more of the Company's GAV • Approving any acquisitions outside the investment policy	During the year, the Board: • reviewed an acquisition pipeline tracker at each quarterly meeting; • reviewed the details of all acquisitions at its quarterly meetings; • assessed in detail the ongoing availability of quality stock that could be acquired at the strategy day held during the year (see the Chairman's introduction to governance on pages 72 and 73 for more information); and • called a general meeting to approve the acquisition of approximately 20% of Greenstone Property Investments Limited not already owned, following the subscription by the Company (see the Chairman's introduction to governance for more information). Read more about the acquisitions in the year in the Investment Advisor's report on pages 38 and 39.
ASSET MANAGEMENT STRATEGY 2	• Overseeing the portfolio • Overseeing the Investment Advisor's asset management activities • Approving disposals which are within the investment policy but have a value of 10% or more of the GAV of the Company's portfolio • Approving any disposals outside the investment policy	During the year, the Board: • reviewed details of all disposals at its quarterly meetings; • reviewed quarterly portfolio updates from the Investment Advisor, including details of occupancy levels, lease events, rental values and rent collection; • monitored Tilstone's and G10's adherence to the capital expenditure budget, through quarterly reports from the Investment Advisor; and • approved the capital expenditure budget for the year to 31 March 2022. Read more about asset management during the year in the Investment Advisor's report on pages 40 to 43.
FINANCIAL STRATEGY 3	• Approving any changes to the Group's capital structure • Approving the Group's gearing policy, dividend policy and treasury policy	During the year, the Board: • monitored the Group's debt levels and reviewed the hedging strategy; • approved the issue of the prospectus released on 18 June 2020, in relation to the firm placing, placing, open offer, offer for subscription and intermediaries offer, which raised gross proceeds of £153.0 million; and • approved a placing announced on 5 February 2021, to raise gross proceeds of up to £45.9 million. Read more about financing activity during the year in the Investment Advisor's report on page 46.

Internal control review

The Directors are responsible for the systems of internal controls relating to the Company and its subsidiaries, the reliability of the financial reporting process and for reviewing their effectiveness.

The Directors have considered the Financial Reporting Council's ("FRC's") guidance on risk management, internal control and related finance and business reporting and have established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. This process, together with key procedures established to provide effective financial control, was in place during the period under review and at the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the Group's assets are safeguarded. The risk management process and Group systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have reviewed the effectiveness of the Group's risk management and internal control systems as they have operated over the period and up to the date of approval of the Annual Report and Financial Statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Internal control assessment process

The Board undertakes regular risk assessments and reviews of internal controls, in the context of the Company's overall investment objective. The Board, through the Audit Committee, has categorised risk management controls under the following headings:

- business risk;
- operational risk;
- compliance risk; and
- financial risk.

We do not therefore include reputational risk as a category, as it underpins our approach to all risk evaluation and mitigation.

In arriving at its judgement of what risks the Group faces, the Board has considered the Group's operations in light of the following factors:

- the nature and extent of risks which the Board regards as acceptable for the Group to bear, within its overall business strategy;
- the threat of such risks becoming reality;
- the Group's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Group and the benefits related to the Group and third parties operating the relevant controls.

A corporate risk register is maintained by Tilstone, against which the Group monitors the risks identified and the controls in place to mitigate them. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls. The Audit Committee reviews the risk matrix at least twice in each financial year and at other times as necessary.

The principal and emerging risks that the Board has identified are set out on pages 62 to 69.

Most functions for the Group's day-to-day management are sub-contracted and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding their internal systems and controls.

Shareholder relations

Communication with shareholders is a high priority for both the Board and the Investment Advisor, and the Directors are available to discuss the Company's progress and performance with shareholders. The Investment Advisor and the Company's Nominated Advisor and Broker, Peel Hunt LLP, are in regular contact with the major institutional investors and regularly report the results of meetings and the views of those shareholders to the Board. The Chairman and the other Directors are available to attend these meetings with shareholders if required.

All shareholders are encouraged to attend, either in person when able to or by proxy, and vote at the AGM, during which the Board and representatives of the Investment Advisor will be available to discuss issues affecting the Company and answer any questions. Shareholders wishing to communicate directly with the Board or to lodge a question in advance of the AGM should contact the Secretary at the address on page 156. The Company always responds to letters from shareholders.

The Board and its advisors will prepare the Company's Annual and Half-yearly Reports to present a full and readily understandable review of the Company's performance. Copies will be released through the Regulatory News Service, dispatched to shareholders depending on their communication preference and made available from the Company Secretary or by downloading from the Company's website at **www.warehousereit.co.uk**.

NOMINATION COMMITTEE REPORT

> THE NOMINATION COMMITTEE IS RESPONSIBLE FOR MAINTAINING A BALANCE OF SKILLS, EXPERIENCE AND PERSPECTIVES ON THE BOARD.

NEIL KIRTON
Chair of the Nomination Committee

Committee members:

Name	Attendance
Neil Kirton (Chair)	■
Martin Meech	■
Simon Hope	■

Role of the Nomination Committee

The Committee's primary responsibilities are to:

- keep under review the Board's structure, size and composition, including diversity and the balance of independent and non-independent Non-Executive Directors, and make recommendations to the Board with regard to any changes required;
- consider and formulate succession plans for Directors, giving consideration to the length of service of the Board as a whole and the need for membership to be regularly refreshed;
- identify and nominate candidates to fill any Board vacancies for the Board's approval, giving due regard to the current and recommended future balance of skills, knowledge, experience, independence, diversity and cognitive and personal strengths on the Board;
- review the results of the Board performance evaluation that relate to the Board's composition;
- review annually the time required from Non-Executive Directors;
- make recommendations to the Board regarding membership of the Board's Committees, in consultation with the Chair of each Committee;

- make recommendations to the Board concerning the re-appointment of Non-Executive Directors, at the conclusion of their specified term of office; and
- make recommendations to the Board regarding the re-election of Directors at AGMs.

The Nomination Committee operates within defined terms of reference, which are regularly reviewed and updated as necessary. The terms of reference are available on the Company's website.

Activities

The Nomination Committee met once during the year ended 31 March 2021 and once between the year end and the date of this report. The main activities of the Nomination Committee are set out below.

Re-election of Directors at the AGM

The Nomination Committee considered the re-election of each Director at the AGM. Following consideration, and taking into account the results of the recent Board evaluation, the Nomination Committee concluded that each Director on the Board standing for re-election at the AGM continues to demonstrate the necessary skills, experience and commitment to contribute effectively and add value to the Board. The Committee has therefore recommended that all Directors be put forward for re-election at the Company's AGM.

Biographies of each Director are available on pages 74 and 75. It is the Committee's and the Board's view that the Directors' biographies illustrate why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Size, structure and composition of the Board and Committees

During the year, the Committee reviewed the size, structure and composition of the Board and its Committees and agreed that these were appropriate for the Company, including the balance of independent and non-independent Directors. It is the Committee's view that all members of the Board bring differing perspectives to the table, contributing to the overall success of Board meetings and the Company.

Diversity

There have been no appointments to the Board during the year. However, before any appointment is made to the Board, the Committee evaluates the current and recommended future balance of skills, knowledge, experience, independence, diversity and cognitive and personal strengths on the Board. The appointment of any new Director is made on the candidate's merits, measuring his or her skills and experience against the criteria identified by the Board as being desirable to complement the Board's composition and qualifications.

The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity, including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and
- long lists of potential Non-Executive Directors should include diverse candidates of appropriate merit.

This policy was reviewed and updated by the Committee during the year to ensure alignment with the AIC Code.

Neil Kirton
Chair of the Nomination Committee

24 May 2021

AUDIT COMMITTEE REPORT

“ ”

THE AUDIT COMMITTEE IS RESPONSIBLE FOR THE EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND AUDITING PROCESSES.

LYNETTE LACKEY
Chair of the Audit Committee

Committee members:

Name	Attendance
Lynette Lackey (Chair)	■■■■■
Aimée Pitman	■■■■■
Martin Meech	■■■■■

Role of the Audit Committee

The Committee’s primary responsibilities are to:

- monitor the integrity of the Company’s financial statements and review its financial reporting process and accounting policies;
- keep under review the effectiveness of the Company’s internal control environment and risk management systems;
- make recommendations to the Board in relation to the appointment, re-appointment or removal of the external Auditor and to approve its remuneration and terms of engagement, including the provision of any non-audit services;
- review the effectiveness of the audit process;
- review and monitor the Auditor’s independence and objectivity;
- review assurances from the Company’s service providers regarding their systems and controls for the detection of fraud and the prevention of bribery and receive reports on non-compliance; and
- review the adequacy and security of the Company’s arrangements for its contractors, suppliers and other stakeholders (as applicable) to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

The Audit Committee has direct access to the Company's Auditor, Deloitte LLP, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend Audit Committee meetings at least annually.

The Audit Committee operates within defined terms of reference, which are regularly reviewed and updated as necessary. The terms of reference are available on the Company's website.

Activities

The Audit Committee met five times during the year ended 31 March 2021 and once following the year end. At the meetings, the Committee has:

- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- agreed the audit plan with the Auditor, including the principal areas of focus, and agreed the audit fee;
- received and discussed with the Auditor its report on the results of the audit;
- reviewed the Group's financial statements and discussed the appropriateness of the accounting policies adopted; and
- reviewed the valuation of the Group's investment properties and recommended this to the Board.

The Audit Committee has also reviewed and updated, where appropriate, the corporate risk register. This is done on a six-monthly basis. During the year ended 31 March 2021, this included the addition of three new risks, and more recently, monitoring of emerging risks, in particular the impact of climate change, minor changes to the principal risks which demonstrated the strength of the business and the lack of significant impact from Covid-19, as described on page 65.

The Audit Committee reviewed the requirement for an internal audit function and concluded that this would provide minimal added comfort at considerable extra cost to the Company. The Audit Committee receives reports on internal control and compliance from the Investment Advisor in conjunction with third-party risk and internal audit advisor, AuditR, and discusses these with the Investment Advisor. This report also covers the internal controls of the Company's other key service providers, including the Administrator. No significant matters of concern were identified during the year.

The Audit Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report. This review takes into account the experience and tenure of the audit partner and team, the nature and level of services provided, and confirmation that the Auditor has complied with independence standards. Any concerns with the effectiveness of the external audit process would be reported to the Board.

No concerns were raised in respect of the year ended 31 March 2021.

Significant issues

The Audit Committee considered the following key issues in relation to the Group's financial statements during the year:

VALUATION OF PROPERTY ASSETS

The Audit Committee considered and discussed the valuation of the Group's investment properties as at 31 March 2021, particularly the impact of Covid-19 during the financial year. To enable a full discussion of the valuation, and to enable the Directors to challenge the valuations and the underlying assumptions, as appropriate, the valuer attended the Audit Committee meeting in May 2021.

MAINTENANCE OF REIT STATUS

The UK REIT regime affords the Group a beneficial tax treatment for income and capital gains, provided certain criteria are met. There is a risk that these REIT conditions may not be met and additional tax becomes payable by the Group. The Audit Committee therefore monitored the Company's compliance status and considered each of the requirements for the maintenance of REIT status throughout the year ended 31 March 2021.

GOING CONCERN AND LONG-TERM VIABILITY OF THE COMPANY

The Audit Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments and any outstanding loan covenants. Consequently, the financial statements have been prepared on a going concern basis.

The Audit Committee also considered the longer-term viability statement within the Annual Report, for the three-year period to May 2024, and the underlying factors and assumptions which contributed to the Committee deciding that three years was an appropriate length of time to consider the Company's long-term viability.

The Company's going concern and viability statement, as well as full details of the assessment carried out by the Directors, can be found on pages 70 and 71.

AUDIT COMMITTEE REPORT CONTINUED

Significant issues continued

Following the consideration of the matters on page 89 and its detailed review, the Audit Committee was of the opinion that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Audit fees and non-audit services

An audit fee of £152,000 has been agreed in respect of the audit for the year ended 31 March 2021. This incorporates a fee of £122,000 for auditing the Annual Report and consolidated financial statements for the period and £30,000 for auditing the accounts of the Company's subsidiaries for the period.

The Audit Committee reviews the scope and nature of all proposed non-audit services before engagement, to safeguard Auditor independence and objectivity. During the period, the Auditor provided the following non-audit services:

- advice for a fee of £163,100; and
- accountant services in connection with capital raises during the year for a fee of £57,500.

The Audit Committee notes that the level of non-audit fees paid during the year is significantly higher than the statutory audit fees for the year. However, the engagement of Deloitte LLP for these services was considered to be appropriate and cost effective for the Company and did not, in the Audit Committee's view, compromise the Auditor's independence in any way.

Further information on the fees paid to the Auditor is set out in note 6 to the financial statements on page 116.

Auditor independence and objectivity

The Audit Committee has considered the Auditor's independence and objectivity and reviewed the non-audit services which the Auditor provided during the period. The Audit Committee pre-approves all non-audit services prior to any work commencing and considers safeguards in place, such as the use of separate teams to mitigate the risk of any self-review. The Audit Committee also receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services.

The Audit Committee is satisfied that the Auditor's objectivity and independence is not impaired by performing these non-audit services and that the Auditor has fulfilled its obligations to the Company and its shareholders. However, following the implementation of regulation surrounding the separation of non-audit services, the Board determined to retain Deloitte LLP for taxation and other corporate advice, and looked to appoint a new Auditor for the 2022 audit. At the start of 2021, the Audit Committee undertook a tender process for the appointment of a new Auditor, and following a robust and thorough process, the Committee recommended that BDO LLP be appointed as Auditor for the 2022 audit. This decision was approved by the Board at a meeting held in March 2021.

Deloitte LLP has been the Auditor to the Company since launch in September 2017. The Audit Committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, and the matters raised during each audit.

Appointment of the Auditor

Following the aforementioned tender process to appoint a new Auditor for the Company's 2022 audit, the Audit Committee has recommended to the Board the appointment of BDO LLP as Auditor to the Company. The approval of BDO LLP as the Company's Auditor will be put to shareholders as an ordinary resolution at the forthcoming AGM.

Lynette Lackey
Chair of the Audit Committee

24 May 2021

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

"THE MANAGEMENT ENGAGEMENT COMMITTEE ENSURES THAT THIRD-PARTY APPOINTMENTS ARE CONDUCTED IN SHAREHOLDERS' BEST INTERESTS."

AIMÉE PITMAN
Chair of the Management Engagement Committee

Committee members:	
Name	Attendance
Aimée Pitman (Chair)	■
Neil Kirton	■
Lynette Lackey	■
Martin Meech	■

Role of the Management Engagement Committee

The Committee's primary responsibilities are to:

- satisfy itself that the terms of the Investment Management Agreement between the Company, the Investment Manager and the Investment Advisor remain fair, competitive and sensible for shareholders, and review and make recommendations on any proposed amendment to the Investment Management Agreement;
- satisfy itself that systems put in place by the Investment Advisor, Administrator and Depositary are adequate to meet relevant legal and regulatory requirements, including the AIFMD;
- satisfy itself that any compliance matters are under proper review;
- consider whether the continuing appointment of the Investment Advisor is in the interests of shareholders as a whole and make recommendations to the Board in this regard;
- keep under review the Investment Advisor's performance and the level of the investment advisory fee; and
- keep under review the performance of other service providers, including compliance with the terms of their respective agreements and their internal controls and policies.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT CONTINUED

Role of the Management Engagement Committee continued

The Management Engagement Committee operates within defined terms of reference, which are regularly reviewed and updated as necessary. The terms of reference are available on the Company's website.

Activities

The Committee met once during the year ended 31 March 2021 and once following the year end. At these meetings, the Committee has:

- considered the performance of the Investment Advisor against its obligations under the Investment Management Agreement during the year. The Committee's recommendation regarding the continuing appointment of the Investment Advisor is set out on page 98. In reaching its recommendation to the Board, the Committee's deliberations included consideration of the basis of the investment management fee and the execution of the Company's investment strategy by the Investment Advisor during the year;
- reviewed the ongoing performance and the continuing appointment of the Company's other key service providers. The Committee has concluded that the services provided to the Company were satisfactory and that the agreements entered into with them are operating in the best interests of the shareholders; and
- reviewed the systems put in place by the Investment Advisor, Administrator and Depositary to meet legal and regulatory requirements, particularly the AIFMD, and concluded that these remain adequate.

I have been pleased to work with my fellow Director, Martin Meech, to ensure a smooth transition to his role of Chair of the Management Engagement Committee.

Aimée Pitman

Chair of the Management Engagement Committee

24 May 2021

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in partial and proportionate compliance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. As a company admitted to AIM, Warehouse REIT is not required to report fully against these regulations or to put the Directors' remuneration report and Directors' remuneration policy to shareholders for approval, but has decided to do so voluntarily in order to allow shareholder input on the Company's remuneration arrangements. An ordinary resolution to approve the Directors' remuneration report will therefore be put to shareholders at the forthcoming AGM.

Statement from the Chairman

Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are therefore carried out by the Board as a whole. The Board consists entirely of Non-Executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to Executive Directors.

Directors' fees are set at a level of £45,000 per annum for the Chairman and £35,000 per annum for the independent Non-Executive Directors. No fees are payable to Stephen Barrow or Simon Hope as non-independent Non-Executive Directors.

Directors' remuneration policy

A resolution to approve the Directors' remuneration policy was proposed and passed at the Company's first AGM in 2018. As a binding vote on the policy is necessary every three years, an ordinary resolution to approve the policy will be put to shareholders at this year's AGM. The Board does not propose to make any changes to the existing remuneration policy, which is set out below.

The Company follows the recommendation of the AIC Code that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of their role. The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, and be determined with reference to comparable organisations and appointments.

All Directors are non-executive, appointed under the terms of letters of appointment. There are no service contracts in place. The terms of their appointment provide that Directors shall retire and be subject to election at the first AGM after their appointment. Thereafter, at each AGM, any Director who has not stood for appointment or re-election at either of the two preceding AGMs is required to retire and offer themself for re-election. Any Director who has held office for more than nine years is required to retire and offer themself for re-election on an annual basis. Beyond these requirements, it has been agreed that all Directors will seek annual re-election at the Company's AGMs.

The fees for the Non-Executive Directors are determined within the limits (not to exceed in aggregate £300,000 per annum) set out in the Company's Articles of Association, or any greater sum that may be determined by ordinary resolution of the Company. Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance-related benefits, as the Board does not believe that this is appropriate for Non-Executive Directors. There are no pension arrangements in place for the Directors.

The Board has set two levels of fees: £45,000 per annum for the Chairman and £35,000 per annum for the independent Non-Executive Directors. No additional fees are payable for membership of the Board's Committees. The fee for any new Director appointed to the Board will be determined on the same basis, whilst fees in respect of subsequent periods will be determined following an annual review. The Board would consider any views expressed by shareholders on the fees being paid to Directors.

Under the Company's Articles of Association, if any Director is called upon to perform extra or special services of any kind, he/she may be paid such extra remuneration as the Directors may determine. Directors are also entitled to be paid all expenses properly incurred in attending Board or shareholder meetings or otherwise in the performance of their duties.

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration report

Directors' fees for the year

The Directors who served in the year to 31 March 2021 received the following emoluments:

	Year ended 31 March 2021		Year ended 31 March 2020	
	Fees £'000	**Total £'000**	Fees £'000	Total £'000
Neil Kirton	**45**	**45**	45	45
Aimée Pitman	**35**	**35**	35	35
Lynette Lackey	**35**	**35**	35	35
Simon Hope	**—**	**—**	—	—
Martin Meech	**35**	**35**	35	35
Stephen Barrow	**—**	**—**	—	—
	150	**150**	150	150

Directors' beneficial and family interests

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

The interests of the Directors and any connected persons in the ordinary shares of the Company are set out below:

	As at 31 March 2021 Number of shares	As at 31 March 2020 Number of shares
Neil Kirton[1]	**390,909**	300,000
Aimée Pitman[2]	**590,537**	412,167
Lynette Lackey	**51,603**	25,000
Martin Meech[3]	**290,909**	200,000
Simon Hope[4]	**12,407,697**	7,137,854
Stephen Barrow[5]	**10,103,050**	7,170,562

1. 190,909 of these shares are held by Mr Kirton's spouse.
2. 251,137 of these shares are held by Ms Pitman's spouse, whilst 23,487 are held by her children.
3. 190,909 of these shares are held by Mr Meech's spouse.
4. 3,551,971 of these shares are held by Mr Hope's spouse, whilst 391,899 are held by his children.
5. 4,481,525 of these shares are held by Mr Barrow's spouse and 350,000 are held by his child.

There have been no changes to these holdings between 31 March 2021 and the date of this report.

Voting at Annual General Meeting

The Directors' remuneration report for the year ended 31 March 2020 and the Directors' remuneration policy were approved by shareholders at the two AGMs held on 14 September 2020 and 19 September 2018 respectively. The votes cast by proxy were as follows:

	Directors' remuneration report (2020 AGM voting figures)		Directors' remuneration policy (2018 AGM voting figures)	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	246,351,344	99.98	98,298,636	99.99
Against	47,852	0.02	9,974	0.01
At Chairman's discretion	0	—	2,327	—
Total votes cast	246,399,196	100.00	98,310,937	100.00
Number of votes withheld	53,714		11,697	

Approval

The Directors' remuneration report was approved by the Board on 24 May 2021.

On behalf of the Board

Neil Kirton
Chairman

24 May 2021

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2021.

Corporate governance

The corporate governance statement on pages 78 to 85 forms part of the Directors' report.

Directors

The Directors in office during the year and at the date of this report and their biographical details are shown on pages 74 and 75.

Details of the Directors' terms of appointment can be found in the corporate governance statement and the Directors' remuneration report. Details of indemnities provided to the Directors can also be found in the corporate governance statement.

Share capital

Share issues

At the AGM held on 14 September 2020, the Directors were granted: (i) the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £2,528,966 (being 66% of the issued ordinary share capital at the date of the notice) by way of a rights issue; and (ii) in any other case, the authority to allot ordinary shares up to an aggregate nominal amount of £1,264,483 (being 33% of the issued ordinary share capital at the date of the notice). The Directors were also granted the authority to disapply pre-emption rights in respect of the allotment of shares or treasury shares up to 5% of the issued ordinary share capital at the date of the notice and a further 5% of the issued ordinary share capital where the allotment and issue of such shares is for the sole purpose of financing (or refinancing) an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles. During the year, 139,090,908 ordinary shares were issued in relation to a placing, open offer, offer for subscription and intermediaries offer, 7,582,299 ordinary shares were issued in consideration for the acquisition of Greenstone Property Holdings Limited and 37,934,400 new ordinary shares were allotted under a placing.

These existing authorities will expire at the Company's AGM to be held in September 2021 where resolutions for their renewal will be proposed.

Purchase of own shares

At the AGM held on 14 September 2020, the Company was authorised to purchase up to 24,025,404 of its own shares (being 10% of the Company's issued ordinary share capital at the date of the notice). No ordinary shares have been bought back under this authority, which will expire at the AGM to be held in September 2021 where a resolution for its renewal will be proposed.

The Directors will consider repurchasing ordinary shares in the market if they believe it to be in shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the ordinary shares. They will have regard to the Company's REIT status when making any repurchase and will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing NAV per ordinary share and otherwise in accordance with guidelines established from time to time by the Board.

Current share capital

As at 31 March 2021 and the date of this report, there were 424,861,650 ordinary shares of £0.01 each in issue, none of which are held in treasury.

Results and dividends

A summary of the Company's performance during the period and the outlook for the forthcoming year is set out in the strategic report on pages 44 and 45.

Dividends totalling 6.2 pence per ordinary share have been paid or declared in respect of the year ended 31 March 2021, further details of which can be found in the Investment Advisor's report on page 45.

No final dividend is being proposed.

The Company's dividend policy is set out on page 26 in the strategic report.

Substantial shareholdings

As at 31 March 2021, the following held voting rights greater than 3% in the Company:

	Number of ordinary shares held	% of total voting rights at 31 March 2021
Investec Wealth & Investment	68,046,583	16.02
M&G Investments	26,372,516	6.21
Smith & Williamson Wealth Management	23,095,247	5.44
CCLA Investment Management	19,768,226	4.65
Hargreaves Lansdown	16,526,588	3.89
Cerno Capital Partners	16,049,951	3.78
Rathbone Investment Management	15,501,406	3.65
BlackRock	13,003,571	3.06

There have been no changes to these holdings between 31 March 2021 and the date of this report.

Management arrangements

The Company is an alternative investment fund for the purposes of the AIFMD and, as such, is required to have an Investment Manager who is duly authorised to undertake that role. G10 Capital Ltd is authorised and regulated by the Financial Conduct Authority ("FCA") as the AIFM of the Company under an agreement dated 22 August 2017 (the "Investment Management Agreement"). The Investment Manager is responsible for overall portfolio management, risk management and compliance with the Company's investment policy and the requirements of the AIFMD that apply to the Company, and undertaking all risk management.

G10, as the Investment Manager, has appointed the Investment Advisor, Tilstone, to act as its appointed representative in respect of the Company. As the appointed representative, Tilstone is responsible for working with and advising the Company and the Investment Manager in respect of sourcing investment opportunities which meet the Company's investment policy. As the Investment Manager's appointed representative, Tilstone is exempt from the requirement to be authorised by the FCA as a pre-requisite to giving investment advice and arranging deals in investments. Tilstone is also responsible for managing the underlying real estate assets within the Company's investment portfolio, which does not constitute a regulated activity. The Investment Manager has, and shall maintain, the necessary expertise and resource to supervise the delegated tasks effectively.

The Investment Advisor receives an annual fee (payable quarterly in arrears) equal to 1.1% of the NAV of the Company's portfolio on the basis of funds being fully invested up to £500 million and 0.9% thereafter. The fee is payable to the Investment Advisor, which pays a quarterly fee of £15,000 to the Investment Manager for the duration of its appointment, in addition to other one-off fees in relation to regulatory reporting services (Annex IV), compliance services and investment committee services. No performance fee or acquisition fee is payable.

DIRECTORS' REPORT CONTINUED

Management arrangements continued

In the event that the Investment Management Agreement is terminated following a third party (or third parties acting in concert) acquiring a majority of the Company's ordinary shares, the Investment Advisor would be entitled to receive an exit fee equal to 15% of the total shareholder returns (defined as the price per share paid by such third party plus dividends and other distributions paid) generated since Admission, above a hurdle rate of 10% per annum on a compound basis since Admission. The exit fee will be capped at the amount of the annual management fee paid in the immediately preceding financial year.

Following the expiry of the initial three-year term on 22 August 2020, the Investment Management Agreement is terminable on 24 months' notice in writing by either party. In addition, it is terminable on 30 days' notice by either party in writing in the event of a material breach or insolvency of the other party. The Company is also entitled to terminate the agreement forthwith by notice in writing in the event that the Investment Manager ceases to be able to fulfil its obligations as a result of a change of the FCA's rules.

Continuing appointment of the Investment Advisor

The Board keeps the performance of the Investment Advisor under continual review. The Management Engagement Committee conducts an annual appraisal of the Investment Advisor's performance and makes a recommendation to the Board about the continuing appointment of the Investment Advisor. It is the opinion of the Directors that the continuing appointment of the Investment Advisor is in the interests of shareholders as a whole. The reasons for this view are that the Investment Advisor has continued to execute the investment strategy according to the Board's expectations and on terms which the Board is of the view continue to remain commercial and reasonable.

Property Management Agreements

The Property Managers provide a wide range of services. These include ensuring the Company complies with all current property regulations, including relevant health and safety requirements; providing building surveys and project management services; acting as consultants to the Company in respect of sub-sector markets; acting as consultants in respect of obtaining planning permissions; providing facilities management relating to the property portfolio; and providing a management team to help with management tasks such as rent collection.

Savills

Savills acts as Property Manager for over three-quarters of the property portfolio pursuant to the terms of agreements entered into in 2016 with Tilstone Basingstoke Limited, Tilstone Glasgow Limited, Tilstone Industrial Limited, Tilstone Retail Limited and Tilstone Trade Limited.

Under the terms of these Property Management Agreements, Savills is entitled to fees of £850 per occupier per annum. These annual fees are usually recovered from the service charge. The Property Management Agreements are terminable upon three months' written notice.

Pursuant to the Property Management Agreements, Savills is also retained for a range of services with a fee agreed for such services on an ad-hoc basis.

Aston Rose

Day-to-day management of the remainder of the portfolio is undertaken by Aston Rose. Under their Property Management Agreement, Aston Rose is entitled to deduct reasonable and proper fees from the service charge payments received in respect of the managed properties. The Aston Rose agreement is terminable upon two months' written notice.

Administration Agreement

Link Alternative Fund Administrators Limited has been appointed as the Administrator to the Company and its subsidiaries under an agreement dated 22 August 2017. It provides the day-to-day administration services for these entities. It is also responsible for the Company's general administrative functions, such as the calculation and publication of the NAV and maintenance of the Company's accounting and statutory records.

Under the terms of its Administration Agreement, Link Alternative Fund Administrators Limited is entitled to an administration fee of £80,000 per annum (exclusive of VAT) subject to an annual retail price index ("RPI") increase. The Administration Agreement is terminable upon six months' written notice.

Company Secretarial Agreement

Link Company Matters Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act 2006, under an agreement dated 22 August 2017. The Secretary is entitled to a fee of £63,461 per annum (exclusive of VAT) in respect of the Company and £823 per annum in respect of each UK subsidiary, both subject to an annual RPI increase. The Company Secretarial Agreement was subject to an initial term of 12 months and automatically renews for successive periods of 12 months, unless written notice is given by either party at least three months prior to the end of the then current 12-month period.

Depositary Agreement

Crestbridge Property Partnerships Limited has been appointed as Depositary to provide cash monitoring, safekeeping and asset verification and oversight functions, as prescribed in the AIFM Directive (AIFMD 23(1)(d) and (f)). It is authorised to act as a Depositary by the FCA. The Depositary's duties under the Depositary Agreement are owed to the Company as a whole and not directly to shareholders, whether individually or in groups. The investments of the Company are not of a kind required to be held in custody by the Depositary.

Under the terms of the Depositary Agreement dated 22 August 2017, the Depositary is entitled to a fee of £32,500 per annum, subject to an increase of £150 per asset, when the number of assets exceeds that as at 30 September 2019. The Depositary Agreement is terminable by the Company on one month's written notice served on the Depositary and by the Depositary on not less than three months' written notice served on the Company.

Auditor

The Directors holding office at the date of this Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

BDO LLP has expressed its willingness to be appointed as Auditor of the Company and resolutions for its appointment and to authorise the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM.

Financial risk management

Information about the Company's financial risk management objectives and policies is set out in note 25 to the financial statements.

Annual General Meeting

The Company's fourth AGM will be held on 13 September 2021. The Notice of the AGM will be circulated to shareholders separately.

Link Company Matters Limited

Company Secretary

24 May 2021

Company Number: 10880317

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") and in conformity with the requirements of the Companies Act 2006.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements of the Group and the Company in accordance with IFRS. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the AIM Rules and (where applicable) the Disclosure Guidance and Transparency Rules of the FCA.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS and in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company (and Group as a whole); and
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company (and Group as a whole), together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Neil Kirton
Chairman

24 May 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAREHOUSE REIT PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Warehouse REIT plc (the 'parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent Company statements of financial position;
- the consolidated and parent Company statements of changes in equity;
- the consolidated cash flow statements; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF WAREHOUSE REIT PLC

3. Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was:

- Valuation of investment property.

Within this report, key audit matters are identified as follows:

Newly identified	Similar level of risk
Increased level of risk	Decreased level of risk

Materiality

The materiality that we used for the Group financial statements was £11.5 million, which was determined on the basis of 2% of net assets.

In addition, a lower materiality of £0.9 million was determined on the basis of 5% of EPRA earnings for amounts in the statement of comprehensive income.

Scoping

The Group is made up of 22 components:

- ten components were subject to a full scope audit;
- six components were subject to analytical review procedures; and
- six dormant components were not in scope for the Group audit.

This provided coverage of 99% of revenue, profit before tax and net assets.

All audit work was performed directly by the Group engagement team.

Significant changes in our approach

The key changes in our approach have been the removal of going concern as a key audit matter due to the decreased level of risk and a reduction in the basis of determining our lower materiality from 8% of EPRA earnings in the prior year to 5% to reflect the size and maturity of the business.

There have been no other significant changes to our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtained management's paper on going concern, including forecasts to March 2024. We have challenged management's forecasts, by performing a historic review to assess management's historical forecasting accuracy;
- assessing forecasting accuracy against actual performance and challenged the basis on which management was able to forecast accurately given the uncertain environment;
- assessed management's base case scenario and challenged the appropriateness of this based on evidence to date, including, but not limited to, post year end activity and rent collection;
- assessed sensitivities performed, including challenging management's calculation of the break scenario, headroom against covenants and compliance with REIT regime as well as the future impact of Covid-19;
- challenged cash flows forecast used based on our understanding of other factors that may affect the use of the going concern assumption such as the availability of cash, impact of Covid-19 on the business, mitigating actions available to management and occupier strength; and
- evaluated the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of investment property

Key audit matters description	The Group has an investment property portfolio of warehouses and light industrial assets located across the United Kingdom. The valuation of the portfolio as at 31 March 2021 (excluding leasehold land recorded as a finance lease) was £792.8 million (31 March 2020: £450.5 million). The Group's accounting policy in note 13 states that investment property is held at fair value. In determining the fair value, the Directors adopt a number of key estimates and assumptions, in particular assumptions in relation to estimated yields and future rental income. Valuation of investment property is an area of judgement which could materially affect the financial statements, and therefore we considered this a key audit matter. The Audit Committee report on pages 89 and 90 discloses this as a significant financial matter and further details are disclosed in the investment property note in note 13 to the financial statements and the fair value note in note 24 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls relating to the investment property valuation process. We involved our real estate specialists, who are chartered surveyors, and met with the third-party valuers appointed by those charged with governance with the aim of understanding the valuation methodology adopted. We assessed the competence, capabilities and objectivity of the external valuers. For a sample of investment properties, we assessed and challenged the reasonableness of the significant judgements and assumptions applied in the valuation model for that sampled property. We did this be assessing a sample of investment properties against external appropriate property indices and benchmarks and by understanding the valuation methodology and the wider market analysis. We assessed the information provided by the valuers both in the meeting and contained in the detailed valuation reports, and we undertook our own research into the relevant markets to evaluate the reasonableness of the valuation inputs and the resulting fair values. We assessed the completeness and accuracy of the data provided by the Group to the valuers for the purposes of their valuation exercise as well as the valuation models used by the valuer. We assessed the appropriateness of the disclosures in the financial statements.
Key observations	We concluded that the key assumptions applied in determining the property valuations are within an acceptable range, and therefore the valuation of investment property portfolio is appropriate.

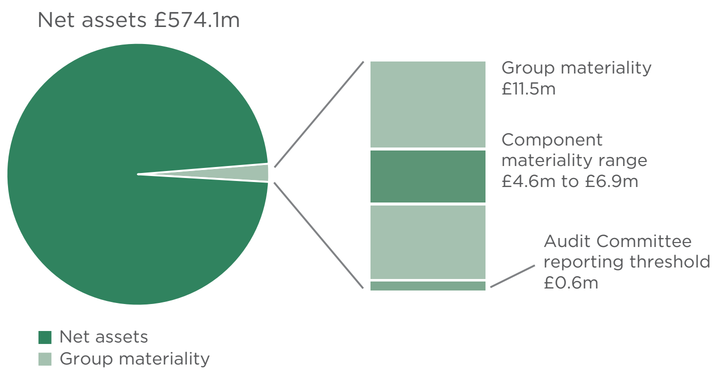
INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF WAREHOUSE REIT PLC

6. Our application of materiality
6.1. Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£11.5 million (2020: £5.2 million)	£5.9 million (2020: £3.6 million)
Basis for determining materiality	2% (2020: 2%) of net assets	Parent Company materiality represents 1.5% (2020: 1.5%) of parent Company net assets.
Rationale for the benchmark applied	We have used the net assets value as at 31 March 2021 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those financial statements for real estate companies. The increase in materiality is due to an increase in net assets to £574.1 million (2020: £263.1 million).	We have used the net assets value as at 31 March 2021 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of the parent Company – as a holding company.

A lower materiality of £0.9 million (2020: £1.2 million), which was determined on the basis of 5% (2020: 8%) EPRA earnings, was used for amounts in the statement of comprehensive income. We consider EPRA earnings to be the most appropriate benchmark due to it being one of the key focus areas for both investors and management and as it removes volatility associated with fair value movements, providing a comparable metric for performance of the business. The reduction in the basis for determining materiality from 8% of EPRA earnings in the prior year to 5% reflects the size and maturity of the business. Refer to note 12 for a reconciliation to IFRS earnings.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% of Group materiality.	70% of parent Company materiality.
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered the following factors: a. the quality of the control environment and the impact of Covid-19; and b. the low number of corrected and uncorrected misstatements identified in the prior periods	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.6 million (2020: £0.2 million) for the statement of financial position, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Group consists of 22 subsidiaries (2020: 20), with the increase on prior year relating to asset acquisitions made in a corporate wrapper. This was offset by subsidiaries that were struck off in the year.

A full scope audit was performed for ten components, which traded throughout the period, with six components subject to analytical review procedures. The remaining six components were dormant and not in the scope of our Group audit.

This provided the audit team with 99% (2020: 99%) coverage of revenue, profit before tax and net assets.

Component materiality ranged from £4.6 million to £6.9 million (2020: £1.4 million to £3.6 million), with a lower level component materiality for amounts in the statement of comprehensive income ranging from £0.3 million to £0.6 million (2020: £0.2 million to £0.9 million).

All audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining subsidiaries not subject to audit.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF WAREHOUSE REIT PLC

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including real estate valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud within valuation of investment property. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation – specifically compliance with the REIT regime.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuations of investment property as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Wright, FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

24 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

Continuing operations	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue	3	**35,758**	30,053
Property operating expenses	4	**(4,612)**	(3,930)
Gross profit		**31,146**	26,123
Administration expenses	4	**(6,324)**	(5,032)
Operating profit before gains on investment properties		**24,822**	21,091
Fair value gains on investment properties	13	**105,023**	5,104
Realised (loss)/profit on disposal of investment properties	13	**(504)**	934
Operating profit		**129,341**	27,129
Finance income	7	**26**	30
Finance expenses	8	**(6,257)**	(6,483)
Profit before tax		**123,110**	20,676
Taxation	9	**—**	—
Total comprehensive income for the period		**123,110**	20,676
Earnings per share (basic and diluted) (pence)	12	**35.2**	8.6

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

There is no other comprehensive income and therefore the profit for the year after tax is also the total comprehensive income.

The accompanying notes on pages 112 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Assets			
Non-current assets			
Investment property	13	**807,063**	459,088
Interest rate derivatives	16	**16**	22
		807,079	459,110
Current assets			
Cash and cash equivalents	14	**27,185**	5,483
Trade and other receivables	15	**5,977**	6,408
		33,162	11,891
Total assets		**840,241**	471,001
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(219,099)**	(183,190)
Other payables and accrued expenses	19	**(17,050)**	(4,500)
Head lease liability	18	**(14,259)**	(8,319)
		(250,408)	(196,009)
Current liabilities			
Other payables and accrued expenses	19	**(7,573)**	(6,497)
Deferred income	19	**(7,531)**	(4,888)
Head lease liability	18	**(638)**	(488)
		(15,742)	(11,873)
Total liabilities		**(266,150)**	(207,882)
Net assets		**574,091**	263,119
Equity			
Share capital	20	**4,249**	2,403
Share premium	21	**275,648**	74,028
Capital reduction reserve	22	**161,149**	161,149
Retained earnings	22	**133,045**	25,539
Total equity		**574,091**	263,119
Number of shares in issue (thousands)		**424,862**	240,254
Net asset value per share (basic and diluted) (pence)	23	**135.1**	109.5

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 24 May 2021 and signed on its behalf by:

Neil Kirton
Company number: 10880317

The accompanying notes on pages 112 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 March 2019		1,660	—	19,518	161,149	182,327
Total comprehensive income		—	—	20,676	—	20,676
Ordinary shares issued	20, 21	743	75,739	—	—	76,482
Share issue costs	21	—	(1,711)	—	—	(1,711)
Dividends paid	11	—	—	(14,655)	—	(14,655)
Balance at 31 March 2020		**2,403**	**74,028**	**25,539**	**161,149**	**263,119**
Total comprehensive income		**—**	**—**	**123,110**	**—**	**123,110**
Ordinary shares issued	20, 21	**1,846**	**205,965**	**—**	**—**	**207,811**
Share issue costs	21	**—**	**(4,345)**	**—**	**—**	**(4,345)**
Dividends paid	11	**—**	**—**	**(15,604)**	**—**	**(15,604)**
Balance at 31 March 2021		**4,249**	**275,648**	**133,045**	**161,149**	**574,091**

The accompanying notes on pages 112 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Operating profit		**129,341**	27,129
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	**(105,023)**	(5,104)
Realised loss/(gain) on disposal of investment properties	13	**504**	(934)
Head lease asset depreciation	4	**134**	110
Operating cash flows before movements in working capital		**24,956**	21,201
Increase in other receivables and prepayments		**(4,173)**	(2,410)
Increase in other payables and accrued expenses		**3,415**	3,365
Movement in property and acquisition provision		**—**	(1,434)
Net cash flow generated from operating activities		**24,198**	20,722
Cash flows from investing activities			
Acquisition of investment properties		**(224,803)**	(144,700)
Capital expenditure		**(1,041)**	(3,378)
Development expenditure		**(1,368)**	(236)
Disposal of investment properties		**15,945**	16,355
Net cash used in investing activities		**(211,267)**	(131,959)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	20, 21	**198,834**	76,482
Share issuance costs paid	21	**(4,345)**	(1,711)
Bank loans drawn down	17	**73,300**	320,000
Bank loans repaid	17	**(37,800)**	(260,500)
Interest received	7	**26**	30
Loan interest and other finance expenses paid		**(4,577)**	(4,524)
Loan issue costs paid		**(315)**	(2,761)
Head lease payments		**(748)**	(507)
Dividends paid in the period	11	**(15,604)**	(14,655)
Net cash flow generated from financing activities		**208,771**	111,854
Net increase in cash and cash equivalents		**21,702**	617
Cash and cash equivalents at start of the period		**5,483**	4,866
Cash and cash equivalents at end of the period	14	**27,185**	5,483

The accompanying notes on pages 112 and 135 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Warehouse REIT plc is a closed-ended Real Estate Investment Trust ("REIT") incorporated in England and Wales on 24 July 2017. The Company began trading on 20 September 2017. The registered office of the Company is located at Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are admitted to trading on AIM, a market operated by the London Stock Exchange.

The Group's consolidated financial statements for the year ended 31 March 2021 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 24 May 2021. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 71.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Directors have made an assessment of the Group's ability to continue as a going concern. They carefully considered areas of potential financial risk and reviewed cash flow forecasts, evaluating a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure and minimum dividend distributions under the REIT rules. A range of scenarios have been applied (including potential impacts arising as a result of the response to Covid-19). Further effects of the Covid-19 outbreak are documented in the risk management and principal risks section on page 65. The Directors are satisfied that the Group has the resources to continue in business for the foreseeable future, for a period of not less than 12 months from the date of this report. 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. Therefore, the financial statements have been prepared on the going concern basis.

2.1 Changes to accounting standards and interpretations

There were a number of new standards and amendments to existing standards which are required for the Group's accounting period beginning on 1 April 2020, which have been considered and applied as follows:

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. Careful consideration is given to the accounting treatment for each acquisition. Most acquisitions made by the Group are treated as the acquisition of a group of assets, so the amendments to this standard have not had any impact on the financial statements.

Amendments to IFRS 16: Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of Covid-19. The Group has not received any concessions for its ground rent costs and therefore the accounting treatment has not been affected.

The adoption of these amendments has not led to any changes to the Group's accounting policies or had any material impact on the financial position or performance of the Group.

The following have been considered, but have had no impact on the Group for the reporting period:

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material: the amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no significant impact on the consolidated financial statements of, nor is there expected to be any signification impact to the Group in the future.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2021 or later. The Group is not adopting these standards early. The following are the most relevant to the Group:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to various standards: IFRS 9 Financial Instruments, IAS 39 Financial Instruments; Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases). The amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The Group's borrowings will be transitioning from the London Interbank Offer Rate ("LIBOR") benchmark to the Sterling Overnight Index Average ("SONIA") benchmark in due course. There is expected to be negligible cost involved in the borrowing facility transition and the respective hedge instrument amendments. The Directors are currently assessing the impact of the changes in accounting standards but as the Group does not apply hedge accounting, it is anticipated that the accounting standard amendments will not have a significant impact on the preparation of the financial statements;
- Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2022) – clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of or actual events after the reporting date. The amendments also give clarification to the definition of settlement of a liability. The amendments are not expected to have a significant impact on the preparation of the financial statements; and
- Amendments to IFRS 3 Business Combinations (effective 1 January 2022) – gives clarification on the recognition of contingent liabilities at acquisition and clarifies that contingent assets should not be recognised at the acquisition date. The amendments are not expected to have a significant impact on the preparation of the financial statements.

2.2 Significant accounting judgements and estimates

The preparation of these financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. 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 in the future.

Judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

Estimates

In the process of applying the Group's accounting policies, the Investment Advisor has made the following estimates which have the most significant risk of material change to the carrying value of assets recognised in the consolidated financial statements:

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property. See notes 13 and 24 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

2. Basis of preparation continued
2.3 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are stated in the notes to the financial statements.

a) Basis of consolidation
The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2021. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

b) Functional and presentation currency
The overall objective of the Group is to generate returns in Pound Sterling and the Group's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

c) Segmental reporting
The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment and provision of UK urban warehouses.

3. Revenue

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Rental income	**34,225**	28,513
Insurance recharged	**930**	663
Dilapidation income	**603**	877
Total	**35,758**	30,053

Accounting policy
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross rental income in the Group statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is invoiced in advance and for all rental income that relates to a future period, this is deferred and appears with current liabilities on the Group statement of financial position.

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term.

Tenant lease incentives are recognised as an adjustment of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Insurance income is recognised in the accounting period in which the services are rendered.

Amounts received from occupiers to terminate leases or to compensate for dilapidations are recognised in the Group statement of comprehensive income when the right to receive them arises.

4. Property operating and administration expenses

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Premises expenses	2,691	2,446
Insurance	1,047	818
Rates	339	376
Utilities	136	170
Loss allowance on trade receivables	399	120
Property operating expenses	**4,612**	3,930
Investment Advisor fees	4,393	2,812
Directors' remuneration	150	150
Head lease asset depreciation	134	110
Other administration expenses	1,647	1,584
Costs of postponed equity raise	—	376
Administration expenses	**6,324**	5,032
Total	**10,936**	8,962

Accounting policy

All property operating expenses and administration expenses are charged to the consolidated statement of comprehensive income and are accounted for on an accruals basis.

5. Directors' remuneration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Neil Kirton	45	45
Lynette Lackey	35	35
Martin Meech	35	35
Aimée Pitman	35	35
Total	**150**	150

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' remuneration report. The Group had no employees in either period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

6. Auditor's remuneration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Audit fee	**152**	135
Total	**152**	135

The Group reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees are comprised of the following items:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Group year-end Annual Report and Financial Statements	**122**	105
Subsidiary accounts	**30**	30
Total	**152**	135

Non-audit fees are comprised of the following:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Services in respect of an acquisition	**—**	60
Tax advice	**163**	231
Services provided as reporting accountant on equity raise	**45**	95
Services provided as reporting accountant on postponed equity raise	**13**	83
Total	**221**	469

7. Finance income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Income from cash and short-term deposits	**26**	30
Total	**26**	30

Accounting policy
Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income.

8. Finance expenses

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loan interest	**4,512**	4,717
Head lease interest	**1,016**	597
Loan arrangement fees amortised	**721**	941
Bank charges	**2**	1
	6,251	6,256
Change in fair value of interest rate derivatives	**6**	227
Total	**6,257**	6,483

Accounting policy

Any finance costs that are separately identifiable and directly attributable to a liability which takes a period of time to complete are amortised as part of the cost of the liability. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings. Fair value movements on derivatives are recorded in finance expenses.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Corporation tax on residual income	**—**	—
Total	**—**	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit before tax	**123,110**	20,676
Corporation tax at 19.0% (2020: 19.0%)	**23,392**	3,928
Change in value of investment properties	**(19,860)**	(1,147)
Tax-exempt property rental business	**(3,532)**	(2,781)
Total	**—**	—

Accounting policy

Corporation tax is recognised in the consolidated statement of comprehensive income except where in certain circumstances corporation tax may be recognised in other comprehensive income.

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per the REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period, if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

10. Operating leases

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 15 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2021 are as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Within one year	**40,530**	27,868
Between one and five years	**102,912**	63,500
More than five years	**62,818**	31,528
Total	**206,260**	122,896

11. Dividends

For the year ended 31 March 2021	**Pence per share**	**£'000**
Fourth interim dividend for year ended 31 March 2020 paid on 3 July 2020	**1.60**	**3,844**
First interim dividend for year ended 31 March 2021 paid on 2 October 2020	**1.55**	**5,880**
Second interim dividend for year ended 31 March 2021 paid on 31 December 2020	**1.55**	**5,880**
Total dividends paid during the year	**4.70**	**15,604**
Paid as:		
Property income distributions	**4.70**	**15,604**
Non-property income distributions	**—**	**—**
Total	**4.70**	**15,604**

For the year ended 31 March 2020	Pence per share	£'000
Fourth interim dividend for year ended 31 March 2019 paid on 28 June 2019	1.50	3,604
First interim dividend for year ended 31 March 2020 paid on 27 September 2019	1.50	3,604
Second interim dividend for year ended 31 March 2020 paid on 27 December 2019	1.50	3,604
Third interim dividend for year ended 31 March 2020 paid on 31 March 2020	1.60	3,843
Total dividends paid during the year	6.10	14,655
Paid as:		
Property income distributions	6.10	14,655
Non-property income distributions	—	—
Total	6.10	14,655

As a REIT, the Group is required to pay PIDs equal to at least 90% of the property rental business profits of the Group.

A third interim property income dividend for the year ended 31 March 2021 of 1.55 pence per share was declared on 26 January 2021 and paid on 1 April 2021.

Accounting policy

Dividends due to the Company's shareholders are recognised when they become payable.

12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments in issue, basic and diluted EPS are identical.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
IFRS earnings	**123,110**	20,676
EPRA earnings adjustments:		
Loss/(profit) on disposal of investment properties	**504**	(934)
Fair value gains on investment properties	**(105,023)**	(5,104)
Changes in fair value of interest rate derivatives	**6**	227
Accelerated amortisation of loan issue costs	**—**	375
EPRA earnings	**18,597**	15,240
Group-specific earnings adjustments:		
Costs of postponed equity raise	**—**	376
Adjusted earnings	**18,597**	15,616

	Year ended 31 March 2021 Pence	Year ended 31 March 2020 Pence
Basic IFRS EPS	**35.2**	8.6
Diluted IFRS EPS	**35.2**	8.6
EPRA EPS	**5.3**	6.3
Adjusted EPS	**5.3**	6.5

	Year ended 31 March 2021 Number of shares	Year ended 31 March 2020 Number of shares
Weighted average number of shares in issue (thousands)	**349,648**	240,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

13. UK investment property

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2020	**433,550**	**16,970**	**450,520**
Acquisition of properties	**229,272**	**17,293**	**246,565**
Capital expenditure	**1,938**	**625**	**2,563**
Disposal of properties	**(16,455)**	**—**	**(16,455)**
Rent incentives	**4,584**	**—**	**4,584**
Fair value gains on revaluation of investment property	**99,041**	**5,982**	**105,023**
Total portfolio valuation per valuer's report	**751,930**	**40,870**	**792,800**
Adjustment for head lease obligations	**14,263**	**—**	**14,263**
Carrying value at 31 March 2021	**766,193**	**40,870**	**807,063**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2019	304,185	3,200	307,385
Transfer to development property and land	(11,700)	11,700	—
Acquisition of properties	149,665	—	149,665
Capital expenditure	3,549	238	3,787
Disposal of properties	(15,421)	—	(15,421)
Fair value gains on revaluation of investment property	3,272	1,832	5,104
Total portfolio valuation per valuer's report	433,550	16,970	450,520
Adjustment for head lease obligations	8,568	—	8,568
Carrying value at 31 March 2020	442,118	16,970	459,088

All investment properties are charged as collateral on the Group's borrowings. One asset is also subject to a second ranking charge in relation to deferred consideration outstanding. See note 19 for further details.

Realised (loss)/profit on disposal of investment properties

	31 March 2021 £'000	31 March 2020 £'000
Net proceeds from disposals of investment property during the year	**15,951**	16,355
Carrying value of disposals	**(16,455)**	(15,421)
Realised (loss)/profit on disposal of investment properties	**(504)**	934

Accounting policy

Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met.

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed and they have the potential to be fully income generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 March 2021 or the year ended 31 March 2020.

Subsequent to initial recognition, investment property is stated at fair value (see note 24). Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the period in which they arise under IAS 40 Investment Property.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

14. Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Unrestricted cash and cash equivalents	**21,260**	5,483
Restricted cash and cash equivalents	**5,925**	—
Total	**27,185**	5,483

Restricted cash comprises £5,925,000 of cash held by the Registrar in advance of the payment of the third interim dividend.

Accounting policy

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

15. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Rent and insurance receivables	**4,193**	3,075
Tenant deposits	**593**	88
Prepayments	**193**	229
Other receivables	**998**	3,016
Total	**5,977**	6,408

The rent and insurance receivables balance represents gross receivables of £5,084,000 (31 March 2020: £3,650,000), net of a provision for doubtful debts of £891,000 (31 March 2020: £575,000). None (31 March 2020: £190,000) of the provision is in relation to rents invoiced in advance and therefore netted off the deferred income balance.

Accounting policy

Rent and other receivables are recognised at their original invoiced value and become due based on the terms of the underlying lease or at the date of invoice.

The Group carries out an assessment of expected credit losses at each period end, using the simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss.

16. Interest rate derivatives

	31 March 2021 £'000	31 March 2020 £'000
At the start of the period	**22**	249
Changes in fair value of interest rate derivatives	**(6)**	(227)
Balance at the end of the period	**16**	22

To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group entered into interest rate derivatives. The instruments have a combined notional value of £60.0 million with £30.0 million at a strike rate of 1.50% and a termination date of 21 November 2022 and £30.0 million at a strike rate of 1.75% and a termination date of 21 November 2023.

Accounting policy

Derivative financial instruments, comprising interest rate derivatives for mitigating interest rate risks, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Group and its counterparties. Premiums payable under such arrangements are initially capitalised into the statement of financial position.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Changes in fair value of interest rate derivatives are recognised within finance expenses in profit or loss in the period in which they occur.

17. Interest-bearing loans and borrowings

	31 March 2021 £'000	31 March 2020 £'000
At the beginning of the year	**186,500**	127,000
Drawn in the year	**73,300**	320,000
Repaid in the year	**(37,800)**	(260,500)
Interest-bearing loans and borrowings	**222,000**	186,500
Unamortised fees at the beginning of the year	**(3,310)**	(1,490)
Loan arrangement fees paid in the year	**(363)**	(2,761)
Amortisation charge for the year	**772**	941
Unamortised loan arrangement fees	**(2,901)**	(3,310)
Loan balance less unamortised loan arrangement fees	**219,099**	183,190

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and comprises an RCF of £63.0 million and a term loan, which increased from £157.0 million to £182.0 million during the second half of the year, as the Group drew on £25.0 million of the £80.0 million accordion included with the facility. The facility is at a margin of 2.0% – 2.2% per annum above LIBOR and will expire on 22 January 2025 with an option to extend the duration by a further two years, subject to lender consent. The facilities are secured on all properties within the portfolio. As at 31 March 2021, there is £23.0 million (31 March 2020: £33.5 million) available to draw.

The debt facility includes LTV, interest cover and market value covenants that are measured at a Group level. The Group has complied with all covenants throughout the financial period.

In line with recent announcements from the Bank of England and the FCA, UK borrowings will be transitioning from the LIBOR benchmark to the SONIA benchmark in due course. There is expected to be negligible cost involved in the borrowing facility transition.

Accounting policy

Loans and borrowings are initially recognised at the proceeds received net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost with interest charged to the consolidated statement of comprehensive income at the effective interest rate, and shown within finance costs. Transaction costs are spread over the term of the loan.

18. Head lease obligations

The following table analyses the present value of minimum lease payments under non-cancellable head leases using an average discount rate of 6.91% for each of the following periods:

	31 March 2021 £'000	31 March 2020 £'000
Current liabilities		
Within one year	**638**	488
Non-current liabilities		
After one year but not more than five years	**3,268**	1,892
Later than five years	**10,991**	6,427
	14,259	8,319
Total head lease obligations	**14,897**	8,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

18. Head lease obligations continued

	31 March 2021 £'000	31 March 2020 £'000
Head lease liability – opening balance	**8,807**	4,454
Cash flows	**(748)**	(507)
Non-cash movements		
Interest	**1,016**	597
Additions	**6,037**	4,274
Disposals	**(242)**	—
Head lease accrual	**27**	(11)
Head lease obligations – closing balance	**14,897**	8,807

The following table analyses the minimum undiscounted lease payments under non-cancellable head leases for each of the following periods:

	31 March 2021 £'000	31 March 2020 £'000
Current liabilities		
Within one year	**1,031**	634
Non-current liabilities		
After one year but not more than five years	**4,211**	2,534
Later than five years	**86,578**	52,523
Total	**91,820**	55,691

The fair value of the Group's lease obligations is estimated to be equal to its carrying value.

Accounting policy

At the commencement date, head lease obligations are recognised at the present value of future lease payments using the discount rate implicit in the lease, if determinable, or, if not, the Group's incremental borrowing rate.

19. Other liabilities – other payables and accrued expenses and deferred income

	31 March 2021 £'000	31 March 2020 £'000
Capital expenses payable	**2,363**	377
Administration expenses payable	**1,979**	2,404
Property operating expenses payable	**1,580**	1,500
Loan interest payable	**915**	980
Other expenses payable	**736**	1,236
Total other payables and accrued expenses – current	**7,573**	6,497

	31 March 2021 £'000	31 March 2020 £'000
Capital expenses payable	**17,050**	4,500
Total other payables and accrued expenses – non-current	**17,050**	4,500

At the balance sheet date, the Group had exchanged contracts to acquire land for £15.0 million; the first instalment was made on 17 February 2021 for £1.4 million, with a total of £1.5 million paid to 31 March 2021. The remaining £13.6 million will be paid over five instalments on fixed dates, with the final payment due on 1 September 2024.

In addition, capital expenses payable includes deferred consideration of £4.5 million in relation to a property acquired during the year ended 31 March 2020. The deferred consideration is due in September 2023, or earlier if the property is sold before that date. The consideration is secured on a second ranking charge over the asset.

	31 March 2021 £'000	31 March 2020 £'000
Total deferred income	**7,531**	4,888

Accounting policy

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

20. Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue.

Ordinary shares of £0.01 each	**Number**	**31 March 2021 £'000**	Number	31 March 2020 £'000
Authorised, issued and fully paid:				
At the start of the period	**240,254,043**	**2,403**	166,000,000	1,660
Shares issued	**177,025,308**	**1,770**	74,254,043	743
In specie share issue	**7,582,299**	**76**	—	—
Balance at the end of the period	**424,861,650**	**4,249**	240,254,043	2,403

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

On 8 July 2020, the Company raised gross proceeds of £153.0 million through a firm placing, placing, open offer and offer for subscription and intermediaries offer. In total, the Company issued 139,090,908 new ordinary shares at 110.0 pence each.

On 9 December 2020, as a part of the consideration of the Greenstone Property Holdings Limited ("Greenstone") property portfolio acquisition, 7,582,299 new ordinary shares were issued at 118.4 pence per share. Further details of the Greenstone acquisition are detailed in note 28.

On 5 February 2021, the Company raised gross proceeds of £45.9 million through an institutional placing.

In total, the Company issued 37,934,400 new ordinary shares at 121.0 pence each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

21. Share premium
Share premium comprises the following amounts:

	31 March 2021 £'000	31 March 2020 £'000
At the start of the period	**74,028**	—
Shares issued	**197,064**	75,739
In specie share issue	**8,901**	—
Share issue costs	**(4,345)**	(1,711)
Share premium	**275,648**	74,028

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares net of direct issue costs.

22. Other capital and reserves
Capital reduction reserve
Capital reduction reserve comprises the following amounts:

	31 March 2021 £'000	31 March 2020 £'000
At the start of the period	**161,149**	161,149
Movement in the period	**—**	—
Capital reduction reserve	**161,149**	161,149

The capital reduction reserve is a distributable reserve established upon cancellation of the share premium of the Company on 17 November 2017.

Retained earnings
Retained earnings comprise the following cumulative amounts:

	31 March 2021 £'000	31 March 2020 £'000
Total unrealised gains on investment properties	**125,693**	20,671
Total unrealised loss on interest rate caps	**(125)**	(119)
Total realised profits	**49,356**	31,262
Dividends paid from revenue profits	**(41,879)**	(26,275)
Retained earnings	**133,045**	25,539

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until any gains crystallise on the sale of the investment property.

As at 31 March 2021, the Company had distributable reserves available of £168,626,000 (31 March 2020: £166,136,000).

23. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company in the statement of financial position by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments in issue, basic and diluted NAV per share are identical.

	31 March 2021 £'000	31 March 2020 £'000
IFRS net assets attributable to ordinary shareholders	**574,091**	263,119
IFRS net assets for calculation of NAV	**574,091**	263,119
Adjustment to net assets:		
Fair value of interest rate derivatives (see note 16)	**(16)**	(22)
EPRA NTA	**574,075**	263,097

	31 March 2021 Pence	31 March 2020 Pence
IFRS basic and diluted NAV per share (pence)	**135.1**	109.5
EPRA NTA per share (pence)	**135.1**	109.5

	31 March 2021 Number of shares	31 March 2020 Number of shares
Number of shares in issue (thousands)	**424,862**	240,254

24. Fair value

IFRS 13 defines fair value as 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. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying value of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The loans are at variable interest rates of 2.0% – 2.2% above LIBOR.

Six-monthly valuations of investment property are performed by CBRE, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, on a fixed fee basis. The valuations are the ultimate responsibility of the Directors however, who appraise these every six months.

The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards).

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

24. Fair value continued
Development property and land has been valued by adopting the 'comparable method' of valuation and where appropriate supported by a 'residual development appraisal'. The comparable method involves applying a sales rate per acre to relevant sites supported by comparable land sales. Residual development appraisals have been completed where there is sufficient clarity regarding planning and an identified or indicative scheme. In a similar manner to 'income capitalisation', development inputs include the capitalisation of future rental streams with an appropriate yield to ascertain a gross development value. The costs associated with bringing a scheme to the market are then deducted, including construction costs, professional fees, finance and developer's profit, to provide a residual site value.

The fair value of the interest rate contracts is recorded in the statement of financial position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

The following tables show an analysis of the fair values of investment properties and interest rate derivatives recognised in the statement of financial position by level of the fair value hierarchy[1]:

	31 March 2021			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	**—**	**—**	**792,800**	**792,800**
Interest rate derivatives	**—**	**16**	**—**	**16**
Total	**—**	**16**	**792,800**	**792,816**

	31 March 2020			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	450,520	450,520
Interest rate derivatives	—	22	—	22
Total	—	22	450,520	452,542

1. Explanation of the fair value hierarchy:
   - Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and
   - Level 3 – use of a model with inputs that are not based on observable market data.

Sensitivity analysis to significant changes in unobservable inputs within the valuation of investment properties
The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

31 March 2021	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	**£751,930**	**Income capitalisation**	**ERV** **Equivalent yield**	**£42,300 – £1,533,937 per annum** **4.1% – 15.0%**
Development property and land	**£40,870**	**Comparable method/ residual method**	**Various**	
	£792,800			

31 March 2020	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£433,550	Income capitalisation	ERV Equivalent yield	£22,000 – £1,880,000 per annum 5.1% – 12.9%
Development property and land	£16,970	Comparable method/ residual method	Various	
	£450,520			

Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of completed investment property:

As at 31 March 2021	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	**31,963**	**(42,684)**
Change in net equivalent yields of 25 basis points	**(37,655)**	**30,232**

As at 31 March 2020	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	21,668	(21,668)
Change in net equivalent yields of 25 basis points	(15,093)	16,260

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £105,023,000 (31 March 2020: £5,104,000) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Group's assets and liabilities is considered to be the same as their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

25. Financial risk management objectives and policies
The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition of the Group's property portfolio. The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £792.8 million and, to manage this risk, the Group diversifies its portfolio across a number of assets. The Group's investment policy is to invest in UK-located warehouse assets. The Group will invest and manage its portfolio with an objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- the Group will only invest, directly or indirectly, in warehouse assets located in the UK;
- no individual warehouse property will represent more than 20% of the last published GAV of the Group at the time of investment;
- the Group will target a portfolio with no one tenant accounting for more than 15% of the gross contracted rents of the Group at the time of purchase. In any event, no more than 20% of the gross assets of the Group will be exposed to the creditworthiness of any one tenant at the time of purchase;
- the portfolio will be diversified by location across the UK with a focus on areas with strong underlying investment fundamentals; and
- the Group will not invest more than 10% of its gross assets in other listed closed-ended investment funds.

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. In order to address interest rate risk, the Group has entered into interest rate cap instruments, details of which are set out in note 16.

Credit risk
Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

All cash deposits are placed with approved counterparties, currently HSBC Bank plc. In respect of property investments, in the event of a default by a tenant, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Manager monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

The following table analyses the Group's exposure to credit risk:

	31 March 2021 £'000	31 March 2020 £'000
Cash and cash equivalents	21,260	5,483
Restricted cash	5,925	—
Trade and other receivables[1]	5,784	3,910
Total	**32,969**	9,393

1. Excludes prepayments.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	Fair value hierarchy	2021 Carrying value £'000	2021 Fair value £'000	2020 Carrying value £'000	2020 Fair value £'000
Held at amortised cost					
Cash and cash equivalents	n/a	**21,260**	**21,260**	5,483	5,483
Restricted cash	n/a	**5,925**	**5,925**	—	—
Trade and other receivables[1]	n/a	**5,784**	**5,784**	3,910	3,910
Other payables and accrued expenses[2]	n/a	**(31,802)**	**(31,802)**	(10,157)	(10,157)
Head lease liabilities	n/a	**(14,897)**	**(14,897)**	(8,807)	(8,807)
Interest-bearing loans and borrowings	n/a	**(219,099)**	**(219,099)**	(183,190)	(183,190)
Held at fair value					
Interest rate derivatives (assets)	2	**16**	**16**	22	22

1. Excludes prepayments.
2. Excludes VAT liability.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2021	**Less than three months £'000**	**Three to 12 months £'000**	**One to two years £'000**	**Two to five years £'000**	**More than five years £'000**	**Total £'000**
Interest-bearing loans and borrowings	**—**	**3,440**	**4,565**	**231,418**	**—**	**239,423**
Other payables and accrued expenses	**6,573**	**1,000**	**500**	**16,550**	**—**	**24,623**
Head lease obligations	**—**	**638**	**1,708**	**1,560**	**10,991**	**14,897**
Total	**6,573**	**5,078**	**6,773**	**249,528**	**10,991**	**278,943**

Year ended 31 March 2020	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	—	3,777	5,013	201,538	—	210,328
Other payables and accrued expenses	5,758	739	—	4,500	—	10,997
Head lease obligations	—	532	1,012	915	6,348	8,807
Total	5,758	5,048	6,025	206,953	6,348	230,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

26. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Tilstone Holdings Limited[2]	UK	63,872 ordinary shares	100%
Tilstone Warehouse Holdco Limited[2]	UK	94,400 ordinary shares	100%
Tilstone Property Holdings Limited[2]	UK	9,102 ordinary shares	100%
Tilstone Industrial Warehouse Limited[1,2]	UK	23,600 ordinary shares	100%
Tilstone Retail Warehouse Limited[1,2]	UK	20,000 ordinary shares	100%
Tilstone Industrial Limited[1,2]	UK	20,000 ordinary shares	100%
Tilstone Retail Limited[1,2]	UK	200 ordinary shares	100%
Tilstone Trade Limited[1,2]	UK	20,004 ordinary shares	100%
Tilstone Basingstoke Limited[1,2]	UK	1,000 ordinary shares	100%
Tilstone Glasgow Limited[1,2]	UK	1 ordinary share	100%
Tilstone Radway Limited[1,2]	UK	100 ordinary shares	100%
Tilstone Oxford Limited[1,2]	UK	1,000 ordinary shares	100%
Tilstone Liverpool Limited[1] (previously Warehouse 18 Limited)[1,2]	UK	100 ordinary shares	100%
Warehouse 1234 Limited[1,2]	UK	100 ordinary shares	100%
Tilstone Chesterfield Limited[1,2]	UK	15,000,001 ordinary shares	100%
Chip (One) Limited[1,3]	IOM	7,545,347 ordinary shares	100%
Chip (Four) Limited[1,3]	IOM	10 ordinary shares	100%
Chip (Five) Limited[1,3]	IOM	8,461,919 ordinary shares	100%
Chip (Ipswich) One Limited[1,3]	IOM	2 ordinary shares	100%
Chip (Ipswich) Two Limited[1,3]	IOM	2 ordinary shares	100%
Glashen Services Limited[1,4]	IOM	1,780,801 ordinary shares	100%

1. Indirect subsidiaries.
2. Registered office: Beaufort House, 51 New North Road, Exeter EX4 4EP.
3. Registered office: 55 Athol Street, Douglas, Isle of Man, IM1 1LA.
4. Registered office: St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

The principal activity of all the subsidiaries relates to property investment.

Accounting policy

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an 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 on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

27. Capital management

The Group's capital is represented by share capital, reserves and borrowings.

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. The Group's capital policies are as follows:

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but be subject to a maximum 50% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

28. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £150,000 (31 March 2020: £150,000) and at 31 March 2021, a balance of £nil (31 March 2020: £nil) was outstanding. Further information is given in note 5 and in the Directors' remuneration report on pages 93 to 95.

Investment Advisor

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager has appointed the Investment Advisor to provide investment advisory services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction by the Investment Manager and the Board of Directors.

For its services to the Company, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Company up to £500 million, then at a higher rate of 0.9% of the Company NAV once the Company NAV exceeds £500 million. Refer to page 97 of the Directors' report for further information.

During the year, the Group incurred £4,393,000 (31 March 2020: £2,812,000) in respect of investment management fees. As at 31 March 2021, £1,319,000 (31 March 2020: £810,230) was outstanding.

Subsidiaries

As at 31 March 2021, the Company owned a 100% controlling stake in Tilstone Holdings Limited, Tilstone Warehouse Holdco Limited, Tilstone Property Holdings Limited, Tilstone Industrial Warehouse Limited, Tilstone Retail Warehouse Limited, Tilstone Industrial Limited, Tilstone Retail Limited, Tilstone Trade Limited, Tilstone Basingstoke Limited, Tilstone Glasgow Limited, Tilstone Radway Limited, Tilstone Oxford Limited, Tilstone Liverpool Limited (previously Warehouse 18 Limited), Warehouse 1234 Limited, Tilstone Chesterfield Limited, CHIP (One) Limited, CHIP (Four) Limited, CHIP (Five) Limited, CHIP (Ipswich) One Limited, CHIP (Ipswich) Two Limited, and Glashen Services Limited.

Greenstone Property Holdings Limited ("Greenstone") now Tilstone Oxford Limited

On 16 November 2020, the Group acquired a portfolio of five single-let and multi-let warehouse assets located across the UK, through the acquisition of a holding and property company previous controlled by a related party.

The purchase price was £41.2 million.

Consideration was approximately £31.9 million in cash for shares which reflected just under 80% of the value of the entities on a cash-free, debt-free basis, and was used for the immediate repayment of £31.6 million of third-party indebtedness. The remaining 20% of the subscription was settled via the issuance of shares in Warehouse REIT plc, approved at a general meeting held on 4 December 2020.

The consideration of approximately £8.9 million is based on the same pro rata value as the subscription and was satisfied by the allotment and issue of 7.6 million ordinary shares to the vendors at 118.4 pence per share, being the EPRA NTA per share as at 30 September 2020.

A further £0.4 million was settled in cash upon agreement of the portfolio's balance sheet on 19 March 2021.

	16 November 2020	4 December 2020	19 March 2021	Total
Consideration				
Ordinary shares issued		8.9		**8.9**
Cash	31.9		0.4	**32.3**
Total consideration transferred				**41.2**
Recognised amounts of identifiable assets acquired and liabilities assumed				
Investment property				**43.6**
Net working capital				**(2.4)**
Total identified net assets at fair value				**41.2**

The fair value at the date of acquisition reflects the fair value of the investment property and net working capital and is equal to the consideration paid. No intangible assets were recognised on the asset acquisition in accordance with IFRS 3.

As part of the purchase agreement, contingent consideration receivable of £0.9 million was paid into escrow and will be used to top-up the rent that would have been otherwise received in respect of vacant units until September 2021 and has been reflected in the fair value of the properties.

Following the acquisition, £2.7 million of shareholder loans were repaid to the vendor.

29. Ultimate controlling party

It is the view of the Directors that there is no ultimate controlling party.

30. Post balance sheet event

A fourth interim dividend in respect of the year ended 31 March 2021 of 1.55 pence per share will be payable on 30 June 2021 to shareholders on the register on 4 June 2021. The ex-dividend date will be 3 June 2021.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	33	**66,477**	25,913
		66,477	25,913
Current assets			
Cash and cash equivalents	34	**11,483**	63
Trade and other receivables	35	**318,160**	184,690
		329,643	184,753
Total assets		**396,120**	210,666
Liabilities			
Current liabilities			
Other payables and accrued expenses	36	**(1,819)**	(2,221)
Total liabilities		**(1,819)**	(2,221)
Net assets		**394,301**	208,445
Equity			
Share capital		**4,249**	2,403
Share premium		**275,648**	74,028
Capital reduction reserve		**161,149**	161,149
Retained earnings		**(46,745)**	(29,135)
Total equity		**394,301**	208,445
Number of shares in issue (thousands)		**424,862**	240,254
Net asset value per share (basic and diluted) (pence)		**92.8**	86.8

The Company reported a loss for the year ended 31 March 2021 of £2,006,000 (year ended 31 March 2020: loss of £1,290,000).

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 24 May 2021 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 139 to 140 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 March 2019	1,660	—	(13,190)	161,149	149,619
Total comprehensive expense	—	—	(1,290)	—	(1,290)
Ordinary shares issued	743	75,739	—	—	76,482
Share issue costs	—	(1,711)	—	—	(1,711)
Dividends paid	—	—	(14,655)	—	(14,655)
Balance at 31 March 2020	**2,403**	**74,028**	**(29,135)**	**161,149**	**208,445**
Total comprehensive expense	**—**	**—**	**(2,006)**	**—**	**(2,006)**
Ordinary shares issued	**1,846**	**205,965**	**—**	**—**	**207,811**
Share issue costs	**—**	**(4,345)**	**—**	**—**	**(4,345)**
Dividends paid	**—**	**—**	**(15,604)**	**—**	**(15,604)**
Balance at 31 March 2021	**4,249**	**275,648**	**(46,745)**	**161,149**	**394,301**

The accompanying notes on pages 139 to 140 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities		
Operating loss	**(1,359)**	(1,201)
Adjustments to reconcile profit for the period to net cash flows:		
Increase in other receivables and prepayments	**(724)**	(240)
Increase in other payables	**263**	777
Net cash flow used in operating activities	**(1,820)**	(664)
Cash flows from investing activities		
Investment in subsidiaries	**(41,233)**	–
Net cash flow used in investing activities	**(41,233)**	–
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**198,834**	76,482
Share issuance costs paid	**(4,345)**	(1,711)
Transferred to subsidiary companies	**(124,434)**	(59,418)
Interest received	**22**	19
Finance expenses	**–**	(8)
Dividends paid in the period	**(15,604)**	(14,655)
Net cash flow generated from financing activities	**54,473**	709
Net increase/(decrease) in cash and cash equivalents	**11,420**	45
Cash and cash equivalents at the start of the period	**63**	18
Cash and cash equivalents at the end of the period	**11,483**	63

The accompanying notes on pages 139 to 140 form an integral part of these Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

31. General information

Warehouse REIT plc is a closed-ended REIT incorporated in England and Wales on 24 July 2017. The Company began trading on 20 September 2017. The registered office of the Company is located at Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are admitted to trading on AIM, a market operated by the London Stock Exchange.

32. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The financial statements of the Company follow the accounting policies laid out on pages 112 to 135.

In the course of preparing the financial statements, no judgements or estimates have been made in the process of applying the accounting policies that have had a significant effect on the amounts recognised in the financial statements.

33. Investment in subsidiary companies

	31 March 2021 £'000	31 March 2020 £'000
Investment in subsidiary companies		
Total carrying value	**66,477**	25,913
Total	**66,477**	25,913

	31 March 2021 £'000	31 March 2020 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	**21,017**	21,017
Tilstone Warehouse Holdco Limited	**4,227**	41,233
Tilstone Property Holdings Limited	**41,233**	—
	66,477	25,913

Accounting policy

Investments in subsidiary companies are included in the statement of financial position at cost less impairment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2021

34. Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash and cash equivalents	**5,558**	63
Restricted cash	**5,925**	—
Total	**11,483**	63

35. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Amounts due from subsidiary companies	**317,443**	184,216
Prepayments and other receivables	**717**	474
Total	**318,160**	184,690

Loans due from subsidiary companies are unsecured, interest free and repayable on demand.

36. Other payables and accrued expenses

	31 March 2021 £'000	31 March 2020 £'000
Other expenses payable	**1,819**	2,221
Total	**1,819**	2,221

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

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 following measures are calculated in accordance with EPRA guidance.

Table 1: EPRA performance measures summary

	Notes	2021	2020
EPRA EPS (pence)	Table 2	**5.3**	6.3
EPRA cost ratio (including direct vacancy cost)	Table 6	**29.5%**	28.4%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**26.6%**	23.8%

	Notes	2021	2020
EPRA NDV per share (pence)	Table 3	**135.1**	109.5
EPRA NRV per share (pence)	Table 3	**147.8**	122.3
EPRA NTA per share (pence)	Table 3	**135.1**	109.5
EPRA NIY	Table 4	**4.7%**	5.9%
EPRA 'topped-up' net initial yield	Table 4	**5.2%**	6.3%
EPRA vacancy rate	Table 5	**4.4%**	6.6%

Table 2: EPRA income statement

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue	**35,758**	30,053
Less: dilapidation income	**(603)**	(877)
Less: insurance recharged	**(930)**	(663)
Rental income	**34,225**	28,513
Property operating expenses	**(4,612)**	(3,930)
Add back: dilapidation income	**603**	877
Add back insurance recharged	**930**	663
Gross profit	**31,146**	26,123
Administration expenses	**(6,324)**	(5,032)
Add back costs of postponed equity raise	**—**	376
Adjusted operating profit before interest and tax	**24,822**	21,467
Finance income	**26**	30
Finance expenses	**(6,257)**	(6,483)
Less change in fair value of interest rate derivatives	**6**	227
Less accelerated amortisation of loan issue costs	**—**	375
Adjusted profit before tax	**18,597**	15,616
Tax on adjusted profit	**—**	—
Adjusted earnings	**18,597**	15,616

Weighted average number of shares in issue (thousands)	**349,648**	240,051
Adjusted EPS (pence)	**5.3**	6.5

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

Table 2: EPRA income statement continued

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Adjusted earnings	**18,597**	15,616
Costs of postponed equity raise	**—**	(376)
EPRA earnings	**18,597**	15,240
Weighted average number of shares in issue (thousands)	**349,648**	240,051
EPRA EPS (pence)	**5.3**	6.3

EPRA earnings represents earnings from operational activities. It is a key measure of the Group's underlying operational results and an indication of the extent to which current payments are supported by earnings.

Table 3: EPRA balance sheet and net asset value performance measures

In October 2019, the European Public Real Estate Association ("EPRA") published new Best Practices Recommendations ("BPR") for financial disclosures by public real estate companies. The BPR introduced three new measures of net asset value: EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). EPRA NTA is considered to be the most relevant measure for Warehouse REIT's operating activities. A reconciliation of the three new EPRA NAV metrics from IFRS NAV is shown in the table below. The previously reported EPRA NAV and EPRA NNNAV have also been included for comparative purposes. Total accounting return will now be calculated based on EPRA NTA.

	New measures			Previously reported measures	
As at 31 March 2021	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**	**EPRA NAV £'000**	**EPRA NNNAV £'000**
Total properties[1]	**792,800**	**792,800**	**792,800**	**792,800**	**792,800**
Net borrowings[2]	**(194,815)**	**(194,815)**	**(194,815)**	**(194,815)**	**(194,815)**
Other net liabilities	**(23,894)**	**(23,894)**	**(23,894)**	**(23,894)**	**(23,894)**
IFRS NAV	**574,091**	**574,091**	**574,091**	**574,091**	**574,091**
Exclude: fair value of interest rate derivatives	**—**	**(16)**	**(16)**	**(16)**	**—**
Include: real estate transfer tax[3]	**—**	**53,910**	**—**	**—**	**—**
NAV used in per share calculations	**574,091**	**627,985**	**574,075**	**574,075**	**574,091**
Number of shares in issue (thousands)	**424,862**	**424,862**	**424,862**	**424,862**	**424,862**
NAV per share (pence)	**135.1**	**147.8**	**135.1**	**135.1**	**135.1**
LTV ratio[4]					**24.6%**

As at 31 March 2020	New measures EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000	Previously reported measures EPRA NAV £'000	EPRA NNNAV £'000
Total properties[1]	450,520	450,520	450,520	450,520	450,520
Net borrowings[2]	(181,017)	(181,017)	(181,017)	(181,017)	(181,017)
Other net liabilities	(6,384)	(6,384)	(6,384)	(6,384)	(6,384)
IFRS NAV	263,119	263,119	263,119	263,119	263,119
Exclude: fair value of interest rate derivatives	—	(22)	(22)	(22)	—
Include: real estate transfer tax[3]	—	30,635	—	—	—
NAV used in per share calculations	263,119	293,732	263,097	263,097	263,119
Number of shares in issue (thousands)	240,254	240,254	240,254	240,254	240,254
NAV per share (pence)	109.5	122.3	109.5	109.5	109.5

LTV ratio[4]	40.2%

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £222,000,000 (31 March 2020: £186,500,000) net of cash of £27,185,000 (31 March 2020: £5,483,000).
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.
4. Net borrowings divided by the aggregate fair value of properties.

EPRA NDV details the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax.

EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NRV highlights the value of net assets on a long-term basis and reflects what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

Table 4: EPRA net initial yield

	31 March 2021 £'000	31 March 2020 £'000
Total properties per external valuers' report	**792,800**	450,520
Less development property and land	**(40,870)**	(16,970)
Net valuation of completed properties	**751,930**	433,550
Add estimated purchasers' costs[5]	**51,131**	29,481
Gross valuation of completed properties including estimated purchasers' costs (A)	**803,061**	463,031
Gross passing rents[5] (annualised)	**38,574**	27,829
Less irrecoverable property costs[6]	**(1,121)**	(742)
Net annualised rents (B)	**37,453**	27,087
Add notional rent on expiry of rent-free periods or other lease incentives[7]	**4,454**	1,875
'Topped-up' net annualised rents (C)	**41,907**	28,962
EPRA NIY (B/A)	**4.7%**	5.9%
EPRA 'topped-up' net initial yield (C/A)	**5.2%**	6.3%

5. Estimated purchasers' costs estimated at 6.8%.
6. Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.
7. Adjustment for unexpired lease incentives such as rent-free periods, discounted rent period and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive. Rent-frees expire over a weighted average period of three months.

EPRA NIY represents 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, increased with (estimated) purchasers' costs. It is a comparable measure for portfolio valuations designed to make it easier for investors to judge themselves how the valuation of portfolio X compares with portfolio Y.

EPRA 'topped-up' NIY 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 step rents).

NIY as stated in the Investment Advisor's report calculates net initial yield on topped-up annualised rents but does not deduct non-recoverable property costs.

Table 5: EPRA vacancy rate

	31 March 2021 £'000	31 March 2020 £'000
Annualised ERV of vacant premises (D)	**2,054**	2,201
Annualised ERV for the investment portfolio (E)	**47,151**	33,141
EPRA vacancy rate (D/E)	**4.4%**	6.6%

EPRA vacancy rate represents ERV of vacant space divided by ERV of the completed investment portfolio, excluding development property and land. It is a pure measure of investment property space that is vacant, based on ERV.

Table 6: Total cost ratio/EPRA cost ratio

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Property operating expenses	**4,612**	3,930
Add back insurance recharged	**(930)**	(663)
Net property operating expenses	**3,682**	3,267
Administration expenses	**6,324**	5,032
Less cost of postponed equity raise	**—**	(376)
Less ground rents[8]	**(134)**	(110)
Total cost including direct vacancy cost (F)	**9,872**	7,813
Direct vacancy cost	**(980)**	(1,320)
Total cost excluding direct vacancy cost (G)	**8,892**	6,493
Rental income[9]	**34,225**	29,390
Less ground rents paid	**(748)**	(507)
Gross rental income (H)	**33,477**	28,883
Less direct vacancy cost	**(980)**	(1,320)
Net rental income	**32,497**	27,563
Total cost ratio including direct vacancy cost (F/H)	**29.5%**	27.1%
Total cost ratio excluding direct vacancy cost (G/H)	**26.6%**	22.5%

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Total cost including direct vacancy cost (F)	**9,872**	7,813
Cost of postponed equity raise	**—**	376
EPRA total cost (I)	**9,872**	8,189
Direct vacancy cost	**(980)**	(1,320)
EPRA total cost excluding direct vacancy cost (J)	**8,892**	6,869
EPRA cost ratio including direct vacancy cost (I/H)	**29.5%**	28.4%
EPRA cost ratio excluding direct vacancy cost (J/H)	**26.6%**	23.8%

8. Ground rent expenses included within administration expenses such as depreciation of head lease assets.

9. Prior period rental income includes dilapidation income for the purposes of the total cost ratio and EPRA cost ratio calculations.

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. They are a key measure to enable meaningful measurement of the changes in the Group's operating costs.

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 March 2021 or the year ended 31 March 2020.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

Table 7: Lease data

As at 31 March 2021	Year one £'000	Year two £'000	Years three to five £'000	Year five+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	**5,327**	**2,450**	**26,064**	**5,859**	**(1,126)**	**38,574**
ERV of leases expiring in:	**7,754**	**2,597**	**31,115**	**6,876**	**(1,191)**	**47,151**
Passing rent subject to review in:	**7,036**	**4,664**	**23,496**	**4,504**	**(1,126)**	**38,574**
ERV subject to review in:	**9,467**	**5,066**	**28,507**	**5,302**	**(1,191)**	**47,151**

WAULT to expiry is 5.8 years and to break is 4.7 years.

As at 31 March 2020	Year one £'000	Year two £'000	Years three to five £'000	Year five+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	2,876	3,098	11,127	11,310	(582)	27,829
ERV of leases expiring in:	5,662	3,135	12,173	12,833	(662)	33,141
Passing rent subject to review in:	9,820	5,619	11,797	1,175	(582)	27,829
ERV subject to review in:	13,178	5,660	13,754	1,211	(662)	33,141

WAULT to expiry is 5.2 years and to break is 4.0 years.

Table 8: Capital expenditure

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Acquisitions[10]	**246,565**	149,665
Development spend[11]	**625**	238
Completed investment properties:[12]		
No incremental lettable space – like-for-like portfolio	**1,493**	2,942
No incremental lettable space – other	**82**	107
Tenant incentives	**363**	500
Total capital expenditure	**249,128**	153,452
Conversion from accruals to cash basis	**(21,916)**	(5,138)
Total capital expenditure on a cash basis	**227,212**	148,314

10. Acquisitions include £229,272 completed investment property and £17,293 development property and land (2019: £149,665 and £nil respectively).
11. Expenditure on development property and land.
12. Expenditure on completed investment properties.

Table 9: Like-for-like net rental income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	Change %
Like-for-like net rental income[13]	**18,497**	18,367	0.7%
Other[14]	**—**	1,135	
Adjusted like-for-like net rental income	**18,497**	19,502	(5.1%)
Development lettings	**591**	595	
Properties acquired	**14,550**	6,087	
Properties sold	**587**	2,329	
Rental income	**34,225**	28,513	
Dilapidation income	**603**	877	
Insurance recharge	**930**	663	
Revenue	**35,758**	30,053	

13. Like-for-like portfolio valuation as at 31 March 2021: £518,775,000 (31 March 2020: 434,065,000).
14. Includes rent surrender premiums, back rent and other items.

PROPERTY PORTFOLIO
AS AT 31 MARCH 2021

Property	Town	Postcode	Area (sq ft)
Murcar Industrial Estate	Aberdeen	AB23 8JW	126,000
North Seaton Industrial Estate	Ashington	NE63 0YH	21,000
Chittening Industrial Estate	Avonmouth	BS11 0YB	200,000
Pentagon Retail Park	Ballymena	BT43 5LU	18,000
Tramway Industrial Estate	Banbury	OX16 5TU	151,000
Daneshill Industrial Estate	Basingstoke	RG24 8PD	113,000
Jay's Close	Basingstoke	RG22 4BS	50,000
Gateway Park	Birmingham	B26 3QD	220,000
Kendal House	Burgess Hill	RH15 9NF	27,000
Rossendale Industrial Estate	Burnley	BB11 5SY	39,000
Falcon Business Park	Burton on Trent	DE14 1SG	30,000
Newport Road	Cardiff	CF23 9AE	50,000
Crown Street	Carlisle	CA2 5AB	26,000
Kingsditch Trading Estate (i)	Cheltenham	GL51 9PL	20,000
Kingsditch Trading Estate (ii)	Cheltenham	GL51 9PL	17,000
Gander Lane	Chesterfield	S43 4PZ	501,000
Eaton Point	Chorley	PR7 7NA	48,000
Austin Drive	Coventry	CV6 7NS	33,000
Chelmarsh	Coventry	CV6 3LT	139,000
Radway Green	Crewe	CW2 5PR	244,000
Deeside Industrial Estate	Deeside	CH5 2NS	60,000
Delta Court	Doncaster	DN9 3GN	37,000
Delta Court 2	Doncaster	DN9 3GN	21,000
Shaw Lane Industrial Estate	Doncaster	DN2 4SQ	66,000
Stonebridge Cross	Droitwich Spa	WR9 0LP	48,000
Peartree Lane	Dudley	DY2 0QU	21,000
Cairn Court	East Kilbride	G74 4NB	87,000
Festival Drive	Ebbw Vale	NP23 8XF	54,000
South Gyle Crescent	Edinburgh	EH12 9EB	48,000
South Fort Street	Edinburgh	EH6 5PE	26,000
Thornton Road Industrial Estate	Ellesmere Port	CH65 5EX	32,000
Air Cargo	Glasgow	PA3 2AY	149,000
Burntbroom Court	Glasgow	G33 4DZ	47,000

Property	Town	Postcode	Area (sq ft)
Glasgow Airport Business Park	Glasgow	PA3 2SJ	56,000
Queenslie Industrial Estate	Glasgow	G33 4BD	348,000
Hurricane Road	Gloucester	GL3 4AQ	188,000
Roman Way Industrial Estate	Godmanchester	PE29 2LN	53,000
Europarc	Grimsby	DN37 9TW	64,000
Pegasus Way	Grimsby	DN37 9TS	75,000
Pellon Lane	Halifax	HX1 5RA	21,000
Temple House	Harlow	CM20 2EY	177,000
Ikon Trading Estate	Hartlebury	DY10 4EU	160,000
New England Industrial Estate	Hoddesdon	EN11 0BZ	23,000
Nightingale Road	Horsham	RH12 2NW	22,000
Farthing Road Industrial Estate	Ipswich	IP1 5AP	101,000
Yale Business Park	Ipswich	IP3 9RR	30,000
Europa Trading Estate	Kearsley	M26 1GG	40,000
Ashmead Industrial Estate	Keynsham	BS31 1TU	38,000
Knowsley Business Park	Knowsley	L34 9GT	116,000
Nexus	Knowsley	L34 9HX	185,000
Haines Park	Leeds	LS7 1QQ	13,000
Roseville Business Park	Leeds	LS8 5DR	29,000
Sussex Avenue	Leeds	LS10 2LF	30,000
Meridian Business Park	Leicester	LE19 1UX	114,000
Stadium Industrial Estate	Luton	LU4 0JF	66,000
Linkway Trading Estate	Middleton	M24 2AE	48,000
Midpoint 18	Middlewich	CW10 0HS	187,000
ERF Way	Middlewich	CW10 0QJ	374,000
Granby Trade Park	Milton Keynes	MK1 1NL	147,000
Vantage Point	Morley, Leeds	LS27 0BN	62,000
Lynx Business Park	Newmarket	CB8 7NY	42,000
Celtic Business Park	Newport, Wales	NP19 4QZ	48,000
Wren Industrial Estate	Newport, Wales	NP10 9FQ	23,000
Carisbrooke Retail Park	Newport, Isle of Wight	PO30 5LG	54,000
Brackmills	Northampton	NN4 7PN	335,000
St James Mill Business Park	Northampton	NN5 5JF	42,000
Evolution 27	Nottingham	NG15 0DJ	217,000

PROPERTY PORTFOLIO CONTINUED
AS AT 31 MARCH 2021

Property	Town	Postcode	Area (sq ft)
Temple House	Harlow	CM20 2EY	177,000
Oldbury Point	Oldbury	B69 4HT	96,000
Maxwell Road (i)	Peterborough	PE2 7JE	64,000
Maxwell Road (ii)	Peterborough	PE2 7JE	61,000
St Modwen Road	Plymouth	PL6 8LH	66,000
Lincoln Park	Preston	PR5 8NA	33,000
Webb Ellis Industrial Park	Rugby	CV21 2NP	45,000
Valley Point	Rugby	CV21 1QN	39,000
Jensen Court	Runcorn	WA7 1PJ	66,000
Portland Business Park	Sheffield	S13 8HS	59,000
Smeed Dean Centre	Sittingbourne	ME10 3EW	34,000
Pikelaw Place	Skelmersdale	WN8 9PP	124,000
Boulevard Industrial Park	Speke	L24 9PL	390,000
Priestly Court	Stafford	ST18 0LQ	10,000
Stone Business Park	Stone	ST15 0LT	57,000
Groundwell Farm	Swindon	SN25 5AW	92,000
Alpha Close	Tewkesbury	GL20 8HF	55,000
Delta Drive	Tewkesbury	GL20 8HF	60,000
Exeter Way	Theale	RG7 4PL	92,000
Cleton Business Park	Tipton	DY4 7TR	38,000
Birkenshaw Retail Park	Uddingston, Nr Glasgow	G71 5PR	67,000
Wakefield 41	Wakefield	WF2 0XW	53,000
Leanne Business Centre	Wareham	BH20 4DY	13,000
Ryan Business Park	Wareham	BH20 4DY	30,000
Stretton Road	Warrington	WA4 4TQ	106,000
Gawsworth Court	Warrington	WA3 6NJ	95,000
Kingsland Grange	Warrington	WA1 4RA	71,000
Milner Street	Warrington	WA5 1AD	42,000
Spire Road	Washington	NE37 3ES	19,000
Foundry Point	Widnes	WA8 8TZ	49,000
Road One	Winsford	CW7 3PL	77,000
Witan Park	Witney	OX28 4YQ	112,000

SHAREHOLDER INFORMATION

The Company was incorporated on 24 July 2017. This Annual Report and Financial Statements covers the period from 1 April 2020 to 31 March 2021.

The Company's ordinary shares were admitted to trading on AIM on 20 September 2017 following IPO and the Group's operations therefore commenced on this date.

Capital structure

The Company's share capital consists of ordinary shares of £0.01 each. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each ordinary share held. Shareholders are entitled to receive such dividends as the Directors resolve to pay out of the assets attributable to ordinary shares. Holders of ordinary shares are entitled to participate in the assets of the Company attributable to the ordinary shares in a winding up of the Company. The ordinary shares are not redeemable.

As at the date of this report, there were 424,861,650 ordinary shares in issue, none of which are held in treasury.

Investment objective

The Company's investment objective is to provide shareholders with an attractive level of income together with the potential for income and capital growth by investing in a diversified portfolio of UK commercial property warehouse assets.

Investment policy

The Company may acquire property interests either directly or through corporate structures (whether onshore UK or offshore) and also through joint venture or other shared ownership or co-investment arrangements.

The Company invests and manages its portfolio with an objective of spreading risk and, in doing so, maintains the following investment restrictions:

- the Company will only invest, directly or indirectly, in warehouse assets located in the UK;
- no individual warehouse property will represent more than 20% of the last published GAV of the Company at the time of investment;
- the Company will target a portfolio with no one tenant accounting for more than 15% of the gross contracted rents of the Company at the time of purchase. In any event, no more than 20% of the gross assets of the Company will be exposed to the creditworthiness of any one tenant at the time of purchase;
- the portfolio will be diversified by location across the UK with a focus on areas with strong underlying investment fundamentals; and
- the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds.

The Company considers investments where there is potential for active asset management, including general refurbishment works.

The Company will not undertake speculative development (that is, development of property which has not been at least partially leased or pre-leased or de-risked in a similar way), save for refurbishment and/or extension of existing holdings. The Company may, provided that the exposure to these assets at the time of purchase shall not exceed 15% of the gross assets of the Company, invest directly, or via forward funding agreements or forward commitments, in developments including pre-developed land, where the structure is:

(i) designed to provide the Company with investment rather than development risk;

(ii) where the development has been at least partially pre-let or sold or de-risked in a similar way; and

(iii) where the Company intends to hold the completed development as an investment asset.

The Company is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits and gilts. The Company may also invest in derivatives for the purpose of efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management strategy.

SHAREHOLDER INFORMATION CONTINUED

Investment policy continued

It is envisaged that an LTV ratio of between 30% and 40% would be the optimal capital structure for the Company over the longer term. However, in order to finance value-enhancing opportunities, the Company may temporarily incur additional gearing, subject to a maximum LTV ratio of 50%, at the time of an arrangement.

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the breach and if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service. Any material change to the investment policy of the Company may only be made with the approval of shareholders.

Share dealing and share prices

Shares can be traded through your usual stockbroker. The Company's shares are admitted to trading on AIM.

Share register enquiries

The register for the ordinary shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. You can also email enquiries@linkgroup.co.uk.

Changes of address and mandate details can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: 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 Report, Half-yearly Report 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, please contact the Registrar using the details shown on page 156. Please have your investor code to hand.

Share capital and net asset value information

Ordinary 1p shares	424,861,650
SEDOL Number	BD2NCM3
ISIN Number	GB00BD2NCM38

Sources of further information

Copies of the Company's Annual and Half-yearly Reports are available from the Secretary who can be contacted on 01392 477500 and, together with stock exchange announcements and further information on the Company, are also available on the Company's website, **www.warehousereit.co.uk**.

Association of Investment Companies

The Company is a member of the AIC.

Financial calendar

May 2021

Announcement of final results

July 2021

Payment of fourth interim dividend

September 2021

Annual General Meeting
Half-year end

November 2021

Announcement of half-yearly results

March 2022

Year end

GLOSSARY

Adjusted earnings per share ("Adjusted EPS")
EPRA EPS adjusted to exclude one-off costs, divided by the weighted average number of shares in issue during the year

Admission
The admission of Warehouse REIT plc onto the AIM of the London Stock Exchange on 20 September 2017

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIFMD
Alternative Investment Fund Managers Directive

AIM
A market operated by the London Stock Exchange

Contracted rent
Gross annual rental income currently receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date less any ground rents payable under head leases

Development property and land
Whole or a material part of an estate identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating

Effective occupancy
Total open market rental value of the units leased divided by total open market rental value excluding assets under development, units undergoing refurbishment and units under offer to let

EPRA
The European Public Real Estate Association, the industry body for European REITs

EPRA cost ratio
The sum of property expenses and administration expenses as a percentage of gross rental income calculated both including and excluding direct vacancy cost

EPRA earnings
IFRS profit after tax excluding movements relating to changes in fair value of investment properties, gains/losses on property disposals, changes in fair value of financial instruments and the related tax effects

EPRA earnings per share ("EPRA EPS")
A measure of EPS on EPRA earnings designed to present underlying earnings from core operating activities based on the weighted average number of shares in issue during the year

EPRA guidelines
The EPRA Best Practices Recommendations Guidelines October 2019

EPRA like-for-like rental income growth
The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes development property and land in either year and properties acquired or disposed of in either year

EPRA NAV/EPRA NDV/EPRA NNNAV/EPRA NRV/ EPRA NTA per share
The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net asset value ("EPRA NAV")
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses (only applicable to previous financial periods)

EPRA net disposal value ("EPRA NDV")
The net asset value measure detailing the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax

GLOSSARY CONTINUED

EPRA net initial yield (“EPRA NIY”)
The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers’ costs), excluding development property and land

EPRA net reinstatement value (“EPRA NRV”)
The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets (“EPRA NTA”)
The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

EPRA ‘topped-up’ net initial yield
The annualised passing rent generated by the portfolio, topped up for contracted uplifts, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers’ costs), excluding development property and land

EPRA vacancy rate
Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS
Earnings per share

Equivalent yield
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers’ costs, excluding development property and land

ERV
The estimated annual open market rental value of lettable space as assessed by the external valuer

FCA
Financial Conduct Authority

GAV
Gross asset value

Group
Warehouse REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS earnings per share (“EPS”)
IFRS earnings after tax for the year divided by the weighted average number of shares in issue during the year

IFRS NAV per share
IFRS net asset value divided by the number of shares outstanding at the balance sheet date

Investment portfolio
Completed buildings and excluding development property and land

Interest cover
Adjusted operating profit before gains on investment properties, interest and tax divided by the underlying net interest expense

IPO
Initial public offering

LIBOR
The basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans

Like-for-like rental income growth
The increase in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment

Like-for-like valuation increase
The increase in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, net of capital expenditure

Loan to value ratio ("LTV")
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments

NAV
Net asset value

Net initial yield ("NIY")
Contracted rent at the balance sheet date, expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

Net rental income
Gross annual rental income receivable after deduction of ground rents and other net property outgoings including void costs and net service charge expenses

Net reversionary yield ("NRY")
The anticipated yield to which the net initial yield will rise (or fall) once the rent reaches the ERV

Occupancy
Total open market rental value of the units leased divided by total open market rental value excluding development property and land, equivalent to one minus the EPRA vacancy rate

Passing rent
Gross annual rental income currently receivable on a property as at the balance sheet date less any ground rents payable under head leases

Property income distribution ("PID")
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax-exempt shareholders). REITs also pay out normal dividends called non-PIDs

RCF
Revolving credit facility

Real Estate Investment Trust ("REIT")
A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

RPI
Retail price index

SONIA
Sterling Overnight Index Average

Total accounting return
The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period

Total cost ratio
EPRA cost ratio excluding one-off costs calculated both including and excluding vacant property costs

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

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Warehouse REIT plc Annual Report and Financial Statements 2021