THE WAREHOUSE PROVIDER OF CHOICE

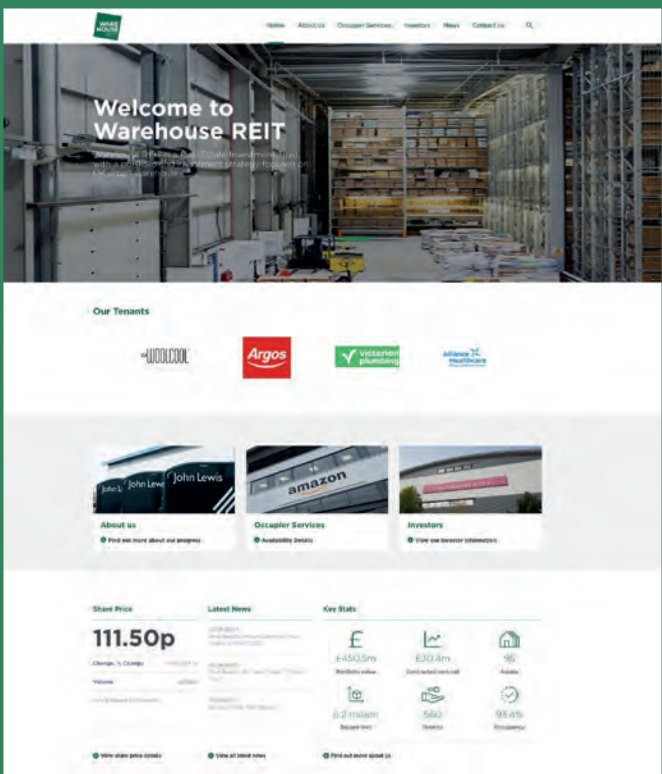
Annual Report and
Financial Statements 2020

Warehouse REIT plc is an AIM-listed specialist warehouse investor.

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

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

Find us online
www.warehousereit.co.uk



CONTENTS

Case studies

Read about Witan Park, Witney on pages 26 and 27

Read about Nexus, Knowsley on pages 28 and 29

Read about Stadium Industrial Estate, Luton on pages 30 and 31

Strategic report
pages 1 to 54

Corporate governance
pages 55 to 84

Financial statements
pages 85 to 126

Additional information
pages 127 to 140

RESULTS OVERVIEW

A positive year for the Group with further strategic progress and robust operational and financial performance, despite the outbreak of the COVID-19 pandemic in the final weeks of the period.

- The UK occupational market remains strong as a result of structural trends underpinning the growth in internet shopping and 'last-mile' delivery. COVID-19 has meant a change in people's behaviour which is accelerating these trends, contributing to ongoing demand for warehouse space for logistics and distribution
- Rapid response to COVID-19 has enabled us to work flexibly with tenants on the required health and safety measures, supporting their operations and strengthening tenant relationships. The Board continues to have regular and more frequent discussions and oversight of current issues during the pandemic

Key performance highlights for the year

- Declared a fourth interim dividend of 1.6 pence per share for the quarter to 31 March 2020, thereby meeting our revised dividend target. This dividend will be paid in full as a property income distribution ("PID") on 3 July 2020, to shareholders on the register at 12 June 2020. Paid or declared dividends of 6.2 pence per share, in line with our increased target for the year
- Portfolio valued at £450.5 million at 31 March 2020, a like-for-like increase of 2.5% on the valuation at 31 March 2019. The valuation of the same portfolio at 31 January 2020 was £454.9 million, a like-for-like increase of 4.1% on 31 March 2019. The decrease in value since January reflects the uncertainty caused by COVID-19
- EPRA net asset value ("NAV") per share of 109.5 pence (31 March 2019: 109.7 pence), reflecting a positive unrealised valuation surplus less the costs of acquisitions and the dilutive impact of the April 2019 share issue (which together totalled 6.8 pence per share), as well as capital expenditure on asset improvements and the impact of COVID-19 on the year-end portfolio valuation
- Total accounting return of 5.4% for the year was below our 10% target, as a result of the flat NAV over the year, having absorbed the impact of the April 2019 share issue and costs associated with deploying the capital

Current trading and outlook

- Good progress with collection of March 2020 contracted rents, with payments made or agreed for 94.0% of contracted rent as at 27 May 2020. We continue to work with the remaining tenants to secure payment as soon as possible
- The business is resilient and well placed to continue to navigate short-term market disruption. As we progress through the quarter to June 2020, we continue to review the quarterly earnings available for distribution, in line with the REIT obligations to pay 90% of earnings as dividends. We continue to target a total dividend per share of 6.2 pence for the year ending 31 March 2021 and will monitor this as the impact of COVID-19 is better understood. We intend to declare the dividend for the first quarter of the year ending 31 March 2021 in August 2020, as usual
- We have a strong focus on preserving our balance sheet strength over the coming months. At 31 March 2020, we had available cash of £5.5 million and £33.5 million headroom in our undrawn facilities, and were operating well within our banking covenants
- Looking further ahead, we see potential for further market rental growth, continued value creation through asset management and an attractive acquisition pipeline. Prior to the onset of COVID-19, we had identified a significant pipeline of attractive acquisitions. We still see good opportunities to continue with our investment strategy, with much of this pipeline still in place, and a proportion of it now at potentially more attractive values, as well as several new opportunities emerging in recent months. The pipeline, which has an increased focus on e-commerce opportunities, amounts to approximately £350.0 million, of which over £100.0 million are in exclusive or final negotiations or have solicitors instructed and approximately a further £250.0 million are in detailed negotiations
- We are focused on continuing to increase our exposure to the digital economy through the assets we acquire and the tenants we work with as well as further lengthening the WAULT on our portfolio. The Company is again considering an equity fundraising to enable it to capitalise on its pipeline and is commencing a period of engagement with existing and potential new investors

FINANCIAL HIGHLIGHTS[1]

Year to 31 March 2020[1]

Revenue
£30.1m
2019: £22.0m

Operating profit before gains on investment properties
£21.1m
2019: £13.0m

IFRS profit before tax
£20.7m
2019: £22.8m

IFRS EPS
8.6p
2019: 13.7p

EPRA EPS
6.3p
2019: 5.1p

Adjusted EPS[2]
6.5p
2019: 6.4p

Dividends per share[3]
6.2p
2019: 6.0p

Total accounting return[4]
5.4%
2019: 13.3%

Total cost ratio[5]
27.1%
2019: 29.4%

As at 31 March 2020[1]

Portfolio valuation
£450.5m
31 March 2019: £307.4m

IFRS NAV
£263.1m
31 March 2019: £182.3m

IFRS NAV per share
109.5p
31 March 2019: 109.8p

EPRA NAV per share
109.5p
31 March 2019: 109.7p

LTV ratio
40.2%
31 March 2019: 39.7%

See page 5 for explanatory footnotes.

- Successfully raised gross proceeds of £76.5 million through an equity raise in April 2019, with strong support from existing and new shareholders. A second equity raise in March 2020 was postponed as a result of the impact of COVID-19 on global equity markets. The Company is again considering an equity fundraising to enable it to capitalise on its pipeline and is commencing a period of engagement with existing and potential new investors
- Acquisitions totalling £149.7 million completed during the year, adding 1.8 million sq ft to the portfolio at a net initial yield ("NIY") of 6.6%
- Portfolio valuation at 31 March 2020 comprised £433.5 million in relation to the investment portfolio of completed assets and £17.0 million of development property and land (31 March 2019: £304.2 million of completed assets and £3.2 million of development property and land)
- Bank debt of £186.5 million at the year end, resulting in a loan to value ratio ("LTV") of 40.2% (31 March 2019: 39.7%), at the upper end of our target range. This will be managed below 40% through the further disposal of a small number of non-core assets
- The Group entered into a new five-year £220.0 million debt facility with a club of four banks in January 2020, reducing the cost of debt and extending maturity to January 2025

OPERATIONAL HIGHLIGHTS

As at 31 March 2020[6]

Contracted rent
£29.7m
31 March 2019: £21.6m

Passing rent
£27.8m
31 March 2019: £20.6m

EPRA NIY
5.9%
31 March 2019: 6.1%

WAULT[7] to expiry
5.2 years
31 March 2019: 4.6 years

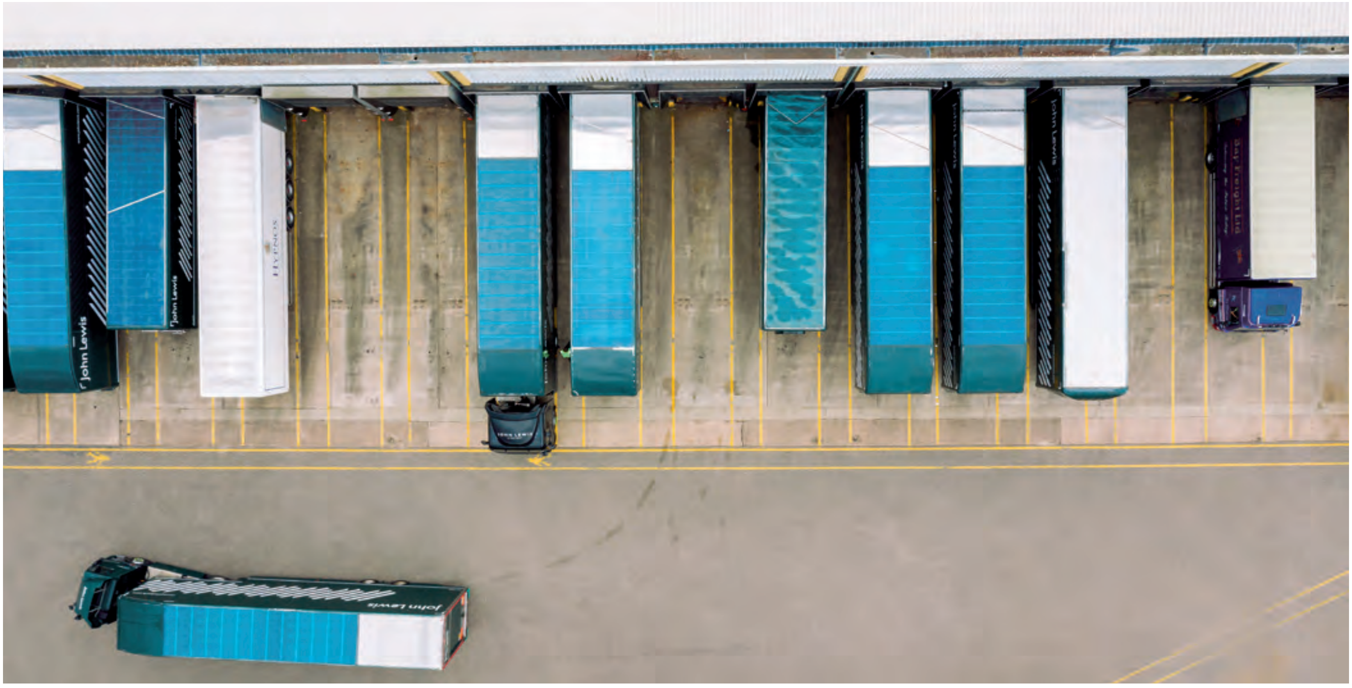
WAULT to first break
4.0 years
31 March 2019: 3.1 years

Occupancy
93.4%
31 March 2019: 92.0%

- Continued progress unlocking value from the portfolio through active asset management
  - Completed 75 lettings of vacant space, generating rent of £1.8 million per annum, 8.1% ahead of 31 March 2019 estimated rental value ("ERV"). ERV across the portfolio has grown by 2.1% on a like-for-like basis
  - Renewed 98 leases, securing income of £3.1 million, a 19.7% increase over previously contracted rents, including a major renewal with Alliance Healthcare (Boots)
  - Capital expenditure on enhancements to the investment portfolio of £3.5 million spent or committed in the year (year ended 31 March 2019: £2.1 million), with rents responding well to this investment
  - Occupancy increased to 93.4% (31 March 2019: 92.0%), reflecting successful asset management activity. Effective occupancy, which excludes units under offer and units undergoing refurbishment, was 96.5% (31 March 2019: 94.9%)
  - Continued to progress opportunities to generate value from surplus or adjacent land
- Successfully invested the proceeds of the April 2019 equity raise, acquiring 15 assets at a net initial yield of 6.6%
  - Further enhanced the quality of the tenant mix, adding strong e-commerce focused covenants such as John Lewis Partnership and Direct Wines, as well as increasing exposure to existing major tenants such as Amazon
- Extended WAULT to 5.2 years at 31 March 2020 (31 March 2019: 4.6 years), reflecting the benefits of the acquisitions in the year and asset management initiatives
- Completed the disposal of 12 smaller or non-core assets for a combined consideration of £16.7 million, reflecting a NIY of 6.6%, an 8.3% premium to 31 March 2019 book values and a 10.7% premium to cost

Post year end highlights

- In April 2020, the Group acquired Knowsley Business Park, a 116,900 sq ft multi-let warehouse investment opposite the Group's Nexus, Knowsley asset, for £7.9 million, reflecting a net initial yield of 7.1%. The business park comprises five units and is fully let to two strong covenants, with a WAULT of 6.4 years on acquisition
- Since 31 March 2020 the Group has completed the disposal of two warehouses for a combined consideration of £1.0 million, in line with their 31 March 2020 book values



Notes

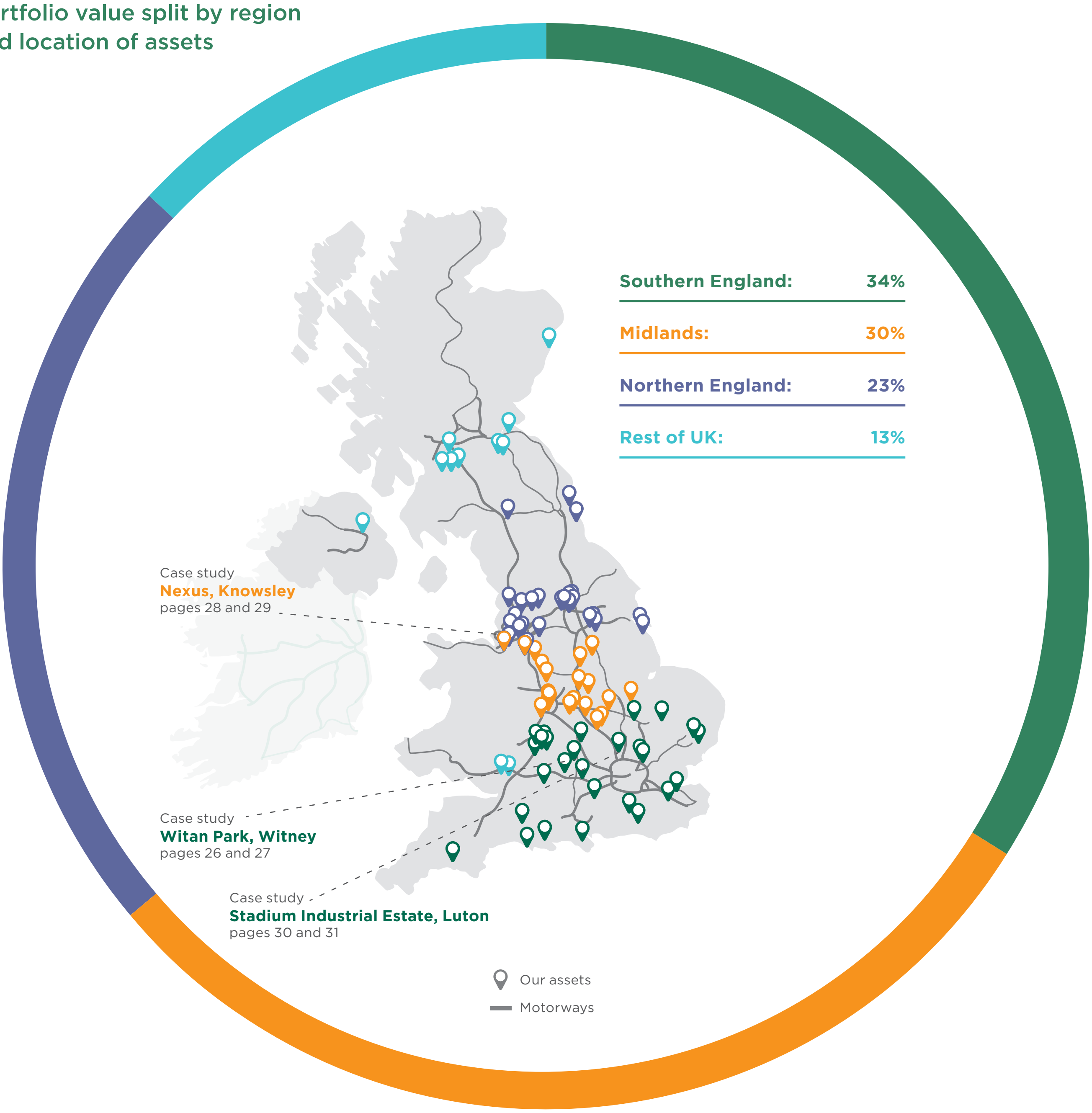
1. The Group presents adjusted earnings per share (“EPS”), dividends per share, total accounting return, total cost ratio, LTV and EPRA Best Practice Recommendations as Alternative Performance Measures (“APMs”) to assist stakeholders in assessing performance alongside the Group’s statutory results reported 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 Practice 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 NAV is set out in note 23. A glossary of terms is shown at the end of this report.
2. Adjusted earnings per share is based on IFRS earnings excluding unrealised fair value gains on investment properties, profit on disposal of investment properties and one-off costs, which were a property and acquisition provision in the year to 31 March 2019, as set out in note 19, and accelerated amortisation of loan issue costs following the debt refinance and the costs of the postponed equity raise in the year to 31 March 2020, as set out in note 12.
3. Dividends paid and declared in relation to the year, including the fourth interim dividend to be paid on 3 July 2020. Dividends paid during the year totalled 6.1 pence per share (year ended 31 March 2019: 6.0 pence per share).
4. Total accounting return based on decrease in EPRA NAV per share of 0.2 pence plus dividends paid per share of 6.1 pence, as a percentage of the opening EPRA NAV of 109.7 pence per share.
5. Total cost ratio represents the EPRA cost ratio including direct vacancy cost but excluding one-off costs.
6. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield (“NRY”) and occupancy 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.
7. Weighted average unexpired lease term.

AT A GLANCE

Since our shares were admitted to trading on AIM in September 2017, we have built a high-quality portfolio of urban warehouses, with tenants ranging from local businesses to household names, and from light industrial to pure e-commerce.

Portfolio value split by region and location of assets



Our purpose-built warehouses are simple but highly flexible buildings, which 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. The buildings have external servicing and yard space and typically cover less than 50% of the total site area. Our investment strategy (see pages 22 and 23) favours warehouses on estates let to multiple tenants.

Key statistics as at 31 March 2020

560
tenants

95
assets

814
units

6.2
million sq ft

99%
of assets within two miles of a town centre or major transport infrastructure point

78%
of portfolio by ERV multi-let estates

£33.1m
ERV, 11.5% above the contracted rent roll

28.4%
of total rent roll accounted for by top ten tenants, which all have the highest 5A1 covenant rating

TOP TEN ASSETS AT A GLANCE

By contracted rent

Our portfolio of well-located assets is let to occupiers ranging from pure e-commerce to traditional light industrial.

Southern England

Midlands

Northern England

Rest of UK

Brackmills, Northampton
Area: 336,000 sq ft
Number of units: 2
Contracted rent: £1,836,400 p.a.
Acquisition date: May 2019
Tenure: Freehold

Queenslie Industrial Estate, Glasgow
Area: 348,400 sq ft
Number of units: 63
Contracted rent: £1,441,100 p.a.
Acquisition date: September 2017
Tenure: Freehold

Unit 7100, Hurricane Road, Gloucester
Area: 188,300 sq ft
Number of units: 1
Contracted rent: £1,150,300 p.a.
Acquisition date: September 2019
Tenure: Freehold

Midpoint 18, Middlewich
Area: 182,500 sq ft
Number of units: 17
Contracted rent: £1,079,100 p.a.
Acquisition date: October 2019
Tenure: Freehold

Key statistics for top ten assets at 31 March 2020

1.9m	72	£10.5m	£10.9m
sq ft	tenants across **111** units	contracted rent roll	ERV

Sherwood 217, Nottingham
Area: 217,400 sq ft
Number of units: 1
Contracted rent: £980,400 p.a.
Acquisition date: September 2019
Tenure: Long leasehold

Exeter Way, Theale
Area: 91,700 sq ft
Number of units: 2
Contracted rent: £894,400 p.a.
Acquisition date: September 2019
Tenure: Freehold

Meridian Business Park, Leicester
Area: 114,000 sq ft
Number of units: 2
Contracted rent: £847,900 p.a.
Acquisition date: September 2019
Tenure: Long leasehold

Daneshill Industrial Estate, Basingstoke
Area: 113,300 sq ft
Number of units: 1
Contracted rent: £795,500 p.a.
Acquisition date: September 2017
Tenure: Long leasehold

Tramway Industrial Estate, Banbury
Area: 150,500 sq ft
Number of units: 10
Contracted rent: £770,600 p.a.
Acquisition date: September 2017
Tenure: Freehold

Nexus, Knowsley
Area: 184,800 sq ft
Number of units: 12
Contracted rent: £705,500 p.a.
Acquisition date: September 2017
Tenure: Freehold

£158.1m	6.2%	6.5%	5.5 years
valuation	NIY	NRY	WAULT to expiry

CHAIRMAN'S STATEMENT

"We are confident of a positive future for the Group and further value creation for shareholders, tenants and other stakeholders in the years ahead."

Neil Kirton
Chairman

This has been a positive year for the Group, as we continued to successfully implement our strategy and deliver robust financial performance. Since the COVID-19 pandemic took hold towards the end of the financial year, our priority has been to protect the health and wellbeing of our stakeholders. The Board believes the business is resilient and well placed to navigate any ongoing market disruption, and that the long-term structural trends in our market mean our investment case remains compelling.

Overview

The financial year started with the conclusion of a successful equity raise, which generated net proceeds of £74.8 million. We deployed the new equity and associated debt before the end of September, three months faster than assumed in our business plan. The capital raise was well timed, during a period when open-ended funds were selling assets to satisfy redemptions.

In total, we invested £149.7 million, acquiring 15 assets during the year. These high-quality properties are located in economically active areas across the UK, where we expect to continue to outperform market rental growth. The acquisitions have enhanced both our tenant base and our income stream, and have near-term asset management potential. The purchase price of assets generally remains well below replacement cost and the blended NIY of our acquisitions was accretive at 6.6%.

Across the portfolio, we continue to focus on multi-let estates, which offer diversification of risk and present more value-creation opportunities than single-let properties. Approximately 80% of our assets by ERV are multi-let. These are complemented by the quality of our single-let assets, which are leased to some of our strongest tenant covenants, such as Direct Wines, John Lewis Partnership and Amazon.

Tilstone's pro-active approach and 'space intelligence', which underpins our strong tenant relationships and deep understanding of their needs, have enabled us to extract further asset management gains from the portfolio. Capital expenditure continues to support new lettings and lease renewals and to drive rental growth. Among nearly 100 lease renewals in the year, a highlight was re-letting our unit in Basingstoke to Alliance Healthcare (Boots) on a new ten-year lease without a break, at a 42.3% uplift to the previous rent. We completed 75 new lettings, at rental levels more than 8% above ERV. Like-for-like rental growth across the portfolio was 2.0% in the year and, pleasingly, our WAULT to expiry is now 5.2 years compared with 4.6 years at the time of our last Annual Report. We also continued to progress our development plans on some of the underutilised land in the portfolio, notably at Queenslie in Glasgow and Nexus in Knowsley.

In my previous reports, I have discussed our vigilant monitoring of tenant risk. During the year, we further enhanced our understanding of our 560 tenants by commissioning expert analysis by Income Analytics that assigned the equivalent of a bond rating to each one. In aggregate, our tenants generate a rating equivalent to BAA3, which is strong investment grade. Unlike a bond, this high-quality income stream is backed by the assets we own, which can be re-let should an individual tenant fail. We therefore believe our highly diversified income stream is defensive and compares favourably with other sectors of the real estate market. Tilstone's knowledge of our tenants is also helping us to engage with them on a case-by-case basis during the COVID-19 pandemic, so we can provide constructive support where necessary.

Sustainability is an important theme for the Group and we have worked hard this year to define our approach and begin to capture the data that will allow us to measure our performance. More information can be found on pages 42 to 45.

Dividends and total accounting return

At the start of the year ended 31 March 2020, our dividend target was to pay at least 6.0 pence per share for the financial year. As a result, we paid two quarterly dividends of 1.5 pence per share each in respect of the first half of the year. Having rapidly invested our available capital by September, we were able to raise our dividend target for the year to 6.2 pence per share. We therefore paid a covered dividend of 1.6 pence per share in respect of the quarter to 31 December 2019 and have today declared a fourth interim dividend of 1.6 pence per share, for the quarter to 31 March 2020, thereby meeting our revised dividend target. This dividend will be paid in full as a property income distribution ("PID") on 3 July 2020, to shareholders on the register at 12 June 2020.

The total dividend is an important element of our total accounting return, which was 5.4% for the year. This was less than our target of 10% per annum, as a result of the EPRA NAV being flat year on year, as described below.

Financial results

The EPRA NAV per share at 31 March 2020 was 109.5 pence (31 March 2019: 109.7 pence). The dilutive effect of the April 2019 share issue and the costs associated with making the acquisitions together reduced the NAV by 6.8 pence per share. The year-end asset valuation was also affected by the economic uncertainty caused by COVID-19, which reduced the valuation of the assets by £5.1 million between 31 January and 31 March 2020. Had the 31 January 2020 valuation been rolled forward to the year end, the NAV at 31 March 2020 would have been 2.1 pence per share higher.

Financing

In light of the pandemic, we have been even more focused on financial discipline and maintaining a strong balance sheet.

At the year end, net debt stood at £181.0 million, giving an LTV of 40.2% (31 March 2019: net debt of £122.1 million and LTV of 39.7%). At the same date, we had approximately £5.5 million of cash and £33.5 million of headroom in our debt facilities, providing substantial operational flexibility. Our asset management programme contributed to our robust balance sheet, with the disposal of non-core assets raising £16.7 million of proceeds in the second half of the year.

In January 2020, we agreed new debt facilities totalling £220.0 million with a club of four lenders. This increased the size of our facilities by £10 million, lengthened their maturity to at least 2025 and reduced our cost of debt. The facilities give us significant headroom on both an LTV and interest cover basis. Valuations would need to fall by 24.7% or rents by 57.0%, when compared with 31 March 2020, before these covenants would be breached.

On 5 March 2020, we announced our intention to raise £100 million, and potentially up to £250 million, through an equity raise, enabling us to acquire an attractive pipeline of investment opportunities. Our meetings with investors showed strong appetite for the proposed issue. However, as a result of the rapid onset of the COVID-19 pandemic, we made the prudent decision to adjourn the general meeting to approve the share issue. In the meantime, we are rigorously focused on preserving the Group's balance sheet strength and maintaining the availability of cash and headroom within our banking facilities.

CHAIRMAN'S STATEMENT CONTINUED

Governance

There were no changes to Board membership during the year. I am pleased to report that the latest evaluation of the Board's performance has shown that the Directors continued to work well as a team and particularly well with Tilstone and specifically in the last few weeks they have given significantly increased time to fulfil their stewardship responsibilities during the COVID-19 pandemic. More information on the evaluation can be found on page 64.

Strong governance is fundamental to successful delivery of our strategy. The Board is responsible for setting the Group's strategy and overseeing its implementation, and we have ensured the Directors have an appropriate combination of skills, expertise and experience to contribute effectively. As described on pages 18 to 21, we look to understand and take account of our stakeholders' needs, and ensure they are reflected in both our strategy and the way the Group operates.

During the year, we undertook our second strategy day since the IPO, to retest the proposition we set out at that time. The day was chaired by Non-Executive Director Aimée Pitman and attended by all the Board members and a number of Tilstone's senior staff. The topics we reviewed included the sector dynamics, the deployment of capital, acquisitions and asset management, the Group's financial outlook, the management of investor relations and our longer-term ambition for the Group. We concluded that the strategy, which Tilstone is successfully implementing, continues to be the right one for our business.

Outlook

Demand for warehouse space has remained positive since the start of the pandemic, as companies seek additional space for logistics and distribution. We have continued to see interest in the remaining vacant space in the portfolio. Since the year end, we have been rigorously focused on collecting the rent that became due at the end of March.

We have made good progress and as at 27 May 2020, we had received or agreed payment of 94.0% of the contracted rent. We continue to talk to the remaining tenants about arrangements for collecting the outstanding income.

The Group's wide range of tenants, across different industries, means that we are not significantly exposed to any one tenant or business sector. The properties we own are also flexible and adaptable to the needs of different occupiers, which will support our ability to re-let any space that does become vacant.

Looking further ahead, we do not believe the pandemic will materially alter the structural changes that are driving demand for warehouse space. Indeed, with many more people discovering the convenience of buying online, COVID-19 may accelerate the shift from high street retail to the internet. In addition, businesses who have previously relied on just-in-time deliveries may look to increase their resilience by holding more stock or switching to UK-based suppliers, with a corresponding requirement for warehouse space. The continued imbalance of demand and supply of warehouse space means we see the potential for further rental growth and we are well placed to capitalise on this, with the average rent across the portfolio being £5.45 per sq ft.

Prior to the onset of COVID-19, we had identified a significant pipeline of attractive acquisitions. We still see good opportunities to continue with our investment strategy, with much of this pipeline still in place, and a proportion of it now at potentially more attractive values, as well as several new opportunities emerging in recent months. We are focused on continuing to increase our exposure to the digital economy through the assets we acquire and the tenants we work with as well as further lengthening the WAULT on our portfolio. The Company is again considering an equity fundraising to enable it to capitalise on its pipeline and is commencing a period of engagement with existing and potential new investors. We also have more value to extract from the existing portfolio, through our active asset management. In summary, we are confident of a positive future for the Group and further value creation for shareholders, tenants and other stakeholders in the years ahead.

Neil Kirton
Chairman

1 June 2020

INVESTMENT CASE

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

Strong occupier demand

Urban warehouses are critical to a wide range of businesses, from small manufacturers to multinational companies. The structural shift from high street retail to e-commerce is a key driver of demand for warehouse space, increasing competition for available units.

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 limited supply of urban warehouse space available to let in attractive locations.

Growing income

The demand and supply imbalance, coupled with the benefits of our active asset management and the strong reversionary potential in the portfolio, are contributing to robust rental growth each year.

Top management

We have an experienced Board and a highly knowledgeable Investment Advisor, Tilstone Partners Limited ("Tilstone"), which gives us a deep understanding of the sector and a wide network of industry contacts.

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.

Progressive dividends and strong returns

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

MARKET OVERVIEW

We expect the urban warehouse market to remain highly attractive in the long term for asset owners, such as Warehouse REIT.

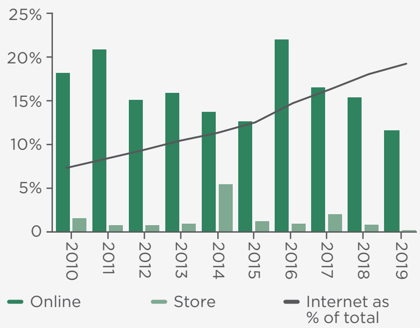
Our market

We primarily own and manage assets in tier 3 of the UK logistics delivery chain (see box below). Demand for this space 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. This is shown by the take-up of industrial space, with third-party logistics companies and online retailers responsible for 44% of take-up in 2019, up from 18% in 2010 (source: Savills).

Other types of businesses such as manufacturers also use warehouses for e-commerce, allowing them to sell directly to end customers. This demand means that with little new space being developed, rents are rising for all types of occupier and tenants are signing longer leases to secure the space they need.

Strong occupier demand

Online vs instore sales growth



Source: ONS

The logistics delivery chain

The UK logistics delivery chain has three distinct tiers, with urban warehouses playing an increasingly important role:

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 are 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 are 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.

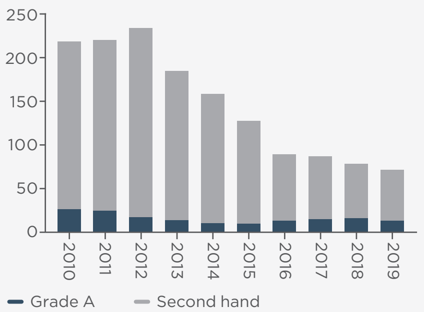
The relentless growth in e-commerce continues, with a corresponding impact on demand for tier 3 space. The UK online retail sector grew by 10.9% in 2019 and, pre-COVID-19, this was expected to grow by a further 30.8% by 2023 (source: eMarketer). Online sales accounted for 22.3% of UK retail sales in 2019 and, pre-COVID-19, were predicted to reach 27.9% by 2023, although they reached a record high of 30.7% in April 2020 (source: eMarketer). It is estimated that every €1 billion of additional online sales requires 775,000 sq ft of warehouse space, so the online retail sector alone will need a further 42.5 million sq ft of warehouse space by 2024 (source: Savills).

How we are responding:

We acquire assets in economically buoyant areas, close to transport links and large conurbations, which provide both the customers and labour supply our tenants need.

Constrained supply

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



Source: Lambert Smith Hampton
1. Units less than 50,000 sq ft

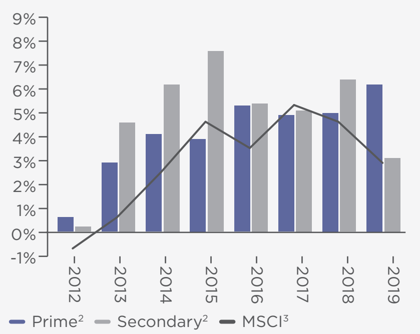
Supply of small and medium-sized warehouses fell for the seventh year in a row in 2019, reaching a new low of 71.2 million sq ft. This is a decline of two-thirds over the last decade. Available second hand space fell by 6% in the year, with 'Grade A' availability down 17%. While there is some smaller unit development in parts of the UK, most development is in the mid box and Big Box sectors, leading to acute shortages of supply of smaller units in key logistics locations.

How we are responding:

With tenants keen to secure space, we are offering longer leases, with ten years (with or without breaks) becoming common, compared with the previous five-year leases (with or without three-year breaks). This is reflected in the Group's WAULT continuing to increase. We are also looking to generate value from underutilised land within the portfolio, such as at Queenslie, Glasgow.

Rising rents

UK rental growth (%)



Source: Lambert Smith Hampton, MSCI
2. Units less than 20,000 sq ft
3. All industrial

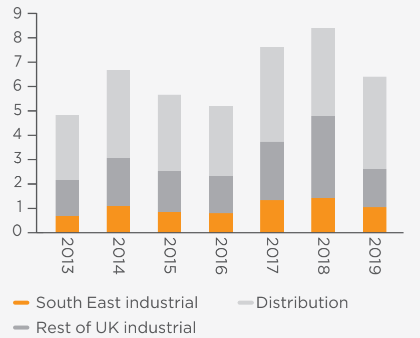
The imbalance between demand and supply means that rental growth remains robust for logistics space. In recent years, rents for secondary space of the type we own have grown faster than rents for prime space. This reflects growth from a lower base, the opportunity to enhance rents through refurbishing assets and the fact that prime stock comes to market at higher rental levels, giving less scope for increases.

How we are responding:

We use targeted capital expenditure to make vacant assets attractive to potential tenants, enabling us to consistently capture rental growth ahead of ERV. The WAULT across the portfolio of 5.2 years also creates opportunities to achieve rental increases at lease renewal and at regular rent reviews in longer leases.

Attractive investment market

Investment volume (£bn)[4]



Source: Lambert Smith Hampton, Property Data, PMA
4. All industrial

Following a record year in 2018, investment demand for industrial and logistics assets in the first half of 2019 was affected by Brexit-related uncertainty. However, investment levels bounced back strongly in the second half, with some record prices achieved for larger estates. Overall, during 2019, yields were stable or tightening. Market forecasts show that the industrial property sector is likely to outperform other property asset classes over the next few years.

How we are responding:

Having raised new capital in April 2019, we invested the funds during a 'quiet period', buying quality assets at what we determined to be competitive prices. We continue to target further acquisitions and intend to raise equity when market conditions allow. We have reduced our target NIY from 7%+ to 6%+, reflecting the clear levels of rental growth we can see for these assets.

BUSINESS MODEL

We create economic and social value for our stakeholders through an analytical understanding of our tenants and their needs, by drawing on strong networks and relationships, and by increasingly embedding sustainability considerations in our approach.

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.

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 tenants, 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. 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.

See pages 22 and 23.

Review and approve transactions

Tilstone conducts thorough due diligence, including inspecting each property and, typically, meeting the tenants. The environmental, social and governance ("ESG") aspects of our investment decisions are outlined on pages 42 to 45. A report, including cash flow and return forecasts, is then submitted to Tilstone's investment committee.

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.

See pages 32 and 33.

Monitor and manage investments

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

See pages 34 and 35.

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 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 tenant relationships ensure that most renew their leases, underpinning our income and rental growth.

See pages 34 and 35.

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. 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.

See page 34.

Creating economic value

The majority of our tenants pay rent quarterly in advance, converting our revenue quickly into cash, although we have agreed for a number of tenants to pay monthly during the COVID-19 pandemic. 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 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.

6.2 pence

Dividend per share

5.4%

Total accounting return

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

477%

Interest cover

Creating social value

Our warehouses enable our tenants 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 report on pages 42 to 45).

OUR STAKEHOLDERS AND SECTION 172

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.

Tenants

Our tenants are at the heart of our value creation model. Tilstone's approach to 'space intelligence' ensures a robust understanding of current and potential tenants and their needs.

Their material issues

- 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

How we engage

Our engagement with tenants is a key part of our business model and is described on pages 16 and 17.

We communicate regularly with our existing tenants via our dedicated Investment Advisor and property management teams, to anticipate trends and preferences to meet our tenants' needs.

The Board receives regular updates from the Investment Advisor on their and the property management teams' interaction with tenants.

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

The Board is committed to maintaining open channels of communication and engagement with shareholders. This is 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 ("AGM"), during which the Board and the Investment Advisor make themselves available to discuss issues affecting the Company and answer any questions.

Through these activities, the Board ensures that shareholders' views are taken into account in its decision-making process.

Our approach to engaging with shareholders is set out in the shareholder relations section on page 69.

The table below sets out how we engage with our stakeholders and, where the Board does not directly engage, how it is kept informed of the outcomes of this engagement.

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 regular 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.

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

Maintaining a close and constructive working relationship with the Investment Advisor is critical to the Company successfully delivering its investment strategy and meeting its objective.

The Board encourages open, regular and transparent discussion with the Investment Advisor. 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 the monitoring and development of the portfolio.

More information on the Board's engagement and oversight can be found in the Management Engagement Committee report on pages 76 and 77.

OUR STAKEHOLDERS AND SECTION 172 CONTINUED

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 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.

During the year, the Board has also developed a Modern Slavery Statement. It is important to the Board that the Company has procedures and policies in place mitigating the risk of, and preventing, modern slavery and human trafficking, both within the business and its supply chain.

More information on the Board's engagement and oversight can be found in the Management Engagement Committee report on pages 76 and 77.

Local communities

We are aware of our wider responsibilities to the local communities impacted 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, examples of which are included in the Stadium Industrial Estate, Luton case study on pages 30 and 31. The Board is pro-active in meeting health and safety requirements, local environmental standards on waste and other regulatory obligations.

Section 172 statement

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, this section serves as the Company's section 172 statement.

Section 172 of the Companies Act 2006 (the "Act") requires Directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company. In doing so, Directors must take into account a list of factors that include, among other things, how the Company's actions and behaviours affect customers, suppliers, the community and the environment, as well as the Company's reputation. In complying with section 172, the Directors should be able to ensure that all decisions are made in a responsible and sustainable way, for the benefit of stakeholders.

A company's key stakeholders are normally its shareholders, employees, customers, suppliers and the wider community; however, the Company has no employees. Details of the Company's other stakeholders, and how it engages with them, can be found on pages 18 to 20. The Directors keep the methods for engaging with stakeholders under review, to ensure they remain effective. Information on the Company's impact on the environment can be found in the sustainability section on pages 42 to 45.

The importance of stakeholder considerations, in particular in the context of decision making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions, their implications for stakeholders and any potential impact on the Group's reputation. 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 46 to 52.

One of the key roles of the Board is to make decisions on Company strategy, for example, the size and timing of equity raises, geographic spread of the portfolio, mix of warehouse types and sizes, capital expenditure and the level of development works. Certain key decisions taken by the Board during the year serve as examples of how the Board takes into account the needs and priorities of the Company's stakeholders during its decision-making process. Key decisions made by the Board during the year included approving:

- the dividends during the year under review;
- the acquisition of properties, as detailed in the Investment Advisor's report on pages 32 and 33;
- the £220.0 million institutional refinancing with a club of lenders that extended the terms and reduced the margin of the Company's debt; and
- the proposed equity raise, which was subsequently postponed as a result of the impact of the COVID-19 pandemic.

Due to the nature of these decisions, a variety of stakeholders had to be factored into the Board's discussions. For example, the decision to approve an asset acquisition typically considers the needs of current and potential tenants and the types of business requiring warehouse space in the locality, the potential to generate returns that support capital growth and dividends for shareholders, the Investment Advisor's capacity to manage the asset, the sustainability of the asset, including its environmental performance both at an asset level and within broader society, and its ability to maintain its appeal to tenants in the long term.

While the Board has spent considerable time monitoring the Group's response to COVID-19 and its impact on stakeholders, in particular tenants, the Board has not been required to take formal decisions in relation to this response.

Section 172 requires the Board to act fairly between members of the Company. The Board is always aware of the need to treat all shareholders equally but, with the exception of equity raises, there are no decisions it takes where different shareholders could be treated differently. When raising new equity, the Board ensures existing shareholders can participate in proportion to their current holdings, ensuring they are not disadvantaged. In addition, Board members and members of the Investment Advisor's senior management own a total of 19.9 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 strategy

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

1 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 which offer long-term flexibility, such as the ability to sub-divide larger units, and which have the potential to change permitted use.

Buildings

We look through the lens of the occupier, to ensure the buildings match their current and future needs. Multi-let warehouse estates spread risk and offer more asset management opportunities than single-let assets. Rental increases can also be reflected across the rest of the estate. We generally target buildings of less than 100,000 sq ft, with a typical unit size of 5,000 to 25,000 sq ft.

2 Asset management strategy

We budget to spend 0.75% of our 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.

3 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 target LTV 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.

Our objectives

We aim to provide shareholders with an attractive level of income, together with the potential for income and capital growth.

Dividends

6.2 pence	Our initial target was a total dividend of 6.0 pence per share for the year ended 31 March 2020, which we increased to **6.2 pence** in January 2020.	**Outcome in 2019/20** **Achieved** We declared total dividends of 6.2 pence per share.	**Plan for 2020/21** We continue to target a total dividend per share of 6.2 pence for the year ending 31 March 2021 and will monitor this as the impact of COVID-19 is better understood.

Total accounting return

10% per annum	At least **10% per annum**, through a combination of dividends and growth in NAV.	**Outcome in 2019/20** **Not achieved** The total accounting return for the year was 5.4% (see page 11).	**Plan for 2020/21** We continue to target a return of at least 10% per annum.

Progress in the year ended 31 March 2020

During the year we:

- acquired 15 assets for £149.7 million, at a NIY of 6.6%;
- added 1.8 million sq ft to the portfolio; and
- further enhanced the quality of the tenant mix, adding strong new covenants and increasing exposure to existing major tenants.

Post year end we:

acquired a 116,900 sq ft multi-let warehouse investment opposite the Group's Nexus, Knowsley asset, for £7.9 million, fully let to two strong covenants, with a WAULT of 6.4 years on acquisition.

Measured by

Like-for-like valuation increase

EPRA NAV

Dividend per share

Principal risks

Poor performance of the Investment Advisor

Poor returns on portfolio

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

During the year we:

- invested £3.5 million, or 0.82% of GAV, in capital expenditure, in line with the long-term target of 0.75% per year;
- completed 75 new lettings, at rents 8.1% ahead of ERV;
- completed 98 lease renewals, with a 19.8% increase in headline rents;
- improved occupancy from 92.0% at 31 March 2019 to 93.4%;
- disposed of 12 assets for a total of £16.7 million, reflecting an 8.3% premium to 31 March 2019 book values; and
- progressed our development projects at Queenslie, Glasgow, and Nexus, Knowsley.

Post year end we:

completed the disposal of two warehouses for a combined consideration of £1.0 million, in line with their 31 March 2020 book values.

Measured by

Occupancy

Like-for-like rental income growth

Rental increases agreed versus valuer's ERV

Principal risks

Poor performance of the Investment Advisor

During the year we:

- raised £76.5 million of new equity in April 2019;
- entered into a new five-year £220.0 million debt facility with a syndicate of four banks, extending the term, reducing the margin and increasing the total facility size; and
- raised disposal proceeds of £16.7 million (see above).

Post year end we:

raised further disposal proceeds of £1.0 million.

Measured by

Loan to value ratio

Principal risks

Significant volatility in interest rates

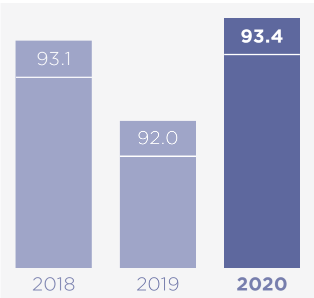
Inability to attract investors

Breach of borrowing policy or loan covenants

KEY PERFORMANCE INDICATORS

We use the following key performance indicators to monitor our performance and strategic progress.

Occupancy (%)



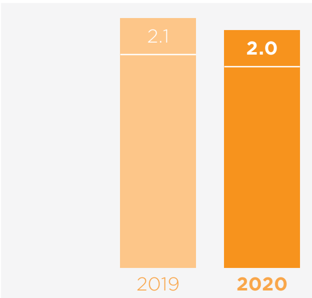
Description
Total open market rental value of the units leased divided by total open market rental value, excluding development property and land, equivalent to one minus the EPRA vacancy rate.

Why is this important?
Shows our ability to retain tenants at renewal and to let vacant space, which in turn underpins our income and dividend payments.

How we performed
Occupancy increased from 92.0% at 31 March 2019 to 93.4% at 31 March 2020, reflecting the success of our asset management initiatives.

Link to strategy
Asset management

Like-for-like rental income growth (%)



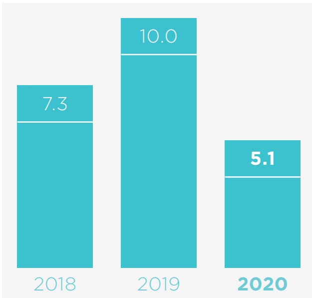
Description
The increase in contracted rent of units owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment.

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 2.0% like-for-like growth, showing the benefits of asset management and the underlying rental growth in the market.

Link to strategy
Asset management

Rental increases agreed versus valuer's ERV (%)



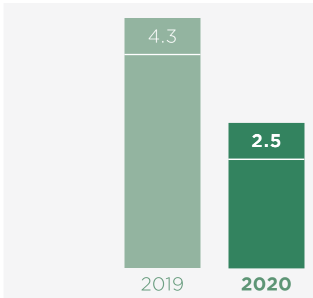
Description
The difference between the contracted rent achieved on new lettings and renewals and the ERV assessed by the external valuer, expressed as a percentage above the ERV at the start of the period.

Why is this important?
Shows our ability to achieve superior rental growth through asset management and the attractiveness of our assets to potential tenants.

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

Link to strategy
Asset management

Like-for-like valuation increase (%)



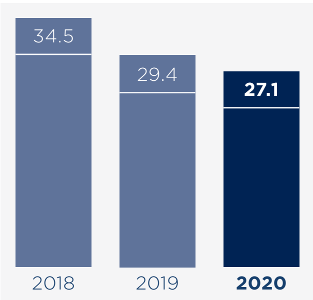
Description
The increase in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, net of capital expenditure.

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, although the year-end valuation was held back by the outbreak of COVID-19.

Link to strategy
Investment
Asset management

Total cost ratio (%)

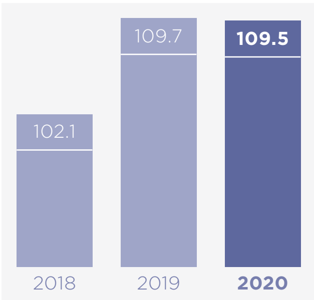


Description
EPRA cost ratio including direct vacancy cost but excluding one-off costs. The EPRA cost ratio is the sum of property expenses and administration expenses as a percentage of gross rental income.

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 declined further during the year, demonstrating the benefits of scale. The reduction reflects our cost control and the operational gearing in the business.

EPRA NAV per share (p)



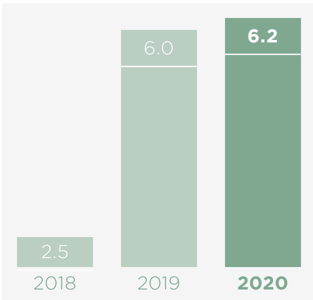
Description
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses, divided by the number of shares outstanding at the balance sheet date.

Why is this important?
Shows our ability to acquire well and to increase capital values through active asset management.

How we performed
The EPRA NAV per share declined by 0.2 pence during the year, largely due to the increase in the portfolio's valuation being offset by the dilutive effects of the share issue and the costs of acquisitions during the year.

Link to strategy
Investment
Asset management

Dividends per share (p)



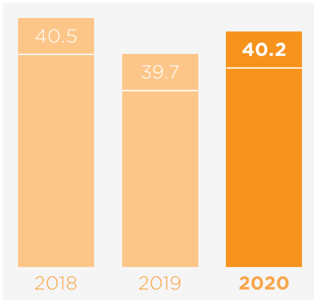
Description
The total amount of dividends paid or declared in respect of the financial year divided by the number of shares in issue in the period.

Why is this important?
Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins progressive dividend payments to shareholders.

How we performed
We achieved our increased dividend target for the year of 6.2 pence per share.

Link to strategy
Investment

Loan to value ratio (%)



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
We continue to maintain a prudent level of debt, which is largely in line with our target and well within our covenant limits.

Link to strategy
Financial

CASE STUDY

Witan Park, Witney

What is it?
Witan Park is a multi-let warehouse estate of 12 units totalling 112,200 sq ft, located on a six-acre site in a strategic location adjacent to the A40, 14 miles from Oxford, in an area with limited supply of warehousing. We acquired the property on IPO for £8.6 million.

Why did we buy it?
On acquisition, the passing rent averaged just £5.20 per sq ft, which we judged to be reversionary. The units offered the potential to drive rental growth through capital expenditure. The site also included underutilised car parking with development potential.

What have we done since purchase?
We have comprehensively refurbished eight units at a cost of approximately £0.7 million, with the work almost complete. In April 2019, we accepted a surrender premium and dilapidations payment of £0.8 million, which provided effective income cover until early 2020 on the units taken back, as well as a contribution to the refurbishment cost.

What is the future?
Rental levels have responded well to our investment, with notable interest in several units at rents between £7.25 and £7.75 per sq ft, representing a significant uplift on the previous rents of £5.38 per sq ft. We are continuing discussions to relocate some existing tenants elsewhere in the estate, enabling us to unlock more value enhancement potential. We are also considering the development of the underutilised car parking.


Before redevelopment


After redevelopment

Sustainability features

- Lifespan of buildings extended through refurbishment and extensive redecoration
- Energy efficiency improved by part-replacement of windows with UPVC double glazing and removal of old central heating boilers and fluorescent strip lights
- Planning approval received for further sustainable development
- Close proximity to public and private transport links

Key statistics

Valuation: **£9.2m** 31 March 2019	Valuation: **£10.9m** 31 March 2020
Size sq ft: **112,200** 31 March 2020	Contracted rent: **£223,300** 31 March 2020
Key tenants: **Kent Frozen Foods Ltd** **Autoparts and Diagnostics Ltd**	Occupancy: **33.5%** 31 March 2020

CASE STUDY

Nexus, Knowsley

What is it?

Nexus is a 12-unit industrial estate totalling 184,800 sq ft, together with 4.2 acres of development land. The site is on junction 4 of the M57, giving it strong transport links, and is within eight miles of Liverpool city centre. We acquired the asset as part of a portfolio, shortly after IPO.

Why did we buy it?

We saw opportunities to enhance the value of the estate through asset management, in particular by working up a suitable scheme for the development land.

What have we done since purchase?

In April 2019, we received planning permission to develop the 4.2 acres of surplus land. The proposed development will comprise up to 35,000 sq ft of warehouse space, a petrol station with ancillary uses of 5,000 sq ft and a 2,200 sq ft drive-through.

In addition, we have invested capital expenditure to improve the existing units, by replacing substantial areas of the roof and thereby extending the lifespan of the units, signing lease renewals of up to 15 years unbroken term at higher rents.

In April 2020, we acquired Knowsley Business Park, a five-unit multi-let estate opposite Nexus (see page 40 for more details).

What is the future?

We are close to agreeing terms to pre-let the petrol filling station and the drive-through, with encouraging initial marketing for the warehouse space. The potential uplift in value from the development is estimated at £2.5 million, before taking account of any 'marriage value' with the existing estate. We anticipate extending the WAULT on the estate and its overall value through lease renewals and regears.

Key statistics

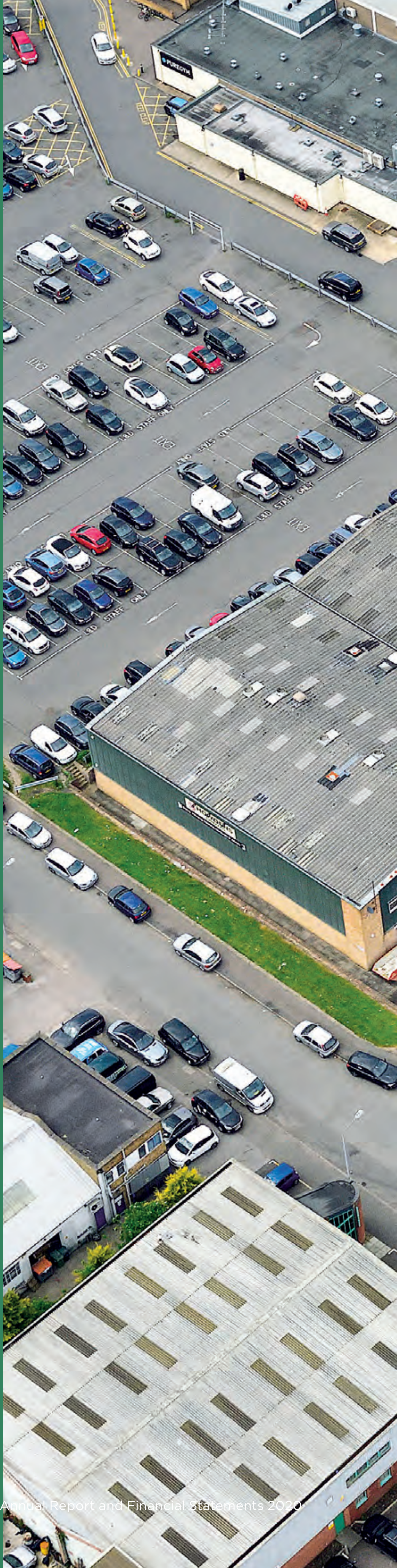
Valuation: **£9.5m** 31 March 2019	Valuation: **£11.5m** 31 March 2020
Size sq ft: **184,800** 31 March 2020	Contracted rent: **£705,500** 31 March 2020
Key tenants: **Tuff X Processed Glass Ltd**, **CED Fabrications Ltd**, **The Quality Moving Group Ltd**	Occupancy: **94.9%** 31 March 2020

Sustainability features

- Location served by both public and private transport
- Lifespan of buildings extended by re-roofing
- Lease renewal and expansion following improved insulation of noisy sub-station
- Proposed new warehouse will be constructed in line with modern building regulations using sustainable materials, reducing energy consumption and resulting in an EPC rating of at least C
- New development is likely to create jobs and will also include vehicle charging stations

CASE STUDY

Stadium Industrial Estate, Luton



What is it?

Stadium Industrial Estate comprises eight units totalling 66,200 sq ft. It is in a strategic urban location, one mile from junction 11 of the M1 and 15 miles from the M25. It is also close to London Luton Airport and rail access into central London. We acquired the estate in March 2018, as part of a portfolio.

Why did we buy it?

The low average rent of £5.27 per sq ft on acquisition meant there was good reversionary potential. The estate also had a 13.0% void on purchase, giving us the opportunity to capture rental uplifts on new lettings. There was also scope for targeted capital expenditure to drive rental levels.

What have we done since purchase?

Our active asset management programme has resulted in the estate being fully let, with a 23.8% increase in contracted rent.

Key activities have included:

- negotiating a dilapidations settlement of £0.1 million with an outgoing tenant and investing £0.3 million in a comprehensive refurbishment of units 12 and 13;
- letting a 15,800 sq ft unit at £7.50 per sq ft to a specialist food importer, on a ten-year lease with a guarantee from a D&B 3A1 covenant; and
- letting unit 4 at £7.25 per sq ft on a new five-year lease and co-ordinating the redecoration of the adjacent Howdens unit at their cost.

What is the future?

In the near term, we will continue to drive rental income by settling the current outstanding rent reviews of units 2 and 3, which have passing rents of £5.50 per sq ft, and units 13 and 14, where passing rents are only £5.00 per sq ft. We also intend to use available service charge funds to repair all forecourts and landscaping. In addition, we will complete the uniform redecoration of the estate by undertaking works on units 2 and 3.

Key statistics

Purchase price: **£5.2m** 26 March 2018	Valuation: **£6.9m** 31 March 2020
Size sq ft: **66,200** 31 March 2020	Contracted rent: **£407,300** 31 March 2020
Key tenants: **Mexgrocer Ltd** **Bluebay Building Products Ltd** **Howden Joinery Properties Ltd**	Occupancy: **100.0%** 31 March 2020

Sustainability features

- Location, fit-for-purpose buildings and upgraded services should ensure long-term demand for the space
- Building lifespan extended via refurbishments and new fencing has improved security
- Old gas-fired central heating boilers removed and fluorescent strip lights replaced with energy efficient LED lighting
- Low embodied carbon maintained by remodelling existing estate rather than full redevelopment
- Close to public transport and served by both bus and rail links

INVESTMENT ADVISOR'S REPORT

This was a good year for the Group, which saw strong progress both strategically and operationally. The Company fully invested the proceeds of the April 2019 equity raise along with associated gearing, three months ahead of the business plan.

Tilstone Partners Limited
Investment Advisor

42
units acquired

37
tenants added

1.8m sq ft
added to the portfolio

We continued to create value through active asset management, including success with renewals and new lettings, targeted capital expenditure to drive rental growth and advised upon further disposals of non-core assets, which generated funds for reinvestment. This section of the report provides further details of the Group's strategic, operational and financial performance. In addition, the section on pages 128 to 132 sets out the Group's performance using a range of EPRA measures.

Acquisitions

The Group acquired 42 warehouse units during the year, adding 1.8 million sq ft of space to the portfolio. The assets acquired included a number of larger units, whose purchase was made possible by the Group's increasing scale. The aggregate purchase price was £140.0 million, excluding the associated transaction costs of £9.7 million.

The acquisitions added more than 37 tenants, further enhancing the tenant covenant profile and increasing the WAULT at point of purchase. This in turn improved the quality of the income stream that underpins dividends to shareholders.

First quarter acquisitions

Industrial unit in Wakefield

The Group acquired a 53,000 sq ft single-let industrial unit in Wakefield for £4.2 million, reflecting a NIY of 6.3%. The unit is let to Stapleton's Tyre Services Limited, one of the UK's largest distributors of car and van tyres.

On acquisition, the tenant agreed a new 15-year lease at £5.25 per sq ft, with CPI-linked rent reviews and tenant-only break options at years five and ten. Wakefield is widely considered to be Yorkshire's premier distribution location.

Distribution units in Northampton and an Aberdeen industrial estate

In Northampton, the Group acquired the freehold of two John Lewis distribution units, totalling 336,000 sq ft. John Lewis has the highest available 5A1 covenant rating and has been in occupation for over 25 years, using the premises to serve their online deliveries. It signed new five-year leases, with a headline rent of £1,836,000 per annum across both units. The units are within the 'Golden Triangle' on the Brackmills Industrial Estate, one of the UK's premier distribution locations, with excellent access to the M1 motorway.

In Aberdeen, the Group acquired the long-leasehold Murcar Industrial Estate. On acquisition, the 125,000 sq ft estate was 100% let to a range of occupiers, with a WAULT of 8.0 years (5.2 years to break) and total net passing rent of £776,000 per annum. The 8.5-acre site is within the Bridge of Don Industrial Estate, a major industrial and business area, which fronts the A90 dual carriageway and is four miles from Aberdeen city centre.

These acquisitions had a combined cost of £37.0 million and a blended NIY of 6.6%.

Three warehouse units in Tewkesbury

The Group purchased a further three units, providing an additional 54,600 sq ft next to its existing holding at Tewkesbury Business Park. The purchase price of £3.8 million reflected a NIY of 6.9% and is comfortably below replacement cost at less than £70 per sq ft. The WAULT on acquisition was 7.0 years.

Second quarter acquisitions

Warehouse assets in Chorley and Doncaster

In Chorley, Lancashire, the Group acquired a 47,500 sq ft modern, purpose-built warehouse for £3.6 million. The property had recently undergone a complete refurbishment and is let to an established manufacturing business as its distribution centre, generating a net passing rent of approximately £260,000 per annum. The lease had 4.5 years remaining on acquisition.

The Group also increased its holding on the popular Sky Business Park in Doncaster, acquiring units 1 and 2 which total 20,700 sq ft of space, to add to the 36,000 sq ft already owned across six units. The tenant signed a new ten-year lease with a break at year five, with a passing rent of £5.81 per sq ft, which compares favourably with lettings the Group has recently achieved on the estate. The purchase price was £1.7 million.

The blended NIY of the two purchases was 6.8%.

1 million sq ft portfolio

In September 2019, the Group acquired a portfolio of one multi-let and seven single-let warehouses, totalling 995,100 sq ft. The purchase price was £70.0 million, with a further payment of up to £5.0 million due on or before September 2023, and reflected a NIY of 6.7%. The assets were fully let on acquisition and were generating annual rent of £5.38 million. In the six months since acquisition, the portfolio has increased in value by 7.4%.

The assets in the portfolio range in size from approximately 50,000 sq ft to 217,000 sq ft and are all close to major conurbations and on or near arterial routes. All the income is secured against D&B-rated ‘minimum risk’ covenants, with occupiers including Amazon, Direct Wines, Iron Mountain and Sytner Group. The portfolio had a WAULT of 5.3 years on acquisition and a low average rent of £5.40 per sq ft. A number of short leases and below-market rents offer scope to unlock value through active asset management.

Third quarter acquisitions

In October 2019, the Group acquired the Midpoint Estate, a multi-let estate of 20 high-quality individual warehouse units. The purchase price was £15.5 million, reflecting a NIY of 6.6%. The estate totals 182,500 sq ft, with units ranging from 2,300 sq ft to 31,600 sq ft. It is strategically located off the M6 motorway in Middlewich, Cheshire, and offers a number of opportunities to grow rents and the WAULT through pro-active lease regears and renewals.

Future acquisitions

The acquisitions made in the first three quarters of the financial year, plus the purchase of Knowsley Business Park (see post year end activity on page 40) meant that the Group had fully invested the April 2019 equity raise, the associated additional gearing and the proceeds of disposals made during the year (see asset management overleaf). With the March 2020 equity raise being postponed due to equity market conditions after the outbreak of COVID-19, the Group is now focused on preserving liquidity and maintaining its balance sheet strength, with further acquisitions only likely once conditions enable the postponed equity raise to proceed.

INVESTMENT ADVISOR'S REPORT CONTINUED

Asset management

The Group continued to undertake a wide range of asset management activities during the year, contributing to rental growth and supporting capital values.

To support this work, we have further expanded our asset management team. We recruited an additional asset manager during the year, with a senior asset manager starting work on 1 April 2020. This recruitment is in anticipation of growth in the business and will ensure we continue to have the capacity required to effectively manage the Group's tenant relationships and its assets.

Disposals

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

During the second half of the year, the Group completed the disposal of 12 smaller or non-core properties for a combined price of £16.7 million. The assets sold included office and retail space, smaller workshops and vacant warehouse space, including assets where we had completed the business plan. The aggregate sales proceeds were 8.3% ahead of the March 2019 book values and 10.7% ahead of cost, reflecting a blended net initial yield of 6.6%.

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 GAV in capital expenditure each year. This excludes investment in development projects and is calculated based on GAV excluding developments. During the year, the Group spent or committed £3.5 million, or 0.82% of GAV, on capital expenditure (year ended 31 March 2019: £2.1 million, or 0.69% of GAV) on enhancements to the investment portfolio. Significant elements of this spend included:

- the full refurbishment of vacant units at the Group's multi-let asset in Witney, Oxfordshire (see case study on pages 26 and 27). As part of this, the Group received a surrender premium and dilapidations payment of £0.8 million, providing effective income cover until early 2020 and a contribution to the refurbishment works;
- re-roofing a number of units at Nexus, Knowsley (see case study on pages 28 and 29);
- the full refurbishment of vacant units at Farthing Road, Ipswich; and
- refurbishment and improvement works at Stadium Industrial Estate, Luton (see case study on pages 30 and 31).

At the year end, approximately 2.1% of the portfolio's ERV was under refurbishment. The COVID-19 pandemic means new capital expenditure projects are generally on hold at present, although the Group may fund investment for occupiers with good covenants and who are willing to extend their leases sufficiently.

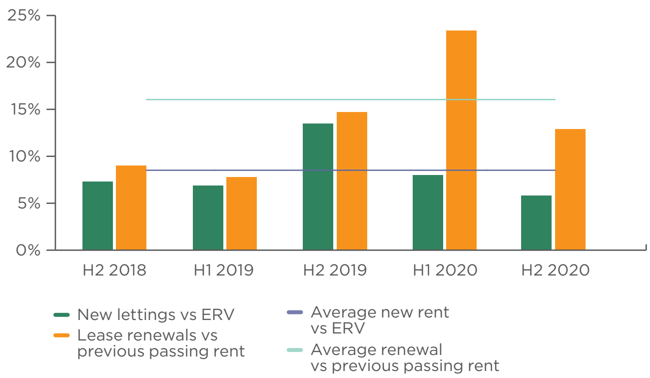
Leasing activity

The Group continued to successfully let vacant space and renew leases during the year, supported by the capital expenditure described above. Our 'space intelligence' is fundamental to the Group's leasing activity, enabling us to understand occupiers' space requirements by building strong relationships with them.

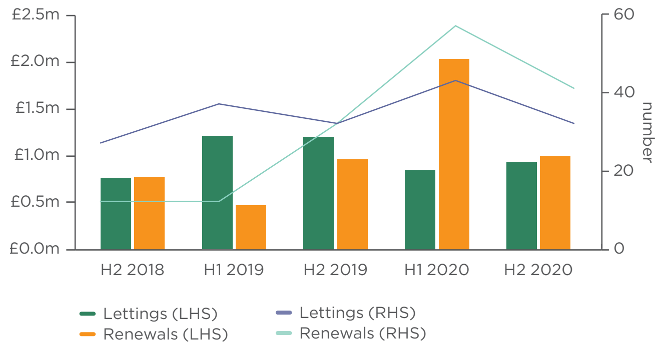
The activity during the year maintained the Group's track record of leasing outperformance, which has seen it achieve new lettings on average around 8% ahead of ERV since IPO, along with substantial rental growth at lease renewal.

In total, the Group completed 173 new leases or lease renewals during the year.

New lettings vs ERV and lease renewals vs previous passing rent



New lettings and lease renewals by rental value and number



New leases

The Group secured 75 new leases on 296,900 sq ft of space during the year ended 31 March 2020. These will generate annual rent of £1.8 million, which is 8.1% ahead of the 31 March 2019 ERV. On average, new leases continue to lengthen, with 16 leases of ten years or more signed in the period. The level of incentives is broadly steady.

Key examples of new lettings in the year included:

- a ten-year lease with no break, to a building materials manufacturer and distributor, on a 20,300 sq ft unit at Gawsworth Court, Warrington. The rent of £137,000 per annum represents a 21.9% premium to the 31 March 2019 ERV;
- a ten-year lease, without a break, on a unit at Vantage Point, Leeds, at a rental level 22.9% ahead of ERV;
- a ten-year lease with no break at the Midpoint Industrial Estate, at a rent of £161,500 per annum, in line with ERV;
- a ten-year lease with a break at year six on a 5,600 sq ft letting to a sports charity at Yale Business Park, Ipswich, at £43,000 per annum, 28.4% ahead of the 31 March 2019 ERV;
- a ten-year lease, with a break at year five, on a unit at Kingsditch Trading Estate, Cheltenham, at a rental level 13.2% ahead of ERV;
- a ten-year lease, with a break at year five, on a unit at New England Industrial Estate, Hoddesdon, at a rent of £150,000 per annum, in line with ERV;
- a nine-year lease, with a break at year six, on a unit at Shieling Court, Corby, at a rental level 11.1% ahead of ERV; and
- a five-year lease, with a break at year three, on a unit at Kingsditch Trading Estate, at a rental level 17.4% ahead of ERV.

Lease renewals

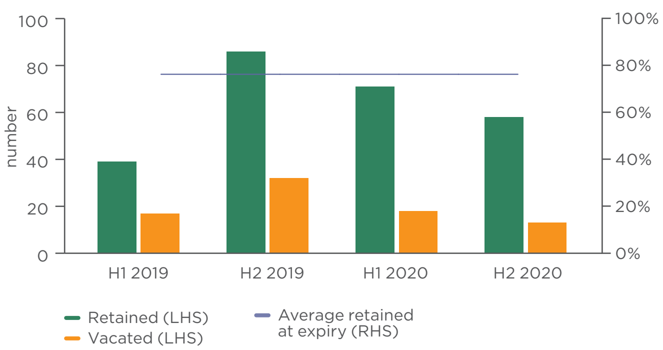
The Group continues to retain the majority of its occupiers, with 76.4% remaining in occupation at lease expiry and 68.1% with a break arising in the period. Of the 31.9% that did exercise breaks, 73.3% were re-let within the period at rents 16.5% ahead of previous rents.

In total, there were 98 lease renewals on 533,000 sq ft of space during the year. The renewals resulted in average rental growth of 19.7% above the previous passing rent and 3.5% above the ERV.

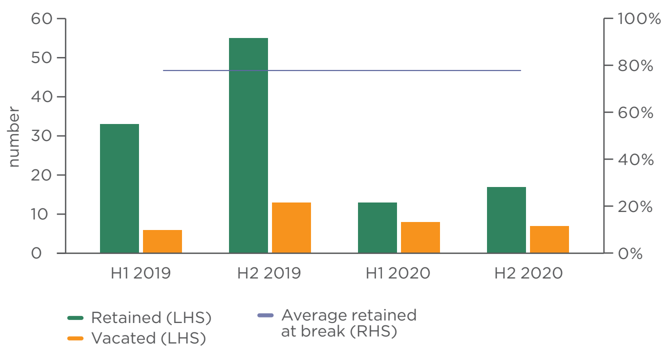
Examples of notable lease renewals in the period included:

- a major renewal with Alliance Healthcare (Distribution) Limited, the distribution arm of Walgreens Boots Alliance Inc., at Daneshill Industrial Estate in Basingstoke. The ten-year lease renewal, with no breaks, in return for market standard incentives, was agreed at a 42.3% uplift to the previous rent, with a headline rent of £925,000 per annum or £8.19 per sq ft. Boots has occupied the 113,300 sq ft unit since 1989;
- a ten-year lease, without a break, on a unit at Kingsditch Trading Estate, Cheltenham at a rental level 19.1% ahead of the previous rent;
- a ten-year lease, without a break, on units at Queenslie Industrial Estate, Glasgow, at a rental level 8.8% ahead of the previous rent;
- a ten-year lease, with a break at year five, on a unit at Witan Park, Witney, at a rental level 24.6% ahead of the previous rent;
- a six-year lease, with a break at year three, on a unit at Yale Business Park, Ipswich, at a rental level 37.8% ahead of the previous rent;
- a seven-year lease on a 2,500 sq ft unit at Smeed Dean Centre, Sittingbourne, with the average rent over the lease term representing a 63.6% premium to the previous rent;
- a four-year lease to a fluid technology company on an 11,700 sq ft unit at Goodridge Business Park, Gloucester, at 18.9% ahead of the previous rent; and
- a lease extension of over ten years on 41,600 sq ft agreed with Tristel PLC, a manufacturer of infection prevention, contamination control and hygiene products, at Lynx Business Park, Newmarket, Cambridgeshire.

Lease expiry analysis



Lease break analysis



INVESTMENT ADVISOR'S REPORT CONTINUED

Asset management continued

Development activity

The Group looks to extract value from unused or underutilised land either on or adjacent to its estates. It will not build new accommodation without first achieving a pre-let on at least some of the proposed new space.

At Queenslie Industrial Estate, Glasgow, the Group received outline planning permission during the prior year for up to 250,000 sq ft of employment-led space. The plans for the site continued to progress during the year ended 31 March 2020, including starting to clear the planning conditions and obtaining a number of offers on a portion of the land from a petrol filling station and other roadside users. Securing pre-lets will enable the Group to seek detailed planning consent for the occupiers' specific requirements. Occupancy in the existing estate at Queenslie remains high.

At Nexus, Knowsley, the Group secured planning consent in October 2019 on 4.2 acres of surplus land. The proposed development will comprise up to 35,000 sq ft of warehouse space, a petrol station with ancillary uses of 5,000 sq ft and a 2,200 sq ft drive-through. Discussions with potential occupiers are progressing well.

At Radway Green Business Park, Crewe, the Group owns an estate occupying a site area of 25 acres, most of which has development potential, and is working in conjunction with the owner of the neighbouring site to submit a planning application to develop the combined ownerships. Radway Green makes up the majority of the Group's development property and land by value. The Group also owns land with development potential at Tramway Industrial Estate, Banbury. The Group's plans at both Radway Green and Tramway are in their early stages and little expenditure has been incurred to date in progressing these plans.

Portfolio analysis

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

Warehouse sector	Occupancy	Valuation £m	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
Warehouse – storage and distribution use	94.6%	355.8	6.2%	6.9%	5.3	4.0	5.35	74.7
Warehouse – light manufacture and assembly use	87.8%	51.7	7.0%	8.2%	4.9	3.9	4.76	58.5
Warehouse – trade use	96.8%	11.7	7.4%	7.7%	6.4	5.2	7.27	87.4
Warehouse – retail use	89.0%	8.7	9.3%	10.4%	4.1	4.1	12.58	112.6
Workspace and office use	84.0%	5.6	7.8%	9.9%	3.5	2.4	12.18	108.7
Total investment portfolio	**93.4%**	**433.5**	**6.4%**	**7.2%**	**5.2**	**4.0**	**5.45**	**73.4**
Development property and land	80.9%	17.0	3.8%	1.2%	1.9	1.3	6.80	70.2
Total portfolio	**93.3%**	**450.5**	**6.3%**	**6.9%**	**5.1**	**3.9**	**5.47**	**73.2**

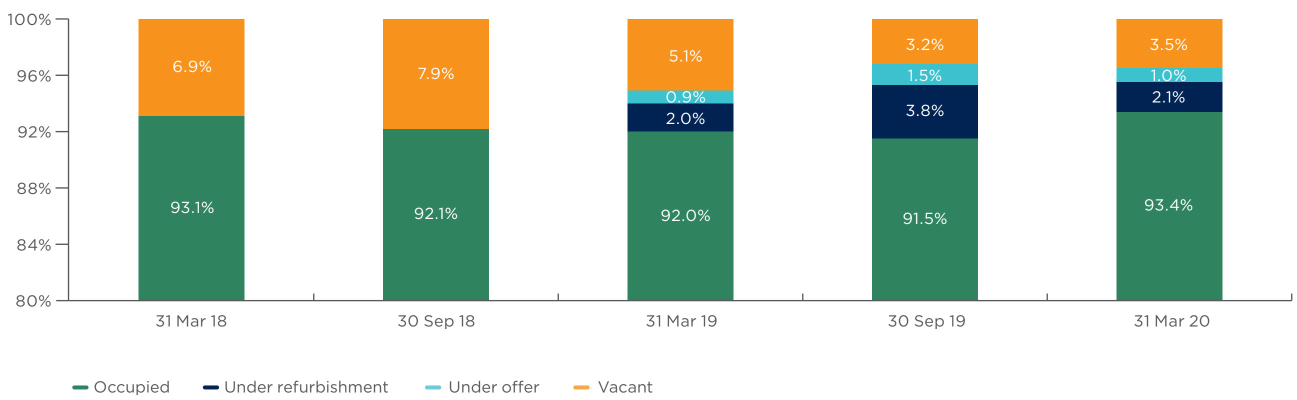
At the year end, the contracted rent roll for the Group's investment portfolio, which comprises the completed buildings and excludes development property and land, was £29.7 million, compared with the ERV of £33.1 million. In addition, the Group had contracted rent of £0.7 million from development property. Contracted rents increased by 2.0% on a like-for-like basis, showing the benefits of asset management and the underlying rental growth in the market. EPRA like-for-like rental income growth was £1.4 million increasing rental income from £17.8 million to £19.2 million on the like-for-like portfolio, excluding development property and land, of £303.0 million. This represented an 8.0% increase, ahead of the 2.0% above, largely due to surrender premiums received and back dated rent reviews settled during the year. Excluding surrender premiums received the increase would have been 5.2%.

The NIY of the investment portfolio was 6.4% at 31 March 2020, with a reversionary yield of 7.2%. 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 5.2 years at 31 March 2020, against 4.6 years at the start of the year. This reflects the benefits of the acquisitions and asset management in the year, partially offset by the natural reduction in the WAULT over time.

Occupancy across the investment portfolio increased from 92.0% at 31 March 2019 to 93.4% at the year end, reflecting the successful letting activity described above. Effective occupancy across the investment portfolio, which excludes units under offer to let or undergoing refurbishment, was 96.5% at the year end (31 March 2019: 94.9%). At 31 March 2020, 1.0% of the investment portfolio was under offer to let, with a further 2.1% undergoing refurbishment.

Occupancy



INVESTMENT ADVISOR'S REPORT CONTINUED

Financial review

Performance

Rental income rose from £20.6 million in the year ended 31 March 2019 to £28.5 million in the year ended 31 March 2020, an increase of 38.2%. This primarily reflected asset acquisitions in the year and a full-year of revenue from assets purchased during the year ended 31 March 2019, as well as the benefits of the Group's ongoing asset management activities.

Total revenue, which includes insurance recharges, dilapidation income and any surrender premiums, was £30.1 million for the year (year ended 31 March 2019: £22.0 million). Total revenue in the year ended 31 March 2020 included the £0.8 million surrender premium and dilapidations payment in respect of the 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 £9.0 million (year ended 31 March 2019: £9.0 million). Bad debts in the year ended 31 March 2020 remained low at £0.2 million, reflecting the quality and diversity of the Group's tenant base.

Operating costs for the year included one-off costs totalling £0.4 million, associated with the planned equity raise that was subsequently postponed (see equity financing below). Operating costs in the year ended 31 March 2019 included one-off costs of £2.2 million associated with a terminated acquisition and the default of the tenant at Deeside, who entered into administration.

The Group continues to exercise tight cost control and to benefit from the fixed or semi-fixed nature of a number of its costs. The total cost ratio, being the EPRA cost ratio including direct vacancy cost but excluding one-off costs, which is calculated as a percentage of revenue, was 27.1% for the period (year ended 31 March 2019: 29.4%). The ongoing charges ratio, excluding one-off costs, representing the costs of running the REIT as a percentage of NAV, was 1.9% (year ended 31 March 2019: 1.9%).

As noted in the asset management section, the Group completed the sale of 12 assets during the year, generating proceeds of £16.7 million and a profit on disposal of £0.9 million. In the year ended 31 March 2019, the Group recorded a profit of £3.5 million on the sale of four investment properties.

At 31 March 2020, the Group recognised a gain of £5.1 million on the revaluation of its investment properties (year ended 31 March 2019: gain of £11.2 million), reflecting a revaluation uplift of £14.8 million less the one-off costs associated with the acquisitions in the year of £9.7 million.

Net financing costs, which are primarily the interest costs associated with the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging on pages 39 and 40), totalled £6.5 million (year ended 31 March 2019: £5.0 million). The charge for the 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.

Statutory profit before tax for the year was £20.7 million (year ended 31 March 2019: £22.8 million).

As a REIT, the Group's profits and 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 2019: £5,000).

Earnings per share ("EPS") under IFRS was 8.6 pence (year ended 31 March 2019: 13.7 pence). EPRA EPS was 6.3 pence, or 6.5 pence excluding one-off costs (year ended 31 March 2019: 5.1 pence, or 6.4 pence excluding one-off costs).

Dividends

The table below sets out the interim dividends declared in respect of the year ended 31 March 2020:

Quarter to	Declared	Paid	Amount (pence)
30 Jun 2019	1 Aug 2019	27 Sep 2019	1.5
30 Sep 2019	4 Nov 2019	27 Dec 2019	1.5
31 Dec 2019	20 Jan 2020	31 Mar 2020	1.6
31 Mar 2020	1 June 2020	3 July 2020	1.6
Total			**6.2**

As noted in the Chairman's statement on pages 10 to 12, on 20 January 2020, the Company increased its dividend target for the year from a total of at least 6.0 pence per share to 6.2 pence per share. The total dividend paid and declared in relation to the year of 6.2 pence per share was in line with this increased target and represented growth of 3.3% over the 6.0 pence per share paid and declared in respect of the year ended 31 March 2019. The total dividend was 105% covered by adjusted EPS. All four interim dividends were declared in full as PIDs. We continue to target a total dividend per share of 6.2 pence for the year ending 31 March 2021 and will monitor this as the impact of COVID-19 is better understood.

The cash cost of the total dividend during the year was £14.7 million (year ended 31 March 2019: £10.0 million).

At 31 March 2020, the Company had distributable reserves of £166.1 million (31 March 2019: £165.1 million).

Valuation and net asset value

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

The portfolio valuation of £450.5 million (31 March 2019: £307.4 million) represented a 2.5% like-for-like increase on the valuation at 31 March 2019, after taking into account capital expenditure in the period of £3.8 million. The like-for-like valuation increase was primarily driven by income growth. The EPRA NIY was 5.9% (31 March 2019: 6.1%). While all property valuations necessarily incorporate some uncertainty, the COVID-19 pandemic is unprecedented and its full impact is not yet clear. In line with market practice since the outbreak, the valuer's report noted this material uncertainty relating to property valuations in the current environment. This uncertainty can arise from difficulties with inspecting properties due to the outbreak or reduced access to evidential data, such as comparable transactions.

The impact of the COVID-19 pandemic on the year-end valuation is reflected in the reduction of £5.1 million against the valuation at 31 January 2020, which was carried out ahead of the planned equity raise (see equity financing below). The 31 January 2020 valuation showed a like-for-like valuation increase of £12.1 million since the start of the financial year, or 5.0 pence per share. The reduction in the valuation between 31 January and 31 March primarily related to lower values for office buildings and retail warehouses.

The year-end valuation resulted in an EPRA NAV of 109.5 pence per share at 31 March 2020 (31 March 2019: 109.7 pence per share). The movement reflects the dilutive effect of the April 2019 share issue (see below), the impact on the year-end valuation of COVID-19 and the costs associated with acquisitions in the year, which totalled £9.7 million, or 4.0 pence per share, and largely comprised stamp duty land tax and agents' fees.

Equity financing

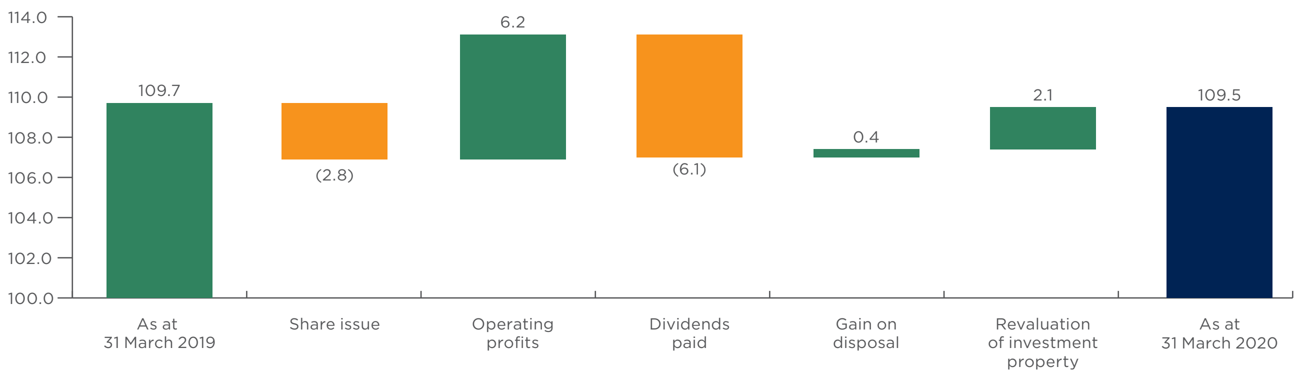
On 2 April 2019, the Company raised gross proceeds of £76.5 million through a placing, open offer and offer for subscription. In total, the Company issued 74,254,043 new ordinary shares at 103.0 pence each. The net proceeds raised, after associated costs, were £74.8 million.

On 5 March 2020, the Company announced its intention to raise gross proceeds of approximately £100 million through a placing, open offer, offer for subscription and intermediaries offer. On 18 March 2020, the Company adjourned the planned general meeting for shareholders to approve the share issue, as a result of the market uncertainty caused by the global spread of COVID-19. The Company is now again considering an equity fundraising to enable it to capitalise on its pipeline and is commencing a period of engagement with existing and potential new investors.

Debt financing and hedging

At the start of the financial year, the Group had a total debt facility of £135.0 million, comprising a £30.0 million term loan and a £105.0 million RCF, both with HSBC. During the first half, the Group extended its debt facilities twice to support its acquisition programme. The first extension increased the RCF by £45.0 million to £150.0 million, with the second extension being a short-term increase to the term loan of £30.0 million to £60.0 million, giving total facilities of £210.0 million.

Movement in EPRA NAV per share (pence)



INVESTMENT ADVISOR'S REPORT CONTINUED

Financial review continued

Debt financing and hedging continued

The HSBC facility was due to expire in part in March 2020, with the remainder expiring in November 2022. In January 2020, the Company entered into a new five-year debt facility totalling £220.0 million, replacing the full HSBC facility. The refinancing comprises a £157.0 million term loan and a £63.0 million RCF, with a club of lenders consisting of HSBC, Barclays, Bank of Ireland and Royal Bank of Canada.

The new facility both reduces the cost and extends the term of the Group's debt. The facility is at a margin of 2.0% per annum above LIBOR, representing a 14 basis points saving compared to the previous blended rate, and includes an option to extend the duration by a further two years beyond the initial five-year term, subject to lender consent.

In addition to increasing the Group's total debt facility by £10.0 million, the new facility includes an accordion of a further £80.0 million. The debt therefore provides the Group with extended firepower over current drawings to support operational flexibility, deliver further portfolio initiatives and give wider scope for new investments.

At the year end, the term loan was fully drawn and £29.5 million had been drawn against the RCF. Total debt was therefore £186.5 million (31 March 2019: £127.0 million). The Group had £5.5 million of cash at 31 March 2020 and headroom within the facilities of £33.5 million. At 31 March 2020, the Group's LTV ratio was 40.2% (31 March 2019: 39.7%), and interest cover for the year was 477% (year ended 31 March 2019: 355%). Based on the 31 January 2020 valuation, the LTV ratio at the year end would have been 39.8%. The LTV will be managed below 40% through the further disposal of a small number of non-core assets.

The covenants in the Group's new facility relate to LTV, interest cover and the aggregate market value of the portfolio. To breach the LTV or market value covenants, valuations would need to fall by 24.7% or 33.4% respectively, compared to 31 March 2020. To breach the interest cover covenant, the Group's annual rental income would need to fall by 57.0%. The Group is therefore operating well within its covenants.

The chart below reconciles the movement in net debt during the year. The primary movements relate to the net proceeds of £74.8 million from the April 2019 share issue and net asset disposal proceeds of £16.4 million, which part-funded the investment of £144.7 million in property purchases in the year. Recurring cash flow of £13.0 million was used to meet dividend payments totalling £14.7 million.

There were no changes to the Group's interest rate hedging arrangements during the year. The Group therefore continues to have two interest rate caps of £30.0 million each, which run until November 2022 and November 2023 and have respective rates of 1.50% and 1.75%, excluding lending margin. At the year end, the Group had therefore hedged the interest costs on 27.3% of its debt.

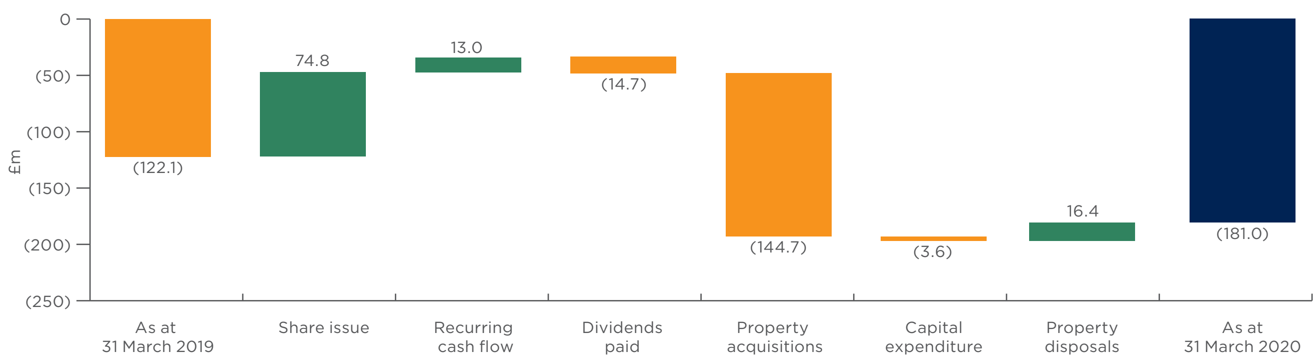
Post year end activity

On 14 April 2020, the Group acquired Knowsley Business Park, which is located opposite its existing Nexus estate. The asset comprises five units totalling 116,900 sq ft, which are fully let to two strong covenants. The purchase price was £7.9 million, reflecting a net initial yield of 7.1%. The business park presents asset management opportunities, including the potential for lease extensions.

Since 31 March 2020, the Group has completed the disposal of two warehouses for a combined consideration of £1.0 million, in line with their 31 March 2020 book values.

The Group's priority since the year end has been to work with tenants to support them where practicable during the COVID-19 pandemic, while maximising the receipt of rent due and preserving the Group's cash and facility headroom. The Board will continue to review each quarter the earnings available for distribution as dividends, while ensuring compliance with the Company's obligations as a REIT to pay out at least 90% of its earnings.

Change in net debt



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 and the majority are urban warehouses.
No individual warehouse will represent more than 20% of the Group's last published GAV, at the time it invests.	✓	The largest individual warehouse represents 6.8% of GAV.
The Group will target a portfolio with no one tenant accounting for more than 10% 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 tenant at the time of purchase.	✓	The largest tenant accounts for 6.0% of gross contracted rents and 6.8% 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 chart 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 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 2020 was 40.2%.

The Company's full investment objective and policy are set out on pages 136 and 137.

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 is the Company's AIFM, with Tilstone providing advisory services to both G10 and the Company.

Tilstone Partners Limited

Investment Advisor

1 June 2020

SUSTAINABILITY REPORT

We have taken concrete action to formalise our sustainability commitment, beginning with this report which outlines our current approach and sets out our future ambitions.

Neil Kirton
Chairman

We have an opportunity to make a positive contribution to all of our stakeholders by integrating sustainability into the way we grow and manage our portfolio.

In this respect, the year ended 31 March 2020 was an important year for Warehouse REIT.

Our focus:

- Improve energy efficiency
- Reduce energy consumption

Our main external influences

Government and local authorities

The UK has prioritised energy efficiency by setting stringent energy efficiency standards for commercial property since 2008. Landlords are responsible for ensuring newly let properties achieve a minimum EPC rating of E, and from 2023 this will apply to all properties with an existing lease. The recently announced UK climate action plan sets out a long-term strategy for upgrading building stock and the gradual phasing out of fossil-fuel heating systems, and a zero-energy standard for new buildings from 2021, aiming towards a carbon-neutral built environment by 2050. A number of local authorities across the country have followed suit by aiming for carbon neutrality by 2050 or earlier.

Occupiers

Demand is growing among occupiers for environmentally efficient spaces that align with their sustainability objectives and reduce operating costs. Features that encourage health and wellbeing are also becoming an important requirement for all types of commercial properties. This is leading to a change in the way buildings are designed, built and used. While the emphasis remains on environmental performance in the form of energy efficiency and cost reduction, social value is also moving to the forefront as local authorities seek to promote better socio-economic outcomes through planning strategies.

Investors

Sustainability is rapidly gaining prominence among the investment community, as investors integrate ESG criteria into their investment decisions to reduce investment risk. This is reflected in broader market trends that have seen growing capital inflows into ESG funds. Conversations with investors about our sustainability approach and performance have similarly increased.

Reputation and talent

Environmental and progressive priorities are growing among the population, meaning a visible commitment to operating in a responsible manner and upholding high standards of governance are valued and necessary to maintain reputations. As the sustainability agenda evolves, this proposition will extend to the wider environmental and social value. Communicating as a responsible business is key to attracting and retaining the talent necessary to grow and builds trust among our stakeholders.

Industry benchmarking

Investor trends are supported by the growth of sustainability benchmarking initiatives, led by the European Real Estate Association's Sustainability Best Practice Recommendations, and the Global Real Estate Sustainability Benchmark ("GRESB") which has grown rapidly over the past decade to cover real estate and infrastructure assets valued at $4.5 trillion in 2019. These promote greater transparency around the reporting and evaluation of sustainability-related risks and opportunities and enable comparison to support decision making among the investment community.

Increasing significance of climate-related risks

Heightened warnings about the rate of greenhouse gas emissions in the atmosphere have been accompanied by the growing frequency of severe weather-related events. A 2°C or higher scenario is likely to result in an increase in both transitional and physical risks that could affect our operations, from policy and market-related risks to flooding and sustained higher temperatures. Embedding resilience within our operations and portfolio is therefore essential to protecting our business and assets, and those of our tenants. Greater transparency around the impact and mitigation of climate-related risks is promoted by the Task Force on Climate-Related Financial Disclosures ("TCFD") which has been adopted by the business and financial community to strengthen the reporting of climate-related risk.

SUSTAINABILITY REPORT CONTINUED

Our current approach

Our current approach to sustainability follows industry practice by aiming to maximise and maintain property value and occupier appeal, reduce exposure to key risks in acquisitions and ensure best practice asset management.

We currently focus on two complementary measures which are within our control, namely to improve energy efficiency and reduce greenhouse gas emissions associated with energy consumption through our acquisition and asset management procedures.

Our activities are supported by a robust approach to corporate governance and the Investment Advisor's dedicated management team.

1. Investment decisions

Environmental aspects are integrated into all stages of the portfolio life cycle, starting with asset selection and acquisition. We perform environmental due diligence as part of the acquisition process to identify and carefully assess environmental risks including flood risks, site contamination and EPC ratings.

The assessment allows us to understand any mitigation required and the investment versus return opportunity.

Maintenance and regeneration are an important consideration during the acquisition process. Tilstone, together with external specialists, assesses the improvement potential of individual assets.

This includes examining land usage and the buildings' external fabric, mechanical and electrical systems, to form a view on the investment required to meet current regulations, tenant requirements and/or criteria for the viable regeneration of land.

2. Asset management

With our pro-active approach to asset management, we continuously seek to increase the wider stakeholder values attributable to each asset.

We budget to spend 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.

Such measures also contribute to improved EPC ratings and we have targeted a minimum EPC rating of 39 to 54 SAP points (E rating) across our portfolio. Since ownership we have taken 24 units out of an historic F and G rating, to ensure ongoing compliance with government regulation. We use the opportunity to target capital expenditure towards improvements in the operational performance of each asset, benefiting their marketability and rental growth potential.

By way of example, at one asset, responding to increased frequency of flash flooding, surface water drainage has been replaced, together with the introduction of weirs within guttering to increase flow capacity and successfully remove the risk of flooding.

Tilstone prioritises the continued investment in its team, to ensure it can offer the best possible service to us and our tenants. This is achieved by recruiting a diverse group of talented individuals and by creating a supportive atmosphere in which they can thrive, sharing experiences and learning from each other, underpinned by strong employment standards.

Case study

Witan Park, Witney

See pages 26 and 27

Case study

Nexus, Knowsley

See pages 28 and 29

Case study

Stadium Industrial Estate, Luton

See pages 30 and 31

3. Social

Health and safety

66% independent Board members

33% female Board members

Strong tenant relationships

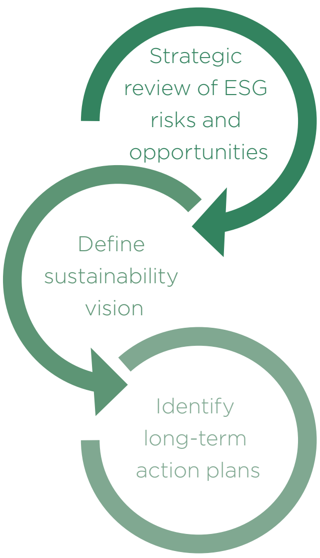
4. Governance

The Company's corporate governance structure, policies and procedures are explained in detail in the corporate governance section of this report.

We have created an informal team, including our Chairman Neil Kirton and the Investment Advisor's Managing Director, Andrew Bird, to oversee sustainability issues such as capital expenditure on improvements in energy efficiency and reviewing sustainability-related risks.

See pages 55 to 84

Our ambitions



The sustainability agenda is evolving rapidly. We are at the start of our sustainability journey, but have ambitious plans to fully capture the value we can create through a pro-active and targeted sustainability strategy.

In this respect, during the next 12 months we will undertake three complementary workstreams that will define a new strategic framework for the Group, as we aim to become a recognised leader in our sector.

As a start, we will conduct a much deeper review of the principal sustainability risks facing our business and sector, ensuring our efforts are directed at the most significant opportunities to deliver tangible benefits for our stakeholders, and across the scope of our activities.

We will use the findings to update our sustainability vision and framework, and identify key focus areas and related objectives.

Finally, we will develop a practical action plan aligned to these focus areas. This will include robust sustainability management procedures, associated policy documents, data collection requirements and goal setting covering our ESG impacts, to demonstrate our commitment to best-in-class sustainability management and transparency.

RISK MANAGEMENT AND PRINCIPAL RISKS

Effective risk management is essential for the successful delivery of our ambitions.

Risk management framework

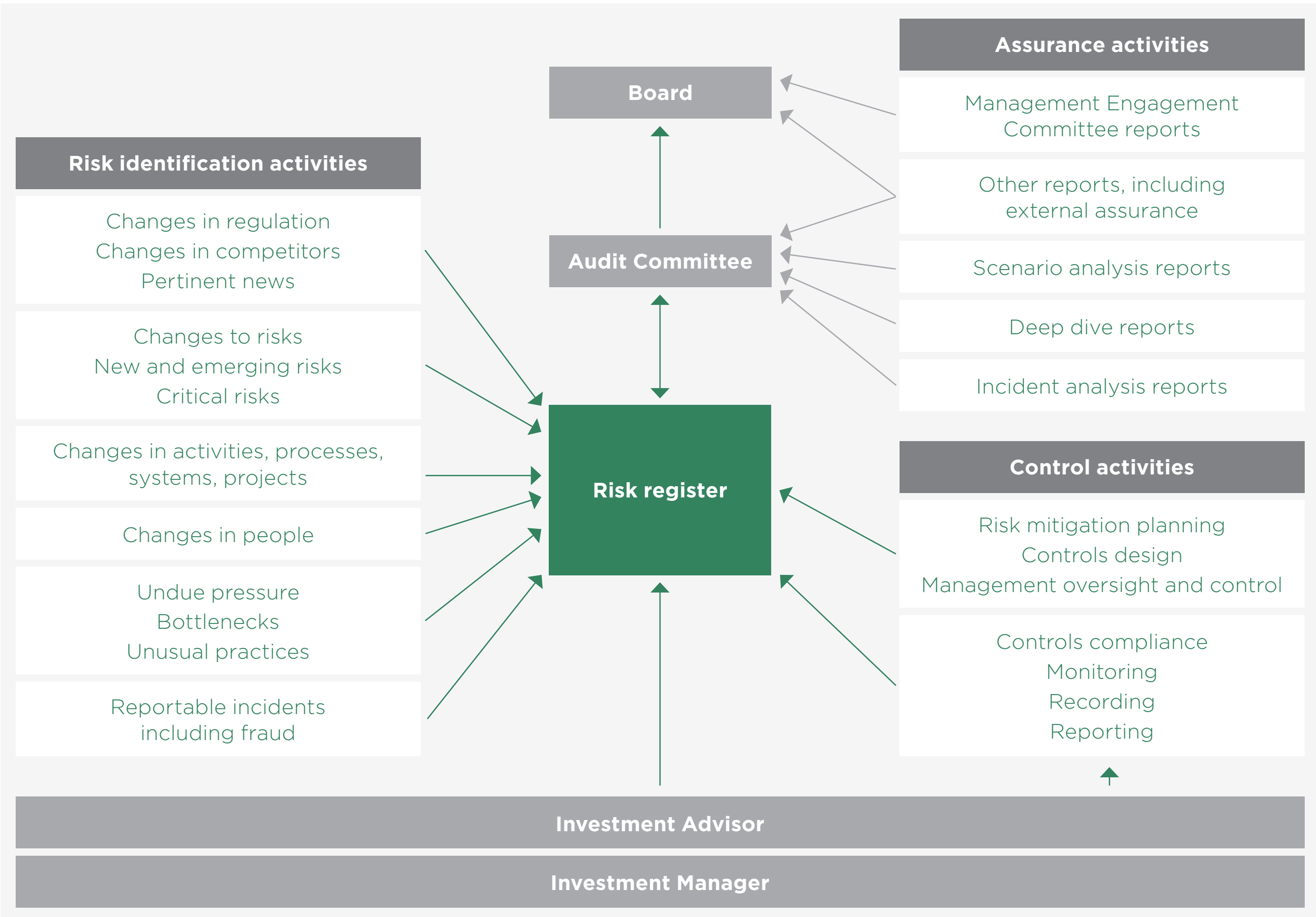
To ensure that risks are recognised and appropriately managed, the Board has agreed a formal risk management framework. This framework sets out the mechanisms through which the Board identifies, evaluates and monitors its principal risks and the effectiveness of the controls in place to mitigate them. This includes:

- the Board's review and approval of a detailed corporate risk register, which records and evaluates significant business, financial, operational, compliance and reputational risks;
- determination of those risks considered to be principal risks to the business; and
- receipt and consideration of information about the management of risks, from both contracted service providers and independent sources.

The Board determines the level of risk it will accept in achieving our business objectives, and this has not changed during the year. We have no appetite for risk in relation to regulatory compliance or the health, safety and welfare of our tenants, the staff of our contractors and service providers, and the wider community in which we work.

We continue to have a moderate appetite for risk in relation to activities which drive revenues and increase financial returns for our investors.

The Audit Committee has considered the effectiveness of the risk management process, and reviewed the corporate risks and those risks which are considered 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 approved the list of principal risks.



The Investment Manager and Investment Advisor have primary roles alongside the Board and Audit Committee, assisting with the understanding of the risk framework, its translation into operational risk management and measurement activities, and compliance with those activities to enable 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, including the Investment Manager and Investment Advisor, and includes the effectiveness of their risk management processes within its performance evaluation.

Emerging risks

The risk management process includes the Board's identification, consideration and assessment of those emerging risks which may impact the Group. Emerging risks are specifically covered in the risk framework, with assessments made both during the regular quarterly risk review and as potentially significant risks rise during the year.

The quarterly assessment includes input from the Investment Advisor and review of information by the Investment Manager, prior to consideration by the Audit Committee. Key emerging risks considered during the year include:

- uncertainty around the impact of the Brexit transitional arrangements – this is not currently considered to be a significant risk for the REIT, as assets and the majority of tenants are based in the UK and there is considerable diversity of tenants and assets. The Board and Audit Committee receive and consider information relating to the risk profile of the portfolio throughout the year.
- the impact of the COVID-19 pandemic – this has been evaluated as a significant risk, and has been included within the summary of principal risks and mitigations.

The identification and evaluation of emerging risks is effective, through the strength and experience of the Board, the experience of the Investment Manager, and the depth and breadth of experience and market knowledge of the Investment Advisor. The process includes a forward look at planned activities and the associated risks, and the assessment of external risk factors and their likelihood and impact.

Our risk categories

We categorise our risks into the following groups, although we recognise that they are often inextricably linked.

Business risks which relate to the delivery of our business as a whole, including strategy, market, systems and processes and stakeholders.

Operational risks which focus on the REIT's core business, such as portfolio composition and management, developments, valuation and tenancy management.

Compliance risks which relate to the regulatory environment in which we operate, including the requirements of the FCA, AIM, and general business regulations.

Financial risks arising from our strategy for the funding of business operations, including investors, joint ventures, debt and cash management, and which include market, credit and liquidity risk.

Reputational risks which are those risks which could damage the business's reputation with stakeholders or in the wider marketplace.

Further information about our internal control and risk management procedures can be found in the corporate governance statement on pages 62 to 69. Our principal financial risks, our policies for managing them and our policy and practice with regard to financial instruments are summarised in note 25 to the financial statements.

Principal risks

A principal risk is a risk that is considered material to the Group's development, performance, position or future prospects.

The 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;
- 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 Board, through the Audit Committee, has undertaken a robust assessment and review of the principal risks facing the Group, together with a review of any new risks which may have arisen during the period, including those that would threaten our business model, future performance, solvency or liquidity.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

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

Business risks

1 Impact of the COVID-19 pandemic
2 Poor performance of the Investment Advisor
3 Poor returns on portfolio
4 Significant volatility in interest rates

Operational risks

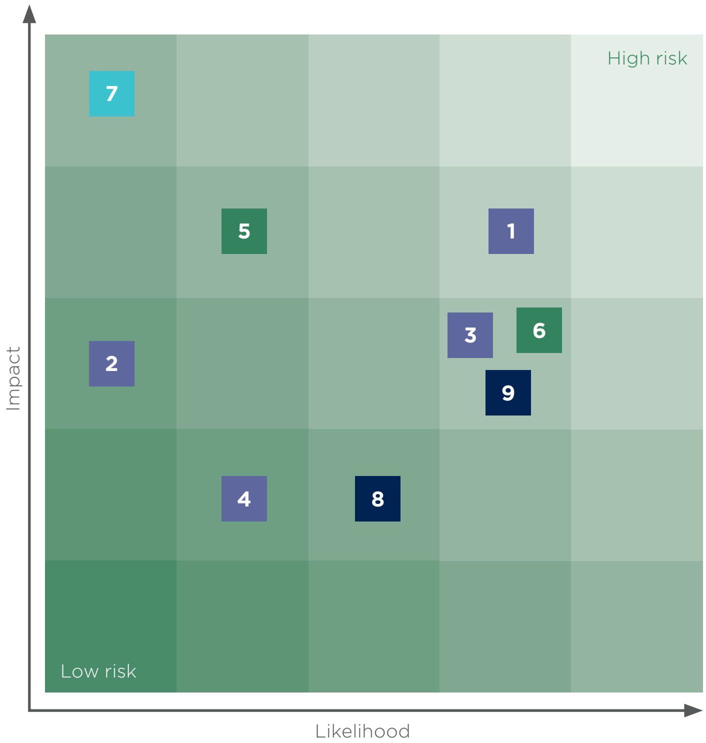
5 Acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment strategy
6 Inability to attract investors

Compliance risks

7 Loss of REIT status

Financial risks

8 Breach of borrowing policy or loan covenants
9 Significant rent arrears and irrecoverable debt



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 risk changes arising from business activities in the delivery of our ambitions. In some cases the evaluation of the business's exposure to a risk has changed during the year, but in most cases, the principal risks themselves remain consistent. One new principal risk, relating to the impact of the COVID-19 pandemic, has been added.

This COVID-19 pandemic risk may have a significant impact on all aspects of the business and in addition to evaluating exposure as an individual risk, the assessment of exposure for each of the other principal risks has been reconsidered. It is difficult for the Board to assess the best or worst case outcomes, as the likely duration of the pandemic suppression measures are not known. A number of additional controls and monitoring routines have been put in place by the Investment Advisor to support tenants and provide clear visibility of the position and trends over time.

Overall, the pandemic may affect delivery of our ambitions, as commercial, liquidity and funding challenges may restrict our ability to grow the business, and slow our ability to deliver on our business strategy.

Business risks

Risk	Potential impact	Mitigation
1 Impact of the COVID-19 pandemic Change: N Business model link:	In addition to the immediate health and social care risks, the potential impact of the pandemic is significant, including: • commercial – potential loss of tenants, increase in bad debts, and increase in void rates and costs • financial – impact on banking covenants, asset values, returns and potentially dividend • reduced quality of services and support from professional advisors and service providers.	The underlying strength of the business is the diverse tenant base, with 560 tenants across the portfolio at 31 March 2020. We do not rely on any one organisation or sector for significant proportions of our business. However, it is likely that the pandemic will have an impact across all commercial and business activities. A range of enhanced controls and mitigations have been put in place, including initially daily calls with the Investment Advisor and weekly debtors and issue monitoring. Different working arrangements have been implemented for both the Investment Advisor's asset managers and the outsourced Property Managers, which are designed to maintain safe, regular contact and dialogue with tenants, to provide the Board with clear visibility of significant issues and risks arising. The outsourced operating model offers additional resilience, as staff resource absences are more easily covered, and in most cases those providing services to the REIT were already operating with remote working arrangements. The Board is constantly assessing the position, with additional mitigations possible. For example, there is the ability to flex expenditure, such as capital expenditure, refurbishments and some discretionary costs.
2 Poor performance of the Investment Advisor Change: Business model link: Strategy link: **Investment** **Asset management**	If the Investment Advisor does not perform as anticipated, there is potentially a significant risk to our success.	A formal, detailed contract is in place between the REIT and the Investment Advisor, setting out the requirements and expectations of each party. The Board and the Investment Advisor frequently liaise, 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 significantly 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 transactions, including the acquisition and disposal of assets. The Investment Advisor further invested in its compliance framework during the year, with enhanced tools and records put in place. The Management Engagement Committee carries out an annual formal service review of the Investment Advisor. Further information about the outcome of this review for the year ended 31 March 2020 is included in the corporate governance section of this report, on page 77.

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
3 Poor returns on portfolio Change: Increase Business model link: Review and approve transactions; Create value through asset management; Recycle capital Strategy link: **Investment**	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 the exposure here has increased primarily because of the potential impact of the COVID-19 pandemic.	The Board uses its expertise and experience to set our investment strategy and seeks external advice to underpin its decisions, for example independent asset valuations. There are complex 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 to the portfolio, both acquisitions and disposals, require specific Board approval. The Board regularly reviews performance statistics against forecasts and targets.
4 Significant volatility in interest rates Change: Decrease Business model link: Identify assets to acquire; Create value through asset management; Recycle capital Strategy link: **Financial**	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, and during the year have entered into a new funding arrangement with a consortium, which has enabled the REIT to benefit from improved margin. In addition, the arrangement provides a five-year facility, with significant headroom, at commercially attractive rates.

Operational risks

Risk	Potential impact	Mitigation
5 Acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment policy Change: No change Business model link: Identify assets to acquire; Review and approve transactions Strategy link: **Investment**	Inappropriate acquisitions could reduce our returns and increase risk.	We have a clearly defined investment policy, with processes and controls designed to ensure that acquisitions are made only if they comply with it. Our acquisition and disposal protocols set out robust, documented due diligence processes for all key areas of consideration, including portfolio mix, property type and quality, legal issues, environmental requirements, sector, and quality of tenant. Where appropriate, external expertise is sought, for example on environmental issues and property valuations. The protocols specifically exclude assets with some high-risk category tenants (such as waste or recycling) from consideration. 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

- 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

Operational risks

Risk	Potential impact	Mitigation
6 Inability to attract investors Change: Increase Business model link: Identify assets to acquire; Create value through asset management; Recycle capital Strategy link: **Financial**	If we cannot attract additional investors, there would be a potential impact on the share price, and on our ability to raise funds and deliver the strategy. The investor base increased during the year, following the fundraise in April 2019, but we have, in common with other businesses, been affected by the market impact of the COVID-19 pandemic.	The quality of our performance is inherent to our ability to attract additional investment. Portfolio performance and results are subject to regular and detailed review by the Board. The Board also regularly reviews the Investment Advisor's performance, both formally and informally. We have regular investor communications exercises, setting out our activities, forecasts, performance and plans.

Compliance risks

Risk	Potential impact	Mitigation
7 Loss of REIT status Change: No change Business model link: Create value through asset management; Recycle capital	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. 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 is continuously monitored.

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

Financial risks

Risk	Potential impact	Mitigation
8 Breach of borrowing policy or loan covenants Change: Increase Business model link: Review and approve transactions; Create value through asset management; Recycle capital Strategy link: **Financial**	Breaching borrowing policies and/or loan covenants may affect our ability to obtain additional funding, either through investment or financing. The increase in exposure is driven by the COVID-19 pandemic as, although borrowing can to a great extent be controlled, in the unlikely event of a significant drop in portfolio values, compliance with the borrowing policy or loan covenants 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. LTVs are reviewed regularly and investment decisions take these into account.
9 Significant rent arrears and irrecoverable debt Change: Increase Business model link: Monitor and manage investments; Create value through asset management Strategy link: **Financial**	A significant loss of rental income through bad debts could have a material impact on our ability to meet our financial forecasts. The increase in potential exposure is again driven by our consideration of the impact of the COVID-19 pandemic on the general economy.	We have a large and diverse tenant portfolio, which means we do not have a high level of exposure to any specific sector or organisation. We undertake robust due diligence on tenants, which is subsequently supported by effective credit control processes. The Investment Advisor continually monitors our exposure to larger tenants, 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. Additional weekly debtors monitoring arrangements have been implemented, to ensure that we have the most up-to-date view of the position, and the Investment Advisor's Asset and Property Managers maintain regular contact and relationships with tenants.

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. More recently, the Board has been meeting on a weekly basis, in conjunction with the Investment Advisor, to review the current uncertainties created by the COVID-19 pandemic, 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 £5.5 million of cash and £33.5 million of headroom readily available under the RCF facility. The Group is operating comfortably within its covenants and 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 24.7% or rents by 57.0%, when compared with 31 March 2020, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 27 May 2020, 89.9% of rents invoiced in March in relation to the quarter to June were received or 94.0% including rents contracted to be received monthly.

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 2023, 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 49 to 52 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 tenants, 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, individually and in aggregate, along with consideration for potential mitigating factors. The key sensitivities applied to the model are a downturn in economic outlook and restricted availability of finance, specifically:

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

GOING CONCERN AND VIABILITY STATEMENT CONTINUED

Assessment of viability continued

Given the unpredictable nature of the COVID-19 outbreak, how rapidly responses to the outbreak are changing and the uncertainty as to the extent and impact of social distancing measures, the Board is unable to predict the full extent of the impact. The key sensitivities applied have been more extreme than in previous reviews, including a loss of 50% of rental income, significantly in excess of the Investment Advisor's assessment of tenants with an adequate or poor expectation of recovery of 16%, over a period of six months, on the basis that the UK Government's actions and the flexibility of warehouse space to respond to changes in occupational demands should see the current economic turbulence normalise over that time period.

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 turbulence 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

1 June 2020

WHAT'S IN THIS SECTION

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

We remain committed to the highest standards of corporate governance.

Neil Kirton
Chairman

We have now completed our second full year as a public company. We remain committed to the highest standards of corporate governance and we set out during the year to progress the governance mandate, ensuring that we began to integrate several non-financial considerations into your Company's operations.

While the financial goals and returns from your Company's assets remain key, our long-term future will only be secured by demonstrating the highest standards of integrity and ethics in the way we interact with our stakeholders. In the last few months, as the COVID-19 crisis has enveloped the world, we have worked very hard to ensure that we interact with our tenants and suppliers sensitively and fairly. We also spoke to a large number of current and potential investors at the end of March, continuing a consistent and busy programme of communications with them. Seeking long-term relationships with all our stakeholders is a key objective and this requires openness and a universal commitment to full engagement. It also requires us as a Board to understand how and where we need to evolve and I believe that during the year to 31 March 2020 we worked very hard to implement that. More information on our engagement with stakeholders and how we took their views into account in our decision making can be found in the section 172 statement on page 21.

AIC Code 2019 – Principles

Board leadership and purpose	Division of responsibilities	Composition, succession and evaluation	Audit, risk and internal control	Remuneration

During the year we reviewed our compliance with the Corporate Governance Code released by the AIC (the "Code"). I am pleased to say that we were already complying with the majority of the provisions of the Code and we have responded in areas where we were not. Details of this follow in the report, but specifically we reviewed each Board member's commercial commitments and their impact on the time they can devote to your Company. During the year we also appointed Lynette Lackey, Chair of the Audit Committee, to the Management Engagement Committee. Her skills and experience have proven a great fit for the Board.

All the Board members have devoted significant time to your Company, both during the early parts of the financial year and particularly in the last few weeks. From March, the Board has been meeting once a week to review detailed written updates from Tilstone and fully discuss how we manage through the current environment. These discussions have been extremely valuable.

As we did in the last financial year, we staged a second strategy day – again chaired by my colleague Aimée Pitman. As part of this process we engaged an external consultant to advise us and independently assess and report to the Board on the execution of our strategy, developments within our asset class and our approach to generating long-term growth for our shareholders.

We have also published a Modern Slavery Statement, which is available on the Company's website. More importantly, we have integrated the statement and our core beliefs into our day-to-day operations, while ensuring that our suppliers and others commit to the same standards. Our approach to wider ESG matters is set out in the sustainability section on pages 42 to 45.

Returning to the AIC Code, one of the recommendations covers the issue of culture, purpose and values. We reiterate elsewhere our strategy, but I am reminded that last year I commented on both the differing backgrounds of the Board members and how pleased I was at the way we had worked together as a group and with Tilstone. As your Company moves forward, all of us are committed to building on what we have achieved so far and making your Company a success in both financial and non-financial terms.

Neil Kirton
Chairman

1 June 2020

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

Neil has over 25 years of experience working in the securities and investment banking industries in the City of London and is presently a managing director and co-regional head (EMEA) at Kroll, a division of Duff and Phelps.

He is also a non-executive director of Ingenta plc. 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.

Neil was appointed as a Director and Chairman of the Company on 1 August 2017.

Aimée Pitman
Non-Executive Director

Aimée runs her own strategy consulting business, Pitman & Co. Consulting. She has over 30 years' experience in strategy development across various sectors, most notably real estate, travel and leisure, and financial services. As an independent consultant, she works as a client director alongside the partners of 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.

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

Aimée was appointed as a Director of the Company on 1 August 2017.

Lynette Lackey
Non-Executive Director

Lynette is a chartered accountant and experienced non-executive director with considerable knowledge of the real estate sector. Lynette is a non-executive director of Places for People Group and chair of the regulated board of the group. She was previously the senior independent director and chair of the group audit and risk committee of the group board. Lynette is also a member of council at the London Chamber of Commerce & Industry.

Lynette previously spent ten years as a partner of BDO LLP, where she was responsible for a portfolio of real estate investor and developer clients. Her experience also includes being a former partner in Greenside Real Estate Solutions as well as the chairman 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.

Lynette was appointed as a Director of the Company on 15 November 2018.

Key to Committees Audit Committee | Management Engagement Committee | Nomination Committee

Martin Meech

Senior Independent Non-Executive Director

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. In this role, he oversees the group's freehold portfolio, with a market value in excess of £700 million.

Martin has operational experience gained as property director for over 30 years. He is also a former non-executive director of Quintain Estates and Development plc, chairman of the BRC Property Advisory Group and a member of the Bank of England Property Forum. Martin is a Fellow of the Royal Institution of Chartered Surveyors.

Martin was appointed as a Director of the Company on 1 August 2017.

Simon Hope

Non-Executive Director (non-independent)

Simon leads the real estate investment teams at Savills. He was on the Savills plc board from 1999 to 2010, and has sat on the group executive board since 2008. His customers have included Lloyds Bank plc, LondonMetric Property plc, Employees' Provident Fund, Barlows plc, State of Michigan Pension Fund and Hansteen Holdings plc. He helped to establish the Charities Fund Property Board in 2001, 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.

As part of Savills Investment Management, Simon 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%. Simon is the non-executive chairman of Tilstone and represents Tilstone on the Board.

Simon was appointed as a Director of the Company on 24 July 2017.

Stephen Barrow

Non-Executive Director (non-independent)

Stephen is an experienced global equity investor. He is currently a member of the advisory board of Glia Ecosystems Limited and a non-employee partner of Absolute Return Partners in Richmond, where he manages his own portfolio. 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.

Stephen was appointed as a Director of the Company on 24 July 2017.

INVESTMENT ADVISOR

The Board has appointed Tilstone Partners Limited to provide day-to-day management 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 59.

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 managing director of Tilstone, Andrew takes overall responsibility for strategy, direction and business performance.

Prior to founding Tilstone, in 1994, Andrew was appointed as property director to the board of Barlows plc, 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

Peter Greenslade
Finance 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 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.

During the year ended 31 March 2020, the Company has complied with the AIC Code of Corporate Governance, 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 for which are explained in this statement. The Company considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders.

The Board has considered the principles and recommendations of the AIC Code published in February 2019, which sets out new principles and provisions regarding matters including stakeholder management and culture of companies. A copy of the AIC Code can be obtained via the AIC website, **www.theaic.co.uk**.

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 58 and 59. The Directors consider that they commit sufficient time to the Company's affairs.

Each Director has been appointed for an initial three-year term, subject to re-election at each AGM (see page 65). 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.

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 Secretary and will be available at the AGM. 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.

Structure of the Board

	Audit Committee	Management Engagement Committee	Nomination Committee	Independent/ Non-independent	Male/Female
Neil Kirton[1]		✔	✔	Independent	Male
Aimée Pitman[2]	✔	✔		Independent	Female
Lynette Lackey[3]	✔	✔		Independent	Female
Martin Meech	✔	✔	✔	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.

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 tenants 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.

Read our section 172 statement on page 21.

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. In May 2020, the Company published its first Modern Slavery Statement, which 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 2020 are set out in the strategic report on pages 18 to 21.

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 scheduled Board and Committee meetings during the year ended 31 March 2020, against the number of meetings each Board member was eligible to attend:

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Neil Kirton	5/5	–	1/1	1/1
Aimée Pitman	5/5	3/3	1/1	–
Lynette Lackey[1]	5/5	3/3	–	–
Martin Meech	4/5[2]	3/3	1/1	1/1
Simon Hope	4/5[2]	–	–	1/1
Stephen Barrow	5/5	–	–	–

1. Lynette Lackey was appointed to the Management Engagement Committee on 27 January 2020.
2. Absent as the relevant meeting was required to be rescheduled at short notice. To the extent that meetings were missed, notice was provided and apologies given to the Chair of the respective meeting.

Additional Board meetings were also held during the period. Meetings were held in January 2020 to approve acquisitions and in respect of the re-financing of the debt facilities. In March 2020, meetings were held in respect of the placing, open offer, offer for subscription and intermediaries offer. The Board also held a strategy meeting during the year. During recent weeks, the Board has met almost weekly following the COVID-19 outbreak.

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 and discussed the outcome with the Chairman.

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 2020, 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 and is therefore considered to be a non-independent Director. Stephen Barrow is also a director of several companies owned by Tilstone and is therefore considered to be a non-independent Director. Both Simon Hope and Stephen Barrow have cross-directorships in Tilstone Partners Limited and Greenstone Oxford Limited and are both LLP members of Tilstone Investments 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, the Board has agreed 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 2020, 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), 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.

Key Board activities during the year

May 2019

- Updates from Committee Chairs
- Approval of preliminary results for the year ended 31 March 2019 and fourth interim dividend for the 2019 financial year
- Review of going concern and long-term viability statements
- Review of the Company's compliance with the new AIC Code

June 2019

- Approval of Annual Report and Financial Statements for the year ended 31 March 2019 and Notice of AGM

August 2019

- Approval of first interim dividend for the 2020 financial year

September 2019

- Consideration of AGM matters

November 2019

- Approval of Half-yearly Report and second interim dividend for the 2020 financial year
- Updates from Committee Chairs

December 2019

- Review of the Company's environmental, social and governance arrangements, including further consideration of its key stakeholders
- Review of key strategic developments of the Company

January 2020

- Updates from Committee Chairs
- Review of the Company's environmental, social and governance arrangements, including consideration of its key stakeholders and Chairman tenure
- Appointment of Lynette Lackey as a member of the Management Engagement Committee
- Approval of third interim dividend for the 2020 financial year

March 2020

- Publication of a prospectus in connection with proposed placing, open offer, offer for subscription and intermediaries offer to raise gross proceeds of up to £100 million
- Consideration of general meeting matters, including adjournment of general meeting due to market uncertainty caused by the global spread of COVID-19

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.

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

The Nomination Committee comprises Neil Kirton, Simon Hope and Martin Meech. 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 70 and 71.

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 72 to 75.

Management Engagement Committee

The Management Engagement Committee comprises Aimée Pitman (Chair), Neil Kirton, Lynette Lackey and Martin Meech, all of whom are independent Non-Executive Directors. The Chairman of the Board is a member of the Committee.

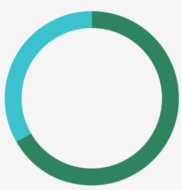
A report from the Chair of the Management Engagement Committee is set out on pages 76 and 77.

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.

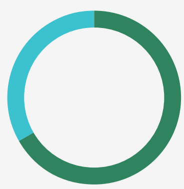
Structure of the Board

Board structure



Independent	4
Non-independent	2

Gender split



Male	4
Female	2

CORPORATE GOVERNANCE STATEMENT CONTINUED

How governance supported the delivery of the Company's strategy during the year ended 31 March 2020

As noted on page 62, 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 22 and 23 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 10 to 12.

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; and • 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 56 and 57 for more information). Read more about the acquisitions in the year in the Investment Advisor's report on pages 32 to 41.
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 2021. Read more about asset management during the year in the Investment Advisor's report on pages 32 to 41.
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 debt levels and reviewed the hedging strategy, approving the new five-year facility entered into during January 2020. The Board approved the share issuance that completed on 2 April 2019 and the issue of a prospectus that was released on 5 March 2020 in relation to the postponed equity raise. Read more about financing activity during the year in the Investment Advisor's report on pages 32 to 41.

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 weakness 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;
- financial risk; and
- reputational risk.

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 46 to 52.

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 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 140. 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 to AIM, dispatched to shareholders depending on their communication preference and made available from the 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

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 2020 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 58 and 59. 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

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 new AIC Code.

Neil Kirton

Chair of the Nomination Committee

1 June 2020

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

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 three times during the year ended 31 March 2020 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 2019, this included a review of a paper from the Investment Advisor reviewing the impact of an economic downturn in relation to the Company's retail assets, which was agreed to be immaterial and manageable due to the minimum exposure to retail assets. In recent weeks, the corporate risk register has been reviewed more regularly in light of the COVID-19 pandemic, resulting in the addition of one new principal risk being added to the register, as described on page 49.

The Audit Committee has reviewed whether an internal audit function would be of value 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 2020.

AUDIT COMMITTEE REPORT CONTINUED

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 valuation of property assets is an area of judgement that could materially affect the financial statements. The Audit Committee therefore considered and discussed the valuation of the Group's investment properties as at 31 March 2020, particularly the impact of the COVID-19 pandemic in the final weeks of 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 2020.
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 2020.
Going concern and long-term viability of the Company	This is another area of judgement, with particular forecasting challenges and uncertainty underpinning key assumptions currently. The Audit Committee considered the Company's financial requirements for the next 12 months, particularly in light of the uncertainties created by the COVID-19 pandemic, 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 2023, 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 53 and 54.

Following the consideration of the above matters 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 £135,000 has been agreed in respect of the audit for the year ended 31 March 2020. This incorporates a fee of £105,000 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:

- tax advice for a fee of £231,000;
- reporting accountant services in connection with the prospectus issued by the Company on 12 March 2019, for a fee of £95,000;
- reporting accountant services for the prospectus issued on 5 March 2020, for a fee of £83,000; and
- due diligence services in respect of an acquisition, for a fee of £60,000.

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 101.

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 and the threat 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.

Deloitte LLP has been the Auditor to the Company since launch in September 2017. No tender for the audit of the Company has been undertaken. 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.

Re-appointment of the Auditor

Following consideration of the Auditor's performance, the services provided during the year and a review of its independence and objectivity, the Audit Committee has recommended to the Board the re-appointment of Deloitte LLP as Auditor to the Company.

Lynette Lackey

Chair of the Audit Committee

1 June 2020

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

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.

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 2020 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 83. 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.

Extension of term of Investment Management Agreement

The Board, on the recommendation of the Management Engagement Committee, has agreed with the Investment Advisor the intention to defer the earliest date for the service of notice to terminate the Investment Management Agreement between the Company, the Investment Manager and the Investment Advisor from August 2020 to August 2023, subject to consultation with shareholders and the Company's Nominated Advisor and Broker.

Aimée Pitman

Chair of the Management Engagement Committee

1 June 2020

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance 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 put the Directors' remuneration report or Directors' remuneration policy to shareholders for approval, but has decided to do so voluntarily in order to give shareholders a say 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 this remuneration policy was proposed at the AGM held on 19 September 2018. The resolution was passed, and the policy provisions set out below will apply until they are next put to shareholders for renewal of that approval, which will be at intervals of not more than three years or in any year where remuneration policy changes are proposed. There will be no significant change in the way the current, approved remuneration policy will be implemented in the course of the next financial year.

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 effective from 1 January 2019: £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.

Remuneration report

Directors' fees for the year

The Directors who served in the year to 31 March 2020 received the following emoluments:

	Year ended 31 March 2020		Year ended 31 March 2019	
	Fees £'000	**Total £'000**	Fees £'000	Total £'000
Neil Kirton	**45**	**45**	37	37
Aimée Pitman	**35**	**35**	30	30
Lynette Lackey[1]	**35**	**35**	13	13
Simon Hope	**—**	**—**	—	—
Martin Meech	**35**	**35**	30	30
Stephen Barrow	**—**	**—**	—	—
	150	**150**	110	110

1. Appointed as a Director on 15 November 2018.

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 2020 Number of shares	As at 31 March 2019 Number of shares
Neil Kirton[1]	**300,000**	200,000
Aimée Pitman[2]	**412,167**	151,000
Lynette Lackey[3]	**25,000**	—
Martin Meech[4]	**200,000**	100,000
Simon Hope[5]	**7,137,854**	6,845,966
Stephen Barrow[6]	**7,170,562**	6,430,562

1. 100,000 of these shares are held by Mr Kirton's spouse.
2. 188,353 of these shares are held by Ms Pitman's spouse.
3. Appointed as a Director on 15 November 2018.
4. 100,000 of these shares are held by Mr Meech's spouse.
5. 3,502,071 of these shares are held by Mr Hope's spouse, whilst 257,250 are held by his children.
6. 3,215,281 of these shares are held by Mr Barrow's spouse and 350,000 by his children.

There have been no changes to these holdings between 31 March 2020 and the date of this report.

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration report continued

Voting at Annual General Meeting

The Directors' remuneration report for the year ended 31 March 2019 and the Directors' remuneration policy were approved by shareholders at the AGMs held on 16 September 2019 and 19 September 2018 respectively. The votes cast by proxy were as follows:

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	98,298,636	99.99	62,012,251	99.43
Against	9,974	0.01	184,700	0.30
At Chairman's discretion	2,327	—	167,226	0.27
Total votes cast	**98,310,937**	**100.00**	**62,364,177**	**100.00**
Number of votes withheld	11,697		20,032	

Approval

The Directors' remuneration report was approved by the Board on 1 June 2020.

On behalf of the Board

Neil Kirton

Chairman

1 June 2020

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

Corporate governance

The corporate governance statement on pages 62 to 69 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 58 and 59.

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 16 September 2019, the Directors were granted:

(i) the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £1,585,676 (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 £792,838 (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 (being an aggregate nominal amount of £120,127) 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 an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles.

No shares have been issued under these authorities, which will expire at the Company's AGM to be held in September 2020 where resolutions for their renewal will be proposed.

On 5 March 2020, the Company published a prospectus in relation to a placing, open offer, offer for subscription and intermediaries offer to raise gross proceeds of approximately £100 million. As a result of the current market uncertainty caused by the global spread of COVID-19, the Company took the decision to postpone the potential equity fundraise.

Purchase of own shares

At the AGM held on 16 September 2019, 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 2020 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 2020 and the date of this report, there were 240,254,043 ordinary shares of £0.01 each in issue, none of which are held in treasury.

DIRECTORS' REPORT CONTINUED

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 1 to 54.

Dividends totalling 6.2 pence per ordinary share have been paid or declared in respect of the year ended 31 March 2020, further details of which can be found in the Investment Advisor's report on page 38.

No final dividend is being proposed.

The Company's dividend policy is set out on pages 22 and 23 in the strategic report.

Substantial shareholdings

As at 31 March 2020, the Company had been informed of the following notifiable interests in the voting rights of the Company:

	Number of ordinary shares held	% of total voting rights
Investec Wealth & Investment Limited	50,434,745	20.99
M&G Plc	19,432,369	8.09
Hawksmoor Investment Management Limited	8,181,542	3.41
Premier Fund Managers Limited	8,000,000	3.33

The Company has been informed of the following changes between 31 March 2020 and the date of this report:

	Number of ordinary shares held	% of total voting rights
Smith & Williamson Holdings Limited	12,536,528	5.22

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 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.

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.

The Investment Management Agreement is for a five-year term from the date of Admission and is terminable on 24 months' notice in writing by either party, served no earlier than the third anniversary of Admission. 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 approximately 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 which range from £750 per tenant per annum to £6,500 per asset 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.

DIRECTORS' REPORT CONTINUED

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 £61,974 per annum (exclusive of VAT) in respect of the Company and £804 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.

Deloitte LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-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 third AGM will be held on 14 September 2020. The Notice of the AGM will be circulated to shareholders separately.

By order of the Board

Link Company Matters Limited
Company Secretary

1 June 2020

WHAT'S IN THIS SECTION

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") as adopted by the European Union.

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 UKLA.

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 as adopted by the European Union, 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

1 June 2020

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 and parent Company 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 IFRS as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions 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 matters that we identified in the current year were: • valuation of investment property; and • impact of COVID-19 on going concern. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £5.2 million, which was determined on the basis of 2% of net assets. In addition, a lower materiality of £1.2 million was determined on the basis of 8% of EPRA earnings for amounts in the statement of comprehensive income.
Scoping	The Group is made up of 20 components: • seven components were subject to a full scope audit; • three components were subject to an audit of specified account balances; and • ten 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 change in our approach has been the identification of going concern as a key audit matter. This has been done as a result of the increased uncertainty around forecasting as a result of COVID-19. This has been explained in more detail in the key audit matters section below. There have been no other significant changes to our approach.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 matter 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 2020 (excluding leasehold land recorded as a finance lease) was £450.5 million (31 March 2019: £307.4 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 make 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. As detailed in note 13, in applying the Royal Institution of Chartered Surveyors ("RICS") Valuation Global Standards 2020 ("Red Book"), the valuer has declared a 'material valuation uncertainty' in their valuation report. This is on the basis that market activity is being impacted in many sectors as a result of COVID-19 such that as at the valuation date they consider that they can attach less weight to previous market evidence for comparison purposes to inform opinions of value, and that a higher degree of caution should be attached to their valuation. The Audit Committee report on page 72 to 75 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. Together with our real estate experts, who are chartered surveyors, we 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 by reviewing the significant assumptions in the valuation process, including changes to assumptions as a result of COVID-19. We tested a sample of investment properties by benchmarking against external appropriate property indices and understanding the valuation methodology and the wider market analysis. We reviewed 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 considered the impact of the material uncertainty, through discussions with the external valuers, management and our real estate experts. We assessed the completeness and accuracy of the data provided by the Group to the valuers for the purposes of their valuation exercise. We reviewed management's assessment and disclosure of the impact of COVID-19 on the fair value of the Group's investment property portfolio in respect of occupier demand and solvency, and the performance of assets and the material uncertainty relating to the portfolio.
Key observations	While we note the increased estimation uncertainty in relation to the property valuation as a result of COVID-19, we considered the valuation inputs adopted are appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of Warehouse REIT plc

5. Key audit matters continued

5.2. Impact of COVID-19 on going concern

Key audit matter description

Management and the Board have considered the potential impact of the events that have been caused by the global pandemic of COVID-19 on the current and future operations of the business. In doing so, management and the Board have had particular focus on the Group's ability to continue as a going concern.

As a result of the impact of COVID-19 on the real estate sector, the wider economy and the Group, management, the Board and the Audit Committee have spent a large amount of time to fully consider the implications for Warehouse REIT plc. This included creating a revised base case scenario to reflect the impacts of COVID-19, performing additional sensitivity analysis and assessing the results of these on compliance with covenants and the REIT regime, and identifying potential mitigating actions that could be taken to mitigate the adverse impacts of COVID-19.

We have also spent a large amount of time to understand and challenge management's assessment. As such, we have determined that management's consideration of the potential impact of COVID-19 on going concern to be a key audit matter.

The Audit Committee report on page 74 discloses this as a significant financial matter and further details are disclosed in the going concern and viability statement on pages 53 and 54 and the basis of preparation note in note 2 to the financial statements.

How the scope of our audit responded to the key audit matter

In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following procedures:

- tested the design and implementation of key controls identified relating to the going concern process;
- discussed with management the impact assessments applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business and the sector;
- reviewed management's sensitivity scenarios, which also includes potential mitigating actions available to confirm they are within management's control;
- assessed the availability of liquid resources under different scenarios modelled by management, and the associated covenant tests applied;
- assessed additional downside sensitivities and considered the impact on covenants and compliance with the REIT regime; and
- reviewed disclosures relating to going concern and the impact of COVID-19.

Key observations

Based on the information available at the time of the Directors' approval of the financial statements, we consider that the preparation of the financial statements on a going concern basis remains appropriate.

6. Our application of materiality

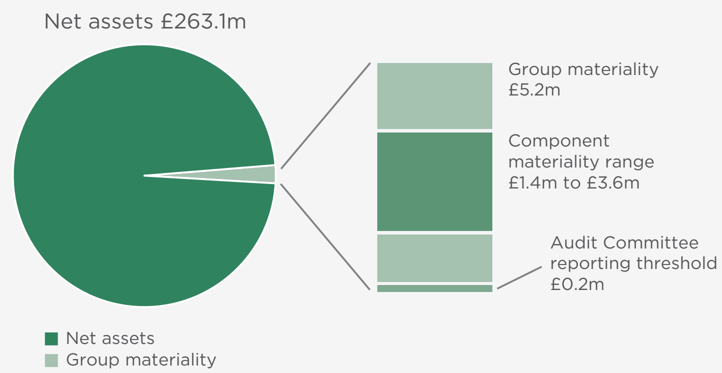
6.1. Materiality

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	£5.2 million (2019: £3.6 million)	£3.6 million (2019: £2.2 million)
Basis for determining materiality	2% (2019: 2%) of net assets	Parent Company materiality represents 1.5% (2019: 1.5%) of parent Company net assets.
Rationale for the benchmark applied	We have used the net assets value as at 31 March 2020 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.	We have used the net assets value as at 31 March 2020 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 £1.2 million (2019: £0.8 million), which was determined on the basis of 8% (2019: 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. 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 performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

a. the quality of the control environment; and

b. the nature, volume and low level of misstatements (corrected and uncorrected) in the previous audit.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2 million (2019: £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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of Warehouse REIT plc

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 20 components (2019: 17), with the increase on prior year relating to the incorporation of two new dormant subsidiaries and an asset acquisition made in a corporate wrapper.

A full scope audit was performed for seven components, which traded throughout the period. Audits of specified account balances were performed on three entities, which traded for part of the period. The remaining ten entities were not in the scope of our Group audit.

This provided the audit team with 99% (2019: 99%) coverage of revenue, profit before tax and net assets.

Component materiality ranged from £1.4 million to £3.6 million (2019: £1.4 million to £3.5 million), with a lower level component materiality for amounts in the statement of comprehensive income ranging from £0.2 million to £0.9 million (2019: £0.2 million to £0.6 million).

All audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team. At the parent entity 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 components not subject to audit or audit of specified account balances.

8. Other information

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

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

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 respect of these matters.

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.

Report on other legal and regulatory requirements

11. 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 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.

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

12.1 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.

12.2 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.

13. 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
Gatwick, United Kingdom

1 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

Continuing operations	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	3	**30,053**	21,985
Property operating expenses	4	**(3,930)**	(3,407)
Gross profit		**26,123**	18,578
Administration expenses	4	**(5,032)**	(3,398)
Property and acquisition provision	19	**—**	(2,164)
Operating profit before gains on investment properties		**21,091**	13,016
Fair value gains on investment properties	13	**5,104**	11,229
Realised gain on disposal of investment properties	13	**934**	3,494
Operating profit		**27,129**	27,739
Finance income	7	**30**	11
Finance expenses	8	**(6,483)**	(4,972)
Profit before tax		**20,676**	22,778
Taxation	9	**—**	(5)
Total comprehensive income for the period		**20,676**	22,773
Earnings per share (basic and diluted) (pence)	12	**8.6**	13.7

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 98 to 121 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Assets			
Non-current assets			
Investment property	13	**459,088**	311,791
Interest rate derivatives	16	**22**	249
		459,110	312,040
Current assets			
Cash and cash equivalents	14	**5,483**	4,866
Trade and other receivables	15	**6,408**	4,400
		11,891	9,266
Total assets		**471,001**	321,306
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(183,190)**	(125,510)
Other payables and accrued expenses	19	**(4,500)**	—
Head lease liability	18	**(8,319)**	(4,170)
		(196,009)	(129,680)
Current liabilities			
Other payables and accrued expenses	19	**(6,497)**	(3,996)
Property and acquisition provision	19	**—**	(1,434)
Deferred income	19	**(4,888)**	(3,585)
Head lease liability	18	**(488)**	(284)
		(11,873)	(9,299)
Total liabilities		**(207,882)**	(138,979)
Net assets		**263,119**	182,327
Equity			
Share capital	20	**2,403**	1,660
Share premium	21	**74,028**	—
Capital reduction reserve	22	**161,149**	161,149
Retained earnings	22	**25,539**	19,518
Total equity		**263,119**	182,327
Number of shares in issue (thousands)		**240,254**	166,000
Net asset value per share (basic and diluted) (pence)	23	**109.5**	109.8

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 1 June 2020 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 98 to 121 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 March 2018		1,660	—	6,705	161,149	169,514
Total comprehensive income		—	—	22,773	—	22,773
Dividends paid	11	—	—	(9,960)	—	(9,960)
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**

The accompanying notes on pages 98 to 121 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities			
Operating profit		**27,129**	27,739
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	**(5,104)**	(11,229)
Realised gains on disposal of investment properties	13	**(934)**	(3,494)
Head lease asset depreciation	4	**110**	50
Property and acquisition provision	19	**—**	2,164
Operating cash flows before movements in working capital		**21,201**	15,230
(Increase)/decrease in other receivables and prepayments		**(2,410)**	491
Increase in other payables and accrued expenses		**3,365**	200
Movement in property and acquisition provision		**(1,434)**	(730)
Tax paid		**—**	(5)
Net cash flow generated from operating activities		**20,722**	15,186
Cash flows from investing activities			
Acquisition of investment properties		**(144,700)**	(21,057)
Capital expenditure		**(3,378)**	(1,740)
Development expenditure		**(236)**	(297)
Disposal of investment properties		**16,355**	18,654
Net cash used in investing activities		**(131,959)**	(4,440)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	21	**76,482**	—
Share issuance costs paid	21	**(1,711)**	—
Bank loans drawn down	17	**320,000**	21,550
Bank loans repaid	17	**(260,500)**	(19,000)
Interest received	7	**30**	11
Interest rate derivative premium		**—**	(595)
Loan interest and other finance expenses paid		**(4,524)**	(3,557)
Loan issue costs paid		**(2,761)**	(599)
Head lease payments		**(507)**	(302)
Dividends paid in the period	11	**(14,655)**	(9,960)
Net cash flow generated/(used) from financing activities		**111,854**	(12,452)
Net increase/(decrease) in cash and cash equivalents		**617**	(1,706)
Cash and cash equivalents at start of the period		**4,866**	6,572
Cash and cash equivalents at end of the period	14	**5,483**	4,866

The accompanying notes on pages 98 to 121 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 2020 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 1 June 2020. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 1 to 54.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The financial statements have been prepared under the historical cost convention, except for investment property, which has been measured at fair value. 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 a loss of 50% of rental income for a period of six months and taking into account mitigating management actions. Further effects of the post year end COVID-19 outbreak are documented in the risk management and principal risks section on page 49. 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 2019, which have been considered and applied as follows:

- IFRS 16 Leases. In January 2016, the IASB published the final version of IFRS 16 Leases. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leasing arrangements. The new standard results in almost all leases held as lessee being recognised on the balance sheet, as the distinction between operating and finance leases is removed. However, IFRS 16 has not impacted operating leases held by the Group where the Group is lessor.

  Under IFRS 16, where the Group is lessee, it recognises the right-to-use asset in the consolidated statement of financial position at fair value and this is amortised over the life of the lease. Amortisation is recognised in the consolidated statement of comprehensive income. In addition, a financial liability is recognised in the consolidated statement of financial position which is valued at the present value of future lease payments using the discount rate implicit in the lease, if readily determinable, or, if not, the Group's incremental borrowing rate. Previously, under IAS 17, finance lease liabilities were measured at fair value which is not materially different to the present value of the future lease payments using an appropriate discount rate.

  Therefore, the adoption of IFRS 16 has an immaterial impact on net assets and an immaterial impact on underlying profit/(loss) before tax. Accordingly, comparative amounts have not been restated and adjustments in opening retained earnings have not been recognised.

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

- Amendments to IFRS 9;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- Amendments to IAS 28 Long Term Interests in Associates and Joint Ventures; and
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement.

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 2020 or later. The Group is not adopting these standards early. The following are the most relevant to the Group:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Annual improvements to IFRS 2015-2017 Cycle: amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs;
- IFRS 17 – Insurance Contracts; and
- Revised Conceptual Framework for financial reporting: the IASB has issued a revised Conceptual Framework for future standard setting decisions. No changes will be made to any of the current standards.

The Group does not expect the adoption of new accounting standards issued but not yet effective to have a significant impact on its 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.

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 2020. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

3. Revenue

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Rental income	**28,513**	20,656
Insurance recharged	**663**	548
Dilapidation income	**877**	781
Total	**30,053**	21,985

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.

Amounts received from tenants 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 2020 £'000	Year ended 31 March 2019 £'000
Premises expenses	**2,446**	2,468
Insurance	**818**	600
Rates	**376**	44
Utilities	**170**	50
Loss allowance	**120**	245
Property operating expenses	**3,930**	3,407
Investment management fees	**2,812**	1,888
Directors' remuneration	**150**	110
Head lease asset depreciation	**110**	50
Other administration expenses	**1,584**	1,350
Costs of postponed equity raise	**376**	–
Administration expenses	**5,032**	3,398
Total	**8,962**	6,805

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 2020 £'000	Year ended 31 March 2019 £'000
Neil Kirton	**45**	37
Lynette Lackey	**35**	13
Martin Meech	**35**	30
Aimée Pitman	**35**	30
Total	**150**	110

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.

6. Auditor's remuneration

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Audit fee	**135**	120
Total	**135**	120

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 2020 £'000	Year ended 31 March 2019 £'000
Period-end Annual Report and Financial Statements	**105**	92
Subsidiary accounts	**30**	28
Total	**135**	120

Non-audit fees are comprised of the following:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Services in respect of an acquisition	**60**	—
Services in respect of a terminated acquisition	**—**	50
Tax advice	**231**	—
Services provided as reporting accountant on equity raise	**95**	—
Services provided as reporting accountant on postponed equity raise	**83**	—
Total	**469**	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

7. Finance income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Income from cash and short-term deposits	**30**	11
Total	**30**	11

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 2020 £'000	Year ended 31 March 2019 £'000
Loan interest	**4,717**	3,822
Head lease interest	**597**	302
Loan arrangement fees amortised[1]	**941**	491
Bank charges	**1**	11
	6,256	4,626
Change in fair value of interest rate derivatives	**227**	346
Total	**6,483**	4,972

1. This includes accelerated amortisation of £375,000 given the substantial modification to the term loan following the refinance that took place in January 2020. Refer to note 17 for details of the refinancing.

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 2020 £'000	Year ended 31 March 2019 £'000
Corporation tax on residual income for prior period	–	5
Total	**–**	5

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit before tax	**20,676**	22,778
Corporation tax at 19.0% (2019: 19.0%)	**3,928**	4,328
Change in value of investment properties	**(1,147)**	(2,797)
Tax exempt property rental business	**(2,781)**	(1,531)
Corporation tax on residual income for prior period	**–**	5
Total	**–**	5

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 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.

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 2020 are as follows:

	31 March 2020 £'000	31 March 2019 £'000
Within one year	**27,868**	17,198
Between one and five years	**63,500**	47,068
More than five years	**31,528**	22,585
Total	**122,896**	86,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

11. Dividends

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

For the year ended 31 March 2019	Pence per share	£'000
Interim dividend for period ended 31 March 2018 paid on 6 July 2018	1.50	2,490
First interim dividend for year ended 31 March 2019 paid on 28 September 2018	1.50	2,490
Second interim dividend for year ended 31 March 2019 paid on 28 December 2018	1.50	2,490
Third interim dividend for year ended 31 March 2019 paid on 29 March 2019	1.50	2,490
Total dividends paid during the year	6.00	9,960
Paid as:		
Property income distributions	5.65	9,379
Non-property income distributions	0.35	581
Total	6.00	9,960

As a REIT, the Group is required to pay PIDs equal to at least 90% of the property rental business profits of the Group.

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 2020 £'000	Year ended 31 March 2019 £'000
IFRS earnings	**20,676**	22,773
EPRA earnings adjustments:		
Profit on disposal of investment properties	**(934)**	(3,494)
Fair value gains on investment properties	**(5,104)**	(11,229)
Changes in fair value of interest rate derivatives	**227**	346
Accelerated amortisation of loan issue costs	**375**	—
EPRA earnings	**15,240**	8,396
Group-specific earnings adjustments:		
Costs of postponed equity raise	**376**	—
Property and acquisition provision	**—**	2,164
Adjusted earnings	**15,616**	10,560

	31 March 2020 Pence	31 March 2019 Pence
Basic IFRS EPS	**8.6**	13.7
Diluted IFRS EPS	**8.6**	13.7
EPRA EPS	**6.3**	5.1
Adjusted EPS	**6.5**	6.4

	31 March 2020 Number of shares	31 March 2019 Number of shares
Weighted average number of shares in issue (thousands)	**240,051**	166,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

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 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**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2018	287,800	3,200	291,000
Acquisition of properties	18,199	—	18,199
Capital expenditure	1,820	297	2,117
Disposal of properties	(15,160)	—	(15,160)
Fair value gains on revaluation of investment property	11,526	(297)	11,229
Total portfolio valuation per valuer's report	304,185	3,200	307,385
Adjustment for head lease obligations	4,406	—	4,406
Carrying value at 31 March 2019	308,591	3,200	311,791

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.

Gains realised on disposal of investment property

	31 March 2020 £'000	31 March 2019 £'000
Net proceeds from disposals of investment property during the year	**16,355**	18,654
Carrying value of disposals	**(15,421)**	(15,160)
Gains realised on disposal of investment property	**934**	3,494

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 we expect 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 2020 or the year ended 31 March 2019.

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 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	**5,483**	4,866
Total	**5,483**	4,866

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 2020

15. Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000
Rent and insurance receivables	**3,075**	2,358
Prepayments	**229**	69
Other receivables	**3,104**	1,973
Total	**6,408**	4,400

The rent and insurance receivables balance represents gross receivables of £3,650,000 (31 March 2019: £2,623,000), net of a provision of £575,000 (31 March 2019: £265,000). £190,000 (31 March 2019: £nil) 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 2020 £'000	31 March 2019 £'000
At the start of the period	**249**	–
Interest rate cap premium paid	**–**	595
Changes in fair value of interest rate derivatives	**(227)**	(346)
Balance at the end of the period	**22**	249

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 2020 £'000	31 March 2019 £'000
At the beginning of the year	**127,000**	124,450
Drawn in the year	**320,000**	21,550
Repaid in the year	**(260,500)**	(19,000)
Interest-bearing loans and borrowings	**186,500**	127,000
Unamortised fees at the beginning of the year	**(1,490)**	(1,398)
Loan arrangement fees paid in the year	**(2,761)**	(583)
Amortisation charge for the year	**941**	491
Unamortised loan arrangement fees	**(3,310)**	(1,490)
Loan balance less unamortised loan arrangement fees	**183,190**	125,510

As at 31 March 2019, the Group had a five-year RCF of £105.0 million at a coupon of 2.25% above LIBOR and a £30.0 million fixed-term loan on the same terms; both facilities were due to expire on 30 November 2020.

On 22 January 2020, the Group entered into a new five-year £220.0 million loan facility, to replace the existing HSBC facility totalling £210.0 million. The facility comprises a £157.0 million term loan and a £63.0 million RCF and has been agreed with a club of lenders consisting of HSBC Bank plc, Barclays Bank plc, Bank of Ireland and Royal Bank of Canada. The facility is at a margin of 2.0% 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 facility is secured on all properties within the portfolio. As at 31 March 2020, there is £33.5 million (31 March 2019: £8.0 million) available to draw on the RCF.

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.

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 loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

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 2020 £'000	31 March 2019 £'000
Current liabilities		
Within one year	**488**	284
Non-current liabilities		
After one year but not more than five years	**1,892**	1,034
Later than five years	**6,427**	3,136
Total	**8,807**	4,454

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Head lease liability – opening balance	**4,454**	4,068
Cash flows	**(507)**	(302)
Non-cash movements		
Interest	**597**	281
Additions	**4,274**	407
Head lease accrual	**(11)**	—
Head lease obligations – closing balance	**8,807**	4,454

The following table analyses the minimum lease payments under non-cancellable head leases for each of the following periods:

	31 March 2020 £'000	31 March 2019 £'000
Current liabilities		
Within one year	**634**	326
Non-current liabilities		
After one year but not more than five years	**2,534**	1,303
Later than five years	**52,523**	26,945
Total	**55,691**	28,574

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, provisions and deferred income

	31 March 2020 £'000	31 March 2019 £'000
Property operating expenses payable	1,500	514
Administration expenses payable	2,404	1,467
Loan interest payable	980	784
Capital expenses payable	377	80
Other expenses payable	1,236	1,151
Total other payables and accrued expenses – current	6,497	3,996

	31 March 2020 £'000	31 March 2019 £'000
Capital expenses payable	4,500	—
Total other payables and accrued expenses – non-current	4,500	—

Capital expenses payable includes deferred consideration of £4,500,000 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 2020 £'000	31 March 2019 £'000
Property and acquisition provision brought forward	1,434	—
Provision recognised in the period	—	2,164
Costs incurred in the period	(1,434)	(730)
Property and acquisition provision carried forward	—	1,434

The property and acquisition provision comprises costs associated with a terminated acquisition and one-off costs associated with the default of a tenant at Deeside who entered into administration.

	31 March 2020 £'000	31 March 2019 £'000
Total deferred income	4,888	3,585

The deferred income balance is stated net of bad debt provision in relation to rents invoiced in advance of £190,000 (31 March 2019: £nil).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

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 2020 £'000	Number	31 March 2019 £'000
Authorised, issued and fully paid:				
At the start of the period	166,000,000	1,660	166,000,000	1,660
Shares issued	74,254,043	743	—	—
Balance at the end of the period	240,254,043	2,403	166,000,000	1,660

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 2 April 2019, the Company raised gross proceeds of £76.5 million through a placing, open offer and offer for subscription. In total, the Company issued 74,254,043 new ordinary shares at 103.0 pence each.

21. Share premium

Share premium comprises the following amounts:

	31 March 2020 £'000	31 March 2019 £'000
At the start of the period	—	—
Shares issued	75,739	—
Share issue costs	(1,711)	—
Share premium	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 2020 £'000	31 March 2019 £'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.

Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 March 2020 £'000	31 March 2019 £'000
Total unrealised gains on investment properties	**20,671**	15,892
Total unrealised loss on interest rate caps	**(119)**	(346)
Total realised profits	**31,262**	15,592
Dividends paid from revenue profits	**(26,275)**	(11,620)
Retained earnings	**25,539**	19,518

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 2020, the Company had distributable reserves available of £166,136,000 (31 March 2019: £165,121,000).

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 2020 £'000	31 March 2019 £'000
IFRS net assets attributable to ordinary shareholders	**263,119**	182,327
IFRS net assets for calculation of NAV	**263,119**	182,327
Adjustment to net assets:		
Fair value of interest rate derivatives (see note 16)	**(22)**	(249)
EPRA net assets	**263,097**	182,078

	31 March 2020 Pence	31 March 2019 Pence
IFRS basic and diluted NAV per share (pence)	**109.5**	109.8
EPRA NAV per share (pence)	**109.5**	109.7

	31 March 2020 Number of shares	31 March 2019 Number of shares
Number of shares in issue (thousands)	**240,254**	166,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

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 a variable interest rate of 2.0% 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).

In line with market practice since the COVID-19 outbreak, the valuer's report notes a material uncertainty relating to property valuations in the current environment. This uncertainty can arise from difficulties with inspecting properties due to the outbreak or reduced access to evidential data, such as comparable transactions. At any time, property valuations are inherently subjective as they are made on the basis of assumptions by the valuer which may not prove to be accurate. For these reasons, consistent with EPRA's guidance, we have classified the valuations of the property portfolio as Level 3 as defined by IFRS 13; see table on page 115 for further details.

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.

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 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**

	31 March 2019			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	307,385	307,385
Interest rate derivatives	—	249	—	249
Total	—	249	307,385	307,634

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 table below 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 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			

31 March 2019	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£304,185	Income capitalisation	ERV Equivalent yield	£25,000 – £1,490,000 per annum 5.2% – 13.1%
Development property and land	£3,200	Comparable method/ residual method	Various	
	£307,385			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

24. Fair value continued

Sensitivity analysis to significant changes in unobservable inputs within the valuation of investment properties continued

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 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**

As at 31 March 2019	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	15,369	(15,369)
Change in net equivalent yields of 25 basis points	(10,036)	10,757

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £5,104,000 (31 March 2019: £11,229,000) 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.

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 £450,520,000 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 10% 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 tenants.

The following table analyses the Group's exposure to credit risk:

	31 March 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	**5,483**	4,866
Trade and other receivables[1]	**3,910**	3,389
Total	**9,393**	8,255

1. Excludes lease incentive debtor and prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

25. Financial risk management objectives and policies continued

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:

		2020		2019	
	Fair value hierarchy	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Held at amortised cost					
Cash and cash equivalents	n/a	**5,483**	**5,483**	4,866	4,866
Trade and other receivables[1]	n/a	**3,910**	**3,910**	3,389	3,389
Other payables and accrued expenses[2]	n/a	**(10,157)**	**(10,157)**	(3,285)	(3,285)
Head lease liabilities	n/a	**(8,807)**	**(8,807)**	(4,454)	(4,454)
Interest-bearing loans and borrowings	n/a	**(183,190)**	**(183,190)**	(125,510)	(125,510)
Held at fair value					
Interest rate derivatives (assets)	2	**22**	**22**	249	249

1. Excludes lease incentive debtor and 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 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**

Year ended 31 March 2019	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	—	2,886	3,842	138,525	—	145,253
Other payables and accrued expenses	2,477	1,519	—	—	—	3,996
Head lease obligations	—	284	552	482	3,136	4,454
Total	2,477	4,689	4,394	139,007	3,136	153,703

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 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 (previously Quantum North Limited)[1,2]	UK	100 ordinary shares	100%
Warehouse 18 Limited[1,2]	UK	100 ordinary shares	100%
Warehouse 1234 Limited[1,2]	UK	100 ordinary shares	100%
Chip (One) Limited[3]	IOM	7,545,347 ordinary shares	100%
Chip (Two) Limited[3,5]	IOM	1,250,780 ordinary shares	100%
Chip (Three) Limited[3,5]	IOM	755,045 ordinary shares	100%
Chip (Four) Limited[3]	IOM	10 ordinary shares	100%
Chip (Five) Limited[3]	IOM	8,461,919 ordinary shares	100%
Chip (Ipswich) One Limited[3]	IOM	2 ordinary shares	100%
Chip (Ipswich) Two Limited[3]	IOM	2 ordinary shares	100%
Glashen Services Limited[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: IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP.
4. Registered office: Merchants House, 24 North Quay, Douglas, Isle of Man IM1 4LE.
5. Dissolved post year end on 28 April 2020.

The principal activity of all the subsidiaries relates to property investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2020

26. Subsidiaries continued

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.

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 2019: £110,000) and at 31 March 2020, a balance of £nil (31 March 2019: £nil) was outstanding. Further information is given in note 5 and in the Directors' remuneration report on pages 78 to 80.

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. Refer to pages 82 and 83 of the Directors' report for further information.

During the year, the Group incurred £2,812,000 (31 March 2019: £1,888,000) in respect of investment management fees. As at 31 March 2020, £810,230 (31 March 2019: £465,000) was outstanding.

Subsidiaries

As at 31 March 2020, the Company owned a 100% controlling stake in Tilstone Holdings Limited, Tilstone Warehouse Holdco 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 (previously Quantum North Limited), CHIP (One) Limited, Warehouse 18 Limited, Warehouse 1234 Limited, CHIP (Two) Limited, CHIP (Three) Limited, CHIP (Four) Limited, CHIP (Five) Limited, CHIP (Ipswich) One Limited, CHIP (Ipswich) Two Limited, and Glashen Services Limited.

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 2020 of 1.6 pence per share will be payable on 3 July 2020 to shareholders on the register on 12 June 2020. The ex-dividend date will be 11 June 2020.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	33	**25,913**	25,913
		25,913	25,913
Current assets			
Cash and cash equivalents	34	**63**	18
Trade and other receivables	35	**184,690**	124,716
		184,753	124,734
Total assets		**210,666**	150,647
Liabilities			
Current liabilities			
Other payables and accrued expenses	36	**(2,221)**	(1,028)
Total liabilities		**(2,221)**	(1,028)
Net assets		**208,445**	149,619
Equity			
Share capital		**2,403**	1,660
Share premium		**74,028**	—
Capital reduction reserve		**161,149**	161,149
Retained earnings		**(29,135)**	(13,190)
Total equity		**208,445**	149,619
Number of shares in issue (thousands)		**240,254**	166,000
Net asset value per share (basic and diluted) (pence)		**86.8**	90.1

The Company reported a loss for the year ended 31 March 2020 of £1,290,000 (year ended 31 March 2019: loss of £1,237,000).

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 1 June 2020 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 125 and 126 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 March 2018	1,660	—	(1,993)	161,149	160,816
Total comprehensive expense	—	—	(1,237)	—	(1,237)
Dividends paid	—	—	(9,960)	—	(9,960)
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**

The accompanying notes on pages 125 and 126 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities		
Operating loss	**(1,201)**	(1,233)
Adjustments to reconcile profit for the period to net cash flows:		
Increase in other receivables and prepayments	**(240)**	(219)
Increase/(decrease) in other payables	**777**	(31)
Tax paid	**—**	(5)
Net cash flow used in operating activities	**(664)**	(1,488)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**76,482**	—
Share issuance costs paid	**(1,711)**	—
(Transferred to)/received from subsidiary companies	**(59,418)**	11,362
Interest received	**19**	1
Finance expenses	**(8)**	(1)
Dividends paid in the period	**(14,655)**	(9,960)
Net cash flow generated from financing activities	**709**	1,402
Net increase/(decrease) in cash and cash equivalents	**45**	(86)
Cash and cash equivalents at the start of the period	**18**	104
Cash and cash equivalents at the end of the period	**63**	18

The accompanying notes on pages 125 and 126 form an integral part of these Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 IASB as adopted by the European Union. 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 98 to 121.

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 2020 £'000	31 March 2019 £'000
Investment in subsidiary companies		
Total carrying value	**25,913**	25,913
Total	**25,913**	25,913

	31 March 2020 £'000	31 March 2019 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	**21,017**	21,017
Tilstone Warehouse Holdco Limited	**4,896**	4,896
	25,913	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 2020

34. Cash and cash equivalents

	31 March 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	**63**	18
Total	**63**	18

35. Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000
Amounts due from subsidiary companies	**184,216**	124,482
Prepayments and other receivables	**474**	234
Total	**184,690**	124,716

Loans due from subsidiary companies are unsecured, interest free and repayable on demand.

36. Other payables and accrued expenses

	31 March 2020 £'000	31 March 2019 £'000
Other expenses payable	**2,221**	1,028
Total	**2,221**	1,028

WHAT'S IN THIS SECTION

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2020

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	2020	2019
EPRA EPS (pence)	Table 2	**6.3**	5.1
EPRA NAV per share (pence)	Table 3	**109.5**	109.7
EPRA NNNAV per share (pence)	Table 3	**109.5**	109.8
EPRA NIY	Table 4	**5.9%**	6.1%
EPRA 'topped-up' net initial yield	Table 4	**6.3%**	6.4%
EPRA vacancy rate	Table 5	**6.6%**	8.0%
EPRA cost ratio (including direct vacancy cost)	Table 6	**28.4%**	39.6%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**23.8%**	36.6%

Table 2: EPRA income statement

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	**30,053**	21,985
Less insurance recharged	**(663)**	(548)
Rental income	**29,390**	21,437
Property operating expenses	**(3,930)**	(3,407)
Add back insurance recharged	**663**	548
Gross profit	**26,123**	18,578
Administration expenses	**(5,032)**	(3,398)
Add back costs of postponed equity raise	**376**	—
Adjusted operating profit before interest and tax	**21,467**	15,180
Finance income	**30**	11
Finance expenses	**(6,483)**	(4,972)
Less change in fair value of interest rate derivatives	**227**	346
Less accelerated amortisation of loan issue costs	**375**	—
Adjusted profit before tax	**15,616**	10,565
Tax on adjusted profit	**—**	(5)
Adjusted earnings	**15,616**	10,560
Weighted average number of shares in issue (thousands)	**240,051**	166,000
Adjusted EPS (pence)	**6.5**	6.4

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Adjusted earnings	**15,616**	10,560
Property and acquisition provision	**—**	(2,164)
Costs of postponed equity raise	**(376)**	—
EPRA earnings	**15,240**	8,396
Weighted average number of shares in issue (thousands)	**240,051**	166,000
EPRA EPS (pence)	**6.3**	5.1

EPRA earnings represents earnings from operational activities. It is a key measure of the Group's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

Table 3: EPRA balance sheet

	31 March 2020 £'000	31 March 2019 £'000
Total properties[1]	**450,520**	307,385
Net borrowings[2]	**(181,017)**	(122,134)
Other net liabilities	**(6,384)**	(2,924)
IFRS NAV	**263,119**	182,327
Exclude: fair value of interest rate derivatives	**(22)**	(249)
EPRA net assets	**263,097**	182,078
Include: fair value of interest rate derivatives	**22**	249
EPRA triple net assets	**263,119**	182,327
Number of shares in issue (thousands)	**240,254**	166,000
IFRS NAV per share (pence)	**109.5**	109.8
EPRA NAV per share (pence)	**109.5**	109.7
EPRA NNNAV per share (pence)	**109.5**	109.8
Loan to value ratio[3]	**40.2%**	39.7%

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £186,500,000 (2019: £127,000,000) net of cash of £5,483,000 (2019: £4,866,000).
3. Net borrowings divided by the aggregate fair value of properties.

EPRA NAV represents IFRS adjusted to exclude certain items not expected to crystallise in a long-term investment property business model. It provides stakeholders with the most relevant information on the fair value of the assets and liabilities within the Group given its long-term investment strategy.

EPRA NNNAV is derived from EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes where relevant. It makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within the Group.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

For the year ended 31 March 2020

Table 4: EPRA net initial yield

	31 March 2020 £'000	31 March 2019 £'000
Total properties per external valuers' report	450,520	307,385
Less development property and land	(16,970)	(3,200)
Net valuation of completed properties	433,550	304,185
Add estimated purchasers' costs[4]	29,481	20,685
Gross valuation of completed properties including estimated purchasers' costs (A)	463,031	324,870
Gross passing rents[5] (annualised)	27,829	20,634
Less irrecoverable property costs[5]	(742)	(926)
Net annualised rents (B)	27,087	19,708
Add notional rent on expiry of rent-free periods or other lease incentives[6]	1,875	934
'Topped-up' net annualised rents (C)	28,962	20,642
EPRA NIY (B/A)	5.9%	6.1%
EPRA 'topped-up' net initial yield (C/A)	6.3%	6.4%

4. Estimated purchasers' costs estimated at 6.8%.
5. Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.
6. 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 nine 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 on page 36 calculates net initial yield on topped-up annualised rents but does not deduct non-irrecoverable property costs.

Table 5: EPRA vacancy rate

	31 March 2020 £'000	31 March 2019 £'000
Annualised ERV of vacant premises (D)	2,201	2,004
Annualised ERV for the investment portfolio (E)	33,141	24,920
EPRA vacancy rate (D/E)	6.6%	8.0%

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 2020 £'000	Year ended 31 March 2019 £'000
Property operating expenses	**3,930**	3,407
Add back insurance recharged	**(663)**	(548)
Net property operating expenses	**3,267**	2,859
Administration expenses	**5,032**	3,398
Less cost of postponed equity raise	**(376)**	—
Less ground rents[7]	**(110)**	(50)
Total cost including direct vacancy cost (F)	**7,813**	6,207
Direct vacancy cost	**(1,320)**	(636)
Total cost excluding direct vacancy cost (G)	**6,493**	5,571
Rental income	**29,390**	21,437
Less ground rents paid	**(507)**	(302)
Gross rental income (H)	**28,883**	21,135
Less direct vacancy cost	**(1,320)**	(636)
Net rental income	**27,563**	20,499
Total cost including direct vacancy cost (F/H)	**27.1%**	29.4%
Total cost excluding direct vacancy cost (G/H)	**22.5%**	26.4%

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Total cost including direct vacancy cost (F)	**7,813**	6,207
Cost of postponed equity raise	**376**	—
Property and acquisition provision	**—**	2,164
EPRA total cost (I)	**8,189**	8,371
Direct vacancy cost	**(1,320)**	(636)
EPRA total cost excluding direct vacancy cost (J)	**6,869**	7,735
EPRA cost ratio including direct vacancy cost (I/H)	**28.4%**	39.6%
EPRA cost ratio excluding direct vacancy cost (J/H)	**23.8%**	36.6%

7. Ground rent expenses included within administration expenses such as depreciation of head lease assets.

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 2020 or the year ended 31 March 2019.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

For the year ended 31 March 2020

Table 7: Lease data

	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 2020 £'000	Year ended 31 March 2019 £'000
Acquisitions	**149,665**	18,199
Development spend	**238**	297
Completed investment properties:		
No incremental lettable space – like-for-like portfolio	**2,942**	1,546
No incremental lettable space – other	**107**	24
Tenant incentives	**500**	250
Total capital expenditure	**153,452**	20,316
Conversion from accruals to cash basis	**(5,138)**	2,778
Total capital expenditure on a cash basis	**148,314**	23,094

PROPERTY PORTFOLIO

As at 31 March 2020

Property	Town	Postcode	Area (sq ft)
Murcar Industrial Estate	Aberdeen	AB23 8JW	125,000
North Seaton Industrial Estate	Ashington	NE63 0YH	21,300
Pentagon Retail Park	Ballymena	BT43 5LU	18,000
Tramway Industrial Estate	Banbury	OX16 5TU	150,500
Daneshill Industrial Estate	Basingstoke	RG24 8PD	113,300
Kendal House	Burgess Hill	RH15 9NF	27,000
Rossendale Industrial Estate	Burnley	BB11 5SY	39,300
Falcon Business Park	Burton on Trent	DE14 1SG	29,500
Crown Street	Carlisle	CA2 5AB	25,500
Kingsditch Trading Estate (i)	Cheltenham	GL51 9PL	17,500
Kingsditch Trading Estate (ii)	Cheltenham	GL51 9PL	19,800
Eaton Point	Chorley	PR7 7NA	47,500
Shieling Court	Corby	NN18 9QD	22,300
Austin Drive	Coventry	CV6 7NS	33,100
Chelmarsh	Coventry	CV6 3LT	138,500
Radway Green Business Park	Crewe	CW2 5PR	241,900
Parkway, Deeside Industrial Estate	Deeside	CH5 2NS	60,100
Shaw Lane Industrial Estate	Doncaster	DN2 4SQ	65,600
Delta Court	Doncaster	DN9 3GN	56,600
Peartree Lane Industrial Estate	Dudley	DY2 0QU	20,800
Cairn Court	East Kilbride	G74 4NB	87,200
23 South Gyle Crescent	Edinburgh	EH12 9EB	47,700
South Fort Street Trade Park	Edinburgh	EH6 5PE	26,200
Thornton Road Industrial Estate	Ellesmere Port	CH65 5EX	32,200
Ross Road	Ellesmere Port	CH65 3DB	6,400
Queenslie Industrial Estate	Glasgow	G33 4BD	348,400
Burntbroom Court	Glasgow	G33 4DZ	47,400
Air Cargo Centre	Glasgow	PA3 2AY	149,500
Goodridge Business Park	Gloucester	GL2 5EB	11,700
Unit 7100, Hurricane Road	Gloucester	GL3 4AQ	188,300
Roman Way Industrial Estate	Godmanchester	PE29 2LN	52,800
Europarc	Grimsby	DN37 9TW	64,000
Unit 1, Pegasus Way	Grimsby	DN37 9TS	75,100

PROPERTY PORTFOLIO CONTINUED

As at 31 March 2020

Property	Town	Postcode	Area (sq ft)
Pellon Lane	Halifax	HX1 5RA	20,200
Ikon Trading Estate	Hartlebury	DY10 4EU	160,400
Foxholes Business Park	Hertford	SG13 7QE	17,900
New England Industrial Estate	Hoddesdon	EN11 0BZ	23,200
Nightingale Road	Horsham	RH12 2NW	22,300
Farthing Road Industrial Estate	Ipswich	IP1 5AP	99,900
Yale Business Park	Ipswich	IP3 9RR	30,800
Europa Trading Estate	Kearsley	M26 1GG	40,000
Ashmead Industrial Estate	Keynsham	BS31 1TU	38,200
Nexus	Knowsley	L34 9HX	184,800
Vantage Point	Leeds	LS27 0BN	62,300
Sussex Avenue	Leeds	LS10 2LF	30,100
Roseville Business Park	Leeds	LS8 5DR	29,200
Wyther Lane	Leeds	LS5 3BP	16,000
Haines Park	Leeds	LS7 1QQ	13,100
Meridian Business Park	Leicester	LE19 1UX	114,000
Stadium Industrial Estate	Luton	LU4 0JF	66,200
Wren Industrial Estate	Maidstone	ME15 9YT	19,600
The Oakfield Centre	Manchester	M22 4UX	14,500
Anglia Way	Mansfield	NG18 4LP	20,300
Linkway Trading Estate	Middleton	M24 2AE	48,100
Midpoint 18	Middlewich	CW10 0HS	182,500
Lynx Business Park	Newmarket	CB8 7NY	41,600
Carisbrooke Retail Park	Newport (Isle of Wight)	PO30 5LG	54,000
Celtic Business Park	Newport (Wales)	NP19 4QZ	48,100
Wern Industrial Estate	Newport (Wales)	NP10 9FQ	22,600
Brackmills	Northampton	NN4 7PN	336,000
St James Mill Business Park	Northampton	NN5 5JF	42,400
Sherwood 217	Nottingham	NG15 0DJ	217,400
Oldbury Point	Oldbury	B69 4HT	95,600
Maxwell Road (i)	Peterborough	PE2 7JE	64,300
Maxwell Road (ii)	Peterborough	PE2 7JE	60,500
St Modwen Road	Plymouth	PL6 8LH	66,200
Lincoln Park	Preston	PR5 8NA	32,800
Webb Ellis Industrial Park	Rugby	CV21 2NP	44,600
Jensen Court	Runcorn	WA7 1PJ	55,800

Property	Town	Postcode	Area (sq ft)
Portland Business Park	Sheffield	S13 8HS	59,400
Smeed Dean Centre	Sittingbourne	ME10 3EW	33,900
Pikelaw Place	Skelmersdale	WN8 9PP	124,300
Priestly Court	Stafford	ST18 0LQ	10,000
Stone Business Park	Stone	ST15 0LT	57,400
Groundwell Farm Industrial Estate	Swindon	SN25 5AW	92,300
Tewkesbury Business Park	Tewkesbury	GL20 8HF	59,700
Alpha Close	Tewkesbury	GL20 8HF	54,600
Exeter Way	Theale	RG7 4PL	91,700
Cleton Business Park	Tipton	DY4 7TR	38,400
Birkenshaw Retail Park	Uddingston	G71 5PR	66,700
Wakefield 41	Wakefield	WF2 0XW	53,000
Ryan Business Park	Wareham	BH20 4DY	30,300
Leanne Business Centre	Wareham	BH20 4DY	13,100
Gawsworth Court	Warrington	WA3 6NJ	94,900
Stretton Green Business Park	Warrington	WA4 4TQ	106,100
Glover Industrial Estate	Washington	NE37 3ES	18,800
Links Estate	Weymouth	DT4 9TY	21,500
Foundry Point	Widnes	WA8 8TZ	49,200
Road One	Winsford	CW7 3PL	76,600
Wharton Retail Park	Winsford	CW7 3GZ	18,300
Witan Park Industrial Estate	Witney	OX28 4YQ	112,200
Lynx Trading Estate	Yeovil	BA20 2PJ	24,400

SHAREHOLDER INFORMATION

The Company was incorporated on 24 July 2017. This Annual Report and Financial Statements covers the period from 1 April 2019 to 31 March 2020.

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 240,254,043 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 10% 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.

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 Asset Services. 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 Asset Services, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

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 140. Please have your investor code to hand.

Share capital and net asset value information

Ordinary 1p shares	240,254,043
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 2020
Announcement of final results

July 2020
Payment of fourth interim dividend

September 2020
Annual General Meeting
Half-year end

November 2020
Announcement of half-yearly results

March 2021
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 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
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

EPRA net asset value per share ("EPRA NAV per share")
The NAV per share figure based on EPRA NAV divided by the number of shares outstanding at the balance sheet date

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 '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 adopted by the European Union

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

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

Total accounting return
The movement in EPRA NAV over a period plus dividends paid in the period, expressed as a percentage of the EPRA NAV 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

CONTACT DETAILS OF THE ADVISORS

Investment Manager
G10 Capital Limited
(part of the IQ-EQ Group)
136 Buckingham Palace Road
London SW1W 9SA
Telephone: 020 3696 1306

Investment Advisor
Tilstone Partners Limited

Chester office
Gorse Stacks House
George Street
Chester CH1 3EQ
Telephone: 01244 470 090

London office
33 Cavendish Square
London W1G 0PW
Telephone: 020 3102 9465

Company website
www.warehousereit.co.uk

Administrator
Link Alternative Fund Administrators Limited
(trading as Link Asset Services)
Beaufort House
51 New North Road
Exeter EX4 4EP

Auditor
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Broker and Nominated Advisor
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Depositary
Crestbridge Property Partnerships Limited
8 Sackville Street
London W1S 3DG

Financial PR and IR Advisor
FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD

Legal Advisors
Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London EC2A 2RS

Osborne Clarke LLP
One London Wall
London EC2Y 5EB

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Temple Bright LLP
81 Rivington Street
London EC2A 3AY

Property Managers
Aston Rose (West End) Limited
St. Albans House
57-59 Haymarket
London SW1Y 4QX

Savills plc
33 Margaret Street
London W1G 0JD

Registrar
Link Asset Services
Shareholder Services Department
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0371 664 0300
(or +44 (0)371 664 0300 from outside the UK)
Email: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

Secretary and registered office
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Telephone: 01392 477500

Valuer
CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Designed and produced by
lyonsbennett
www.lyonsbennett.com

ELEMENTAL CHLORINE FREE GUARANTEED
ACID FREE
LONG-LIFE ISO 9706
HEAVY METAL ABSENCE CE 94/62

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

Printed on Splendorgel Extra White, an FSC® mixed sources paper manufactured using pulp from well managed forests at a mill accredited with EMAS and ISO 14001 environmental standards. Printed by CPI Colour, who are ISO 14001 certified, CarbonNeutral® and FSC® chain of custody certified. The inks used are vegetable oil based.

WAREHOUSE REIT

Warehouse REIT plc
33 Cavendish Square
London
W1G 0PW
020 3102 9465

www.warehousereit.co.uk