



16 November 2020

**Warehouse REIT plc
(the 'Company' or 'Warehouse REIT')**

Warehouse REIT to Acquire 570,000 sq ft Warehouse Portfolio for £44 million

-Continues deployment of July equity raise as portfolio passes 7.5 million sq ft-

Warehouse REIT, the AIM-listed company that invests in e-commerce urban and last-mile industrial warehouse assets in the UK, announces that it is to acquire a portfolio of five single-let and multi-let warehouse assets located across the UK (the "Portfolio"), totalling 570,000 sq ft (the "Transaction"), owned by Greenstone Property Holdings Limited ("Greenstone"). The purchase price of £43.6 million reflects an attractive blended net initial yield of 6.7% and provides a combined WAULT of 5.5 years.

Located in established logistics markets, the portfolio is 90 per cent occupied on leases with a total contracted annual rent of £2.95 million. The Portfolio has been independently valued by CBRE as at 29 September 2020 at £44.55 million in aggregate. The individual assets are:

- Gateway Park, which accounts for 56% of the portfolio by value, is a 28-unit industrial estate totalling 220,000 sq ft adjacent to Birmingham Airport and less than two miles from Junction 6 of the M42, a key arterial route in the Midlands. The park generates £1.3 million per annum of contracted rent and is let to a high-quality tenant mix including global 3PL FedEx, pan-European freight distributor Circle Express and Swissport cargo services.
- A 50,000 sq ft unit on Viables Business Park in Basingstoke, occupied on a lease expiring in 2026 by global golf manufacturer TaylorMade and serving as its European headquarters, guaranteed by Adidas. The property is let off a low passing rent of £422,000, reflecting sub £9 p.s.f and is ideally located less than five minutes' drive from the town centre, whilst Junction 6 of the M3, which connects London and the South of England, is just 2.5 miles east of the park.
- Chittening Industrial Estate in Avonmouth, outside of Bristol and within one mile of the new M49 motorway junction, is a 200,000 sq ft, 10-unit scheme generating £545,000 per annum of contracted rent. It is 88% let to a diverse range of tenants including Palletways UK, Encon Insulation and DS Smith.
- A three-unit warehouse property on Newport Road, Cardiff, totalling 50,000 sq ft. The asset generates £519,000 per annum of topped up rent.
- A 54,000 sq ft warehouse in Ebbw Vale, South Wales, leased to global 3PL DHL, on an eight-year term off a low rent reflecting just £3 psf.

These latest additions continue the deployment of July's £153 million equity raise and take Warehouse REIT's portfolio to over seven and a half million sq ft, providing multiple opportunities for value creation through asset management, whilst further improving cost ratio efficiencies.

Andrew Bird, Managing Director of the Investment Advisor, Tilstone Partners Limited, commented: "This is an increasingly rare opportunity to acquire an immediately accretive and diverse portfolio of assets which fits with our stated investment strategy, whilst offering both short and longer-term asset management opportunities through a mixture of vacancy and short income.

"Despite strong competition for industrial assets, as an increasingly diverse range of occupiers seek to ensure their businesses are fit for purpose as e-commerce penetration accelerates, we continue to originate and successfully execute on attractive transactions. The focus remains on deploying the balance of the equity from July's capital raise, leveraging our local market relationships to secure off market opportunities, in order to further improve the portfolio metrics and generate shareholder outperformance."

Background to and details of the Transaction

The Transaction involves the subscription by Warehouse REIT of approximately £32 million in cash for shares in Greenstone (the "Subscription") followed by the acquisition of the shares in Greenstone not already owned by the Company (the "Acquisition"). The Subscription results in the Company owning just under 80% of the issued share capital of Greenstone and values the Portfolio at approximately £43.6 million. The subscription proceeds, which reflect just under 80% of the value of Greenstone on a cash free, debt free basis, will be used by Greenstone for the immediate repayment of £31.6 million of third-party indebtedness.

The Company has also entered into a conditional share sale and purchase agreement for the acquisition, subject to Shareholders' approval, of the shares in Greenstone not already owned by the Company following the Subscription, representing just over 20% of the issued share capital of Greenstone. The consideration of approximately £9.0 million is based on the same pro rata value as the Subscription and will be satisfied by the allotment and issue of 7.6 million Ordinary Shares to the sellers at 118.4 pence per share, being the EPRA Net Tangible Assets per share as at 30 September 2020, which represents a premium of 3.9% to the closing price of 114.0 pence per share on 13 November 2020, being the business day prior to the date of this announcement. The Transaction involves the repayment of £2.7 million of shareholder loans to the sellers.

Prior to the Subscription, Greenstone was owned by Simon Hope and Stephen Barrow, both Directors of Warehouse REIT, and Jenny Barrow, Stephen's wife (the "Sellers"). As a result, the Subscription and Acquisition constitute related party transactions for the purposes of the AIM Rules. With the exception of Simon Hope and Stephen Barrow, who are involved in the Transaction as related parties, the Directors of Warehouse REIT consider, having consulted with Peel Hunt LLP, the Company's Nominated Adviser, that the terms of the Subscription and the Acquisition are fair and reasonable insofar as its shareholders are concerned.

The proposed Acquisition is also a "substantial property transaction" under Section 190 of the Companies Act and is therefore subject to shareholder approval. The resolution to approve the Acquisition (the "Resolution") will be proposed as an ordinary resolution requiring a simple majority of votes (of those present or voting by proxy) in favour. The Sellers have agreed not to vote on the Resolution and have undertaken to take all reasonable steps to ensure that their respective associates do not vote on the Resolution. A circular setting out details of the Transaction and convening the general meeting to approve the Acquisition is expected to be sent to shareholders shortly.

If the Resolution is not passed by shareholders at the general meeting, the Acquisition will not complete. The Company will own just under 80% of Greenstone and the Sellers will own approximately 20%. On completion of the Subscription, the Sellers entered into a joint venture agreement with the Company pursuant to which the Company has the right to appoint all the directors to the board of Greenstone and will have day-to-day management control of Greenstone and the Portfolio subject to a limited number of reserved matters which require the approval of the Sellers. This joint venture agreement will terminate if the Resolution is passed by shareholders and the Acquisition completes.