WAREHOUSE REIT

THE WAREHOUSE PROVIDER OF CHOICE

Half-yearly report for the six months ended 30 September 2018

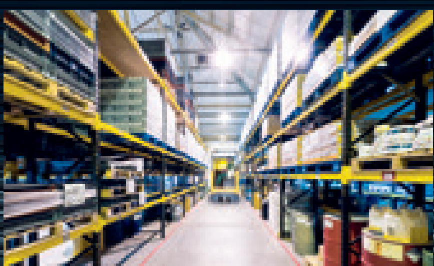
WHAT'S INSIDE

Overview

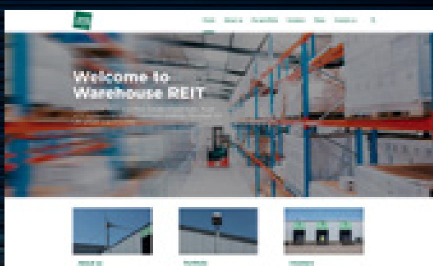
Operational highlights 1
Financial highlights 2
Chairman's statement 4
Investment Manager's report 6

Condensed financial statements

Condensed consolidated statement of comprehensive income 10
Condensed consolidated statement of financial position 11
Condensed consolidated statement of changes in equity 12
Condensed consolidated statement of cash flows 13
Notes to the condensed consolidated financial statements 14
Glossary 25



Front cover image:
Queenslie Business Park, Glasgow



Find us online
www.warehousereit.co.uk

Welcome to **Warehouse REIT**

Warehouse REIT plc is a Real Estate Investment Trust focused on UK urban warehouses

We have a high-quality portfolio of assets in key locations around the UK, let to a wide range of customers including distribution and logistics operators, pure ecommerce businesses and traditional light industrial companies. Our tenants range from local small and medium sized enterprises to well-known large multinational corporations.

We believe the urban warehouse market is compelling, with high demand from tenants and limited vacant space, leading to strong rental increases. Our portfolio also presents opportunities to create value through active asset management. We can therefore offer attractive income returns to our shareholders, with the prospect of both income and capital growth.

As we continue to expand, our vision is for Warehouse REIT to become the warehouse provider of choice across the UK.

The Company's shares were admitted to trading on AIM in September 2017.

OPERATIONAL HIGHLIGHTS

- Continued strong tenant demand, supported by the further growth of ecommerce, is driving robust rental increases
- Supply of new multi-let warehouse space remains constrained across the UK, with capital values below replacement cost
- Strong asset management performance in the period
  - Completed 37 new lettings of vacant space, generating additional annual rent of £1.2 million, 6.9% ahead of 31 March 2018 ERV
  - Achieved 12 lease renewals, securing additional £0.5 million of income and reflecting a 7.8% increase in headline rents
  - Spent or committed capital expenditure of £1.4 million, in line with target
  - Portfolio occupancy of 92.1% at the period end (31 March 2018: 93.1%), with the reduction in the period primarily due to the tenant at Deeside entering administration. Occupancy has since risen to 93.0% as at 31 October 2018, following re-letting of the Deeside asset
  - WAULT of 4.2 years (31 March 2018: 4.1 years), with 2.8 years to first break (31 March 2018: 2.8 years)
  - Sold four assets for £19.0 million, reflecting an aggregate net initial yield of 5.1% and a 27% premium to 31 March 2018 book values
- Acquired one asset, Burntbroom Court, Queenslie, Glasgow, for £2.4 million reflecting a net initial yield of 8.0%. The asset is adjacent to the Group's existing 55-acre site at Queenslie

Post period end highlights

- Obtained planning permission for a major mixed-use development at Queenslie Business Park, Glasgow for an additional 250,000 sq ft of warehouse and ancillary uses. The scheme has a gross development value of £25 million
- Acquired a 49,000 sq ft urban warehouse unit in Widnes, Cheshire, let to a global internet retailer on a new five-year lease with a tenant's break at year three, for £2.8 million reflecting a net initial yield of 7.3%. This global internet retailer is now the second largest tenant by portfolio rental income
- Let 60,000 sq ft at Deeside to A&D Transport (NW) Ltd on a 15-year term, with a tenant only break at 10 years, at an average rent over the first five years at 16% above the previous rent following a programme of landlord works for the restoration of the premises

Overview

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2018

IFRS profit before tax
£m
11.0

EPRA EPS
p
1.8

Dividends per share
p
3.0

IFRS EPS
p
6.6

Adjusted EPS[1]
p
3.1

Total return[2]
%
6.5

Middleton, Manchester

1. Adjusted EPS based on IFRS earnings excluding unrealised fair value gains on investment properties, profit on disposal of investment properties and a one-off property and acquisition provision.
2. Total return based on increase in net asset value per share of 3.6 pence plus dividend per share of 3.0 pence.

As at 30 September 2018

Portfolio valuation £m	IFRS NAV per share p	EPRA NAV per share p
284.3	105.7	105.7
31 March 2018: £291.0m	31 March 2018: 102.1p	31 March 2018: 102.1p

EPRA NIY %	LTV %	WAULT years
6.2	37.1	4.2
31 March 2018: 6.2%	31 March 2018: 40.5%	31 March 2018: 4.1 years

Passing rent £m	Contracted rent £m
19.6	20.4
31 March 2018: £20.4m	31 March 2018: £21.3m

- Portfolio valued at £284.3 million at 30 September 2018, following £15.0 million of disposals during the period, representing an increase of 6.5% on the aggregate purchase price and a 1.6% like-for-like increase on the valuation at 31 March 2018, or a 2.9% increase taking into account the disposed assets
- Profit on disposal of investment properties totalled £3.7 million in the period
- Bank debt lowered to £109.5 million, reducing the loan to value ratio to 37.1% at 30 September 2018 (40.5% at 31 March 2018)
- Paid or declared dividends totalling 3.0 pence per share for the first half of the year, on track for target of 6.0 pence per share for the full year[3]

3. This is a target not a forecast and there can be no assurances that it will be met.

CHAIRMAN'S STATEMENT

We have continued to be active in the first six months of this financial year, as we have continued the process of intensively managing the assets which have been acquired to date.

Dear fellow shareholder,

I am pleased to present the Group's results for the six months to 30 September 2018.

Overview

In my first statement following the Company's IPO, I described a period of 'considerable activity' as we rapidly assembled a high-quality portfolio. We have continued to be active in the first six months of this financial year, as we have continued the process of intensively managing the assets which have been acquired to date.

Our investment proposition is unchanged. We will use shareholder funds to acquire urban or 'last-mile' industrial warehouses in strategic locations at prices below replacement cost, and actively manage those assets to create further value. This gives us a strong and growing income stream, derived from a large and diverse tenant base, which in turn underpins attractive and growing dividends for shareholders.

We continue to search for accretive opportunities to invest in our chosen asset class and have a robust pipeline of opportunities under review. Asset pricing in the market is very diverse and this means that stock selection is key. These market conditions also give us the opportunity to take advantage of strong investor demand for longer-dated income. Against this backdrop, we announced four disposals during the period, of assets where we had either completed our asset management programme or successfully lengthened the income stream. The combined proceeds of £19.0 million reflect a net initial yield of 5.1%, an aggregate premium to their 31 March 2018 book values of 27% and a capital value of £189 per sq ft.

The Group continues to be highly successful at securing new leases on vacant space and at retaining tenants whose leases have expired or reached a break. We are consistently achieving rental levels ahead of ERV for new leases, as occupier demand remains robust whilst the supply of new space in the market is limited. The growth in ecommerce continues to be a key driver of tenant demand, contributing to rising rents for units which are suitable for these companies, no matter what type of business actually occupies the space.

After the period end we were pleased to announce that our Investment Manager, Tilstone Partners Limited ("TPL"), had secured planning permission for a further 250,000 sq ft of warehouse space on 16 acres at the Queenslie Business Park in Glasgow. This reflects TPL's efforts over two years to add value to the site, which totals 55 acres and contains 350,000 sq ft of existing warehouse space, generating rents of £1.4 million. The 16 acres presents the opportunity for meaningful value creation, with the project having an estimated gross development value of £25 million, and is a further example of how the management team continues to extract value from the portfolio acquired at IPO. The receipt of planning permission has triggered the payment of a further £900,000 of consideration for the site, payable to the founder shareholders, as outlined in the Company's prospectus at IPO.

In July, we requested the suspension of dealings in your Company's shares in response to a media report regarding a significant potential transaction with Hansteen Holdings plc. After many weeks of due diligence we were unable to agree terms and the discussions terminated. The portfolio was a strong fit for the Group and it was right that we considered it. However, we will maintain a disciplined approach to acquisitions and will only proceed when we consider the terms to be in shareholders' best interests.

TPL continued to expand its asset management team during the period, which will help us to maintain our rigorous approach to managing the portfolio and understanding our tenants. This is particularly important in the current environment. We have yet to see any change in tenant behaviour and tenants continue to make decisions to occupy space, but we remain vigilant.

Dividends

Our policy is to pay quarterly dividends. For the period under review we have declared a first interim dividend of 1.5 pence per share, which was paid as a property income distribution in September 2018. The Board has also declared a second interim dividend of 1.5 pence per share, which will be payable as a property income distribution in December 2018. The total dividend for the period is 1.0 times covered by adjusted EPS. We continue to target a pay-out of 6.0 pence per share for the year to 31 March 2019.

Financial results

The NAV per share at 30 September 2018 was 105.7 pence, up 3.5% from the 102.1 pence recorded at 31 March 2018. This represents further good progress, after accounting for the dividends paid and one-off costs incurred at Deeside and in relation to the terminated transaction.

At the start of the period, the Group had £124.5 million of debt and a loan to value ("LTV") ratio of 40.5%. Our asset disposals have enabled us to repay £15.0 million of our revolving credit facility. The Group's LTV at 30 September 2018 was therefore reduced to 37.1%, within our longer-term target range of 30-40% and well below the 50% limit in our investment policy.

Governance

During the period, your Board engaged a professional search firm and conducted a thorough search for an additional Non-Executive Director who would bring relevant commercial experience and take on the considerable responsibility of chairing our Audit Committee, a role hitherto undertaken by Martin Meech.

I am delighted to say that from a strong field, Lynette Lackey emerged as the outstanding candidate. Lynette is a chartered accountant and experienced Non-Executive Director with considerable knowledge of the real estate sector. She is senior independent Director and Chair of the group audit and risk committee of Places for People Group. Lynette is also a Non-Executive Director and chairs various group board committees at The London Chamber of Commerce and Industry and at Land Aid Charitable Trust. She previously spent 10 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 chairman of the Association of Women in Property. Lynette's background makes her an ideal fit for the Board. Her appointment will be effective from 15 November and we look forward to Lynette joining the Board.

Conclusion

Warehouse REIT is still in the early stages of its journey. A little more than a year from our IPO, market expectations for the progression of both our dividends and net asset value have risen. TPL has consistently demonstrated its ability to source deals and manage assets with intensity and will continue to do so over the coming months.

The Board remains totally aligned with our shareholders and my fellow Non-Executive Director Aimée Pitman purchased a further 76,000 shares in September 2018, adding to the already significant levels of shares owned by your Board and by the management team at TPL.

The Group's priorities for the second half of the year are to continue to let vacant space, to renew leases with tenants who are holding over or whose leases expire within the year, and to seek further attractive additions to the portfolio. We are optimistic that our asset management capabilities will continue to produce favourable returns and I look forward to reporting further at the full year.

Neil Kirton
Chairman

12 November 2018

INVESTMENT MANAGER'S REPORT

This was an active period for the Group, which saw it benefit from a number of successful asset management initiatives.

This was an active period for the Group, which saw it benefit from a number of successful asset management initiatives and which will support its sustainable and attractive income profile, whilst further demonstrating the opportunities to drive value from the portfolio.

Asset acquisition

Effective stock selection remains a key part of the overall asset management strategy and the Group continues to seek value-enhancing acquisitions.

On 31 July 2018, the Group acquired Burntbroom Court, Queenslie, Glasgow, for a purchase price of £2.4 million or £51 per sq ft and a net initial yield of 8.0%.

Burntbroom Court is located on the Queenslie Business Park estate, adjacent to the Group's existing 55-acre site. The nine purpose-built industrial units have a floor area of 47,430 sq ft and produce income of £207,000 per annum, reflecting an average rent of £4.36 per sq ft. The units' sizes and specifications complement the Group's existing industrial units. The Group has identified a number of near-term asset management initiatives, which should deliver significant rental growth with a reversionary yield rising to over 9%.

After the period end, the Group was pleased to announce the acquisition of a warehouse in Widnes, Cheshire, let to a global internet retailer. The purpose-built warehouse provides 49,000 sq ft of space on a self-contained 2.5-acre site, with a fenced yard and secure parking. The asset is let for a further 4.7 years with a tenant only break on the third anniversary. The purchase price of only £56 per sq ft is less than the cost of rebuilding the premises.

Asset management

The Group has continued to undertake successfully a range of asset management activities across the portfolio, demonstrating its market-leading ability to generate very favourable returns on behalf of shareholders, and the continued appetite from a range of occupiers for well-located, good-quality industrial units.

Disposals

The Group's active asset management strategy includes selling more mature, lower yielding or non-core assets and redeploying capital into opportunities that will generate additional longer-term income and higher total returns. During the period, the Group disposed of four assets for a total consideration of £19.0 million, and has used the proceeds to reduce debt and fund the purchase of new assets. In aggregate, the disposals reflected a blended net initial yield of 5.1% and a 27% premium to 31 March 2018 book values, while delivering an ungeared internal rate of return in excess of 50%. The assets sold had contracted rent of £1.0 million per annum. Further details on the disposals are set out below:

- Connaught Business Centre, Mitcham sold for £3.9 million, reflecting a net initial yield of 3.6% and a 36% premium to the 31 March 2018 book value. Since acquiring the property in March 2018, the Group had reduced vacancy and increased rents from less than £14 per sq ft to set a new rental tone of £20 per sq ft per annum.
- Quantum Park, Manchester sold for £9.0 million, reflecting a net initial yield of 4.9% and a 33% premium to the 31 March 2018 book value. The warehouse is let to Travis Perkins (with five years remaining before a tenant only break) and a specialist car repair centre. The property was acquired in December 2017 as part of a portfolio of seven assets. During its ownership, the Group further explored occupier intentions and clarified the potential to enhance the asset and increase value, thereby maximising sale proceeds.
- Warwick House, Solihull sold for £2.9 million, reflecting a 12% premium to the 31 March 2018 book value. Warwick House is a 15,500 sq ft purpose-built 1970s office building, which had only a two-year WAULT on disposal and was a non-core asset for the Group. Since purchase, the Group had worked with its planning partners to demonstrate the suitability of the asset for both residential and office redevelopment, widening the area of appeal and depth of demand and thereby maximising proceeds of sale.
- Stukeley Meadows, Huntington sold for £3.3 million, reflecting a net initial yield of 5.4% and 16% premium to the 31 March 2018 book value. Stukeley Meadows is a 30,000 sq ft multi-let industrial estate. Since purchase earlier in the year, the Group had increased the level and longevity of income by securing a new 10-year lease from Howdens, thereby maximising returns from a sale.

Capital expenditure

The Group has a target of investing 0.75% of its gross asset value in capital expenditure each year. During the six months to 30 September 2018, the Group either spent or committed a total of £1.4 million of capital expenditure, in line with its target.

A number of tenants have asked the Group to support their business growth plans by either improving or extending the units they occupy, in exchange for higher rent and/or extended leases. These opportunities will be value enhancing for the Group and will increase the WAULT for those assets.

Leasing activity

The capital expenditure of £1.4 million during the period supported the Group's letting activity, with 37 new leases signed on previously vacant space. Significant new lettings included:

- a new 15-year lease, with a break at year 10, to existing tenant DFS at South Gyle Industrial Estate, Edinburgh. This more than doubled the tenant's occupancy on the site to 48,000 sq ft, at a favourable rent of £7 per sq ft, and increased the length of the lease on the occupier's entire holding;
- a new 10-year lease, with a break at year five, on two units at Peartree Lane, Dudley. The rental level is 6.5% ahead of the 31 March 2018 ERV;
- a new five-year lease, with a break at year three, at Farthing Road, Ipswich. The annual rent of £38,565 per annum is 11% ahead of the 31 March 2018 ERV;
- a new 10-year lease at Oldbury Point, West Bromwich. The rent for the recently refurbished 20,000 sq ft unit of £4.75 per sq ft compares with the ERV of £3.60 per sq ft when the Group acquired the unit at IPO; and
- a new five-year lease at Nexus, Knowsley. The headline rent of £4.17 per sq ft is 18% ahead of the 31 March 2018 ERV.

In total, the new leases signed in the period will generate annual rent of £1.2 million, which is 6.9% ahead of the ERV at 31 March 2018. Since the period end, the Group has completed a further two new lettings, at annual rents 38.2% ahead of the 31 March 2018 ERV.

The Group continues to maintain a high retention rate at lease expiry or break. Occupiers who choose not to renew have typically outgrown their units, with the Group being unable to accommodate their increased space requirements on the same site. Leases which expired in the period had a total passing rent of £1.8 million and the Group successfully retained 70% of these tenants. Of the tenants retained, 13% signed new leases and 87% continued to hold over.

The new leases secured an average rental increase of 2.2% above previous passing rent or 1.3% above ERV. Of the 39 leases with a break arising in the period, only 15% vacated. Of all the units vacated in the period, the Group managed to re-let 26% within the same period. The new leases secured an average rental increase of 13.7% above previous passing rent or 9.8% above ERV.

Notable renewals in the period included:

- A 10-year lease, with a break at year five, to Asda Stores at Vantage Point, Leeds. The new lease reflects a passing rent of £209,100 per annum (£4.34 per sq ft), in line with the previous rent, with a rent review currently under way; and
- A 10-year lease, with a break at year five, at Queenslie Business Park, Glasgow. The new rental level is in line with the ERV at 31 March 2018 and reflected a 16.8% increase over the previous passing rent.

Since the period end, the Group has completed a further three renewals at average rental increases of 15.2% above previous passing rent or 12.1% above ERV.

A key driver of this positive leasing activity is the Group's constant objective to further understand occupier requirements and strengthen key occupier relationships; a unique selling point for this Group. As part of this exercise, the Group has been successful in maximising income by being flexible and responsive to tenants' needs. This includes agreeing some short-term lettings for tenants who need overflow space or who are responding to seasonal demand, while continuing to market the space for longer-term lets. The Group considers this flexible approach to occupancy as an important part of the asset management strategy, as it strengthens key occupier relationships.

Development activity

After the period end, the Group announced that it had received outline planning permission for up to 250,000 sq ft of employment-led space on a 16-acre site at the Queenslie Business Park in Glasgow. The units are expected to appeal to a wide variety of occupiers and will include distribution and logistics, industrial, commercial, storage, retail and hospitality space. The 16 acres form part of the Group's wider 55-acre holding at Queenslie Business Park, which contains approximately 350,000 sq ft of existing floorspace. In the 12 months following the IPO, the Group reduced vacancy levels at Queenslie Business Park from 11.5% to 6.7% and increased average rents by 11.5%.

The next steps at Queenslie Business Park are to conduct a targeted marketing campaign for each occupier type and to look to agree pre-lets for key units. Whilst the development may take part in phases, in line with the Group's investment policy, work will only commence when the majority of units being built are pre-let. With the benefit of having obtained planning permission, the Group may also look to further expand its holdings at Queenslie.

INVESTMENT MANAGER'S REPORT continued

Portfolio analysis

As a result of the acquisition, disposals and other asset management activity described above, the Group's portfolio was valued at £284.3 million at 30 September 2018 offering 4.4 million sq ft of space.

Warehouse sector	Occupancy	Valuation £m	Net initial yield	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	90.2%	184.7	6.6%	7.6%	3.8	2.5	4.84	61
Light manufacture and assembly	93.5%	46.6	7.1%	8.0%	4.3	2.5	4.40	55
Retail warehouses	100.0%	18.4	6.9%	8.1%	5.4	5.0	10.88	148
Trade warehouses	100.0%	17.7	5.8%	6.7%	7.0	5.4	5.79	91
Workspace/office	90.5%	14.8	7.9%	8.6%	3.2	1.9	10.20	105
Other	100.0%	2.1	7.0%	7.1%	8.2	5.6	5.94	79
Total	**92.1%**	**284.3**	**6.7%**	**7.7%**	**4.2**	**2.8**	**5.16**	**65**

At the period end, the contracted rent roll was £20.4 million, resulting in a net initial yield of 6.7%. This compared with an ERV of £23.3 million and a reversionary yield of 7.7%, reflecting the strong reversionary potential in the portfolio, which the Group's asset management activity is progressively unlocking. The ERV generally 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.

The Group's successful lettings and renewals contributed to occupancy of 92.1% at 30 September 2018, compared with 93.1% at 31 March 2018. This performance was better than expected, given the number of lease expiries falling in the period. The occupancy rate was also disproportionally influenced by the default of a tenant at the Group's warehouse in Deeside, Chester, entering into administration during the period. This reduced occupancy by 0.9% of ERV at the period end. Subsequently, the Group has re-let the whole 60,000 sq ft of space together with the three-acre yard at Deeside to A&D Transport (NW) Ltd on a 15-year term, with a tenant only break on the tenth anniversary of the term, with an average rent over the first five years at 16% above the previous passing rent. This contributed to occupancy at 31 October 2018 of 93.0%. The Group has further vacant space under offer, which would increase overall occupancy to 93.6%. Whilst all the associated costs of the Deeside tenant's default have been provided for in the period, the revaluation uplift arising from the re-letting will only be reflected in the full year valuation at 31 March 2019.

Financial review

Comparative figures

The Company was incorporated on 24 July 2017 and admitted to AIM on 20 September 2017, at which point it acquired the seed portfolio and began trading. The comparator period therefore includes only 10 days of business operations. As a result, it is not meaningful to draw comparisons between trading in the six months to 30 September 2018 and the prior period. The following discussion therefore considers the Group's financial performance in the current period on a standalone basis. The comparatives included in the financial statements are for the period 1 August 2017 to 31 March 2018, which represents 6.5 months of trading.

Performance

Revenue for the period was £10.7 million. 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, were £5.7 million. This includes the costs associated with a terminated acquisition and one-off costs associated with the default of the tenant at Deeside who entered into administration, which together are expected to total £2.2 million. Excluding these one-off costs, operating costs were £3.5 million, as the Group continued to benefit from its low-cost outsourcing model.

The profit on the sale of the four investment properties disposed of in the period was £3.7 million. The Group recognised a gain of £4.4 million on the revaluation of its investment properties at the period end.

Net financing costs, which are the interest costs associated with the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging), amounted to £2.1 million in the six months.

This resulted in a statutory profit before tax of £11.0 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.

Earnings per share ("EPS") under IFRS was 6.6 pence. EPRA EPS was 1.8 pence. Adjusted EPS, defined as EPRA EPS excluding the one-off costs to cover the default of the tenant at Deeside and the one-off termination costs in respect of the terminated transaction with Hansteen Holdings plc, was 3.1 pence.

Dividends

The Company has declared the following interim dividends in relation to the period:

- a first interim dividend of 1.5 pence per share in relation to the three months to 30 June 2018 was paid in full as a property income distribution ("PID") on 28 September 2018; and
- the Board has also declared a second interim dividend of 1.5 pence per share in relation to the three months to 30 September 2018. The dividend will be paid in full as a PID on 28 December 2018 to shareholders on the register on 30 November 2018. The ex-dividend date will be 29 November 2018.

Total dividends in respect of the period were therefore 3.0 pence per share, in line with the target for the year of 6.0 pence per share, as set out in the 2018 Annual Report. These dividends were covered 1.0 times by adjusted EPS, which the Board considers is the most appropriate measure of earnings for calculating dividend cover.

The cash cost of the total dividends paid during the period is £5.0 million.

Valuation and net asset value

The portfolio was independently valued by CBRE and Gerald Eve as at 30 September 2018, in accordance with the RICS Valuation Global Standards (the "Red Book").

The portfolio is valued at £284.3 million following £15.0 million of disposals during the period (31 March 2018: £291.0 million), representing an increase of 6.5% on the aggregate purchase price and a 1.6% like-for-like increase on the valuation at 31 March 2018, or a 2.9% increase taking into account the disposed assets. The valuation increase was driven by both income growth, represented by a 1.3% like-for-like increase in ERV and yield compression. The EPRA net initial yield was 6.2% (31 March 2018: 6.2% including the disposed assets).

The valuation resulted in a NAV at 30 September 2018 of 105.7 pence per share, an increase of 3.5% from the NAV at 31 March 2018 of 102.1 pence per share.

Debt financing and hedging

The Group has a £30.0 million term loan facility and a £105.0 million RCF, both with HSBC. The five-year facilities run to November 2022 and have a margin of 225 basis points above LIBOR and are secured on all properties within the Group.

At the period end, the term loan was fully drawn. The Group paid down £15.0 million of the RCF following the asset disposals in the period. As a result, it had £79.5 million drawn against the RCF at 30 September 2018, resulting in total debt at that date of £109.5 million and headroom within the facilities of £25.5 million. The Group's LTV ratio at 30 September 2018 was 37.1% (31 March 2018: 40.5%).

Enhancing the Investment Manager's capabilities

During the period, TPL appointed two asset managers, strengthening its capabilities in the Midlands and South East regions, where approximately 60% of the portfolio is located. These appointments allow the Group to maintain personal relationships with tenants as the portfolio has grown. TPL also strengthened its financial management team, with the appointment of a new financial controller.

Alternative Investment Fund Manager ("AIFM")

G10 Capital Limited ("G10"), part of the Lawson Conner Group, is the Company's AIFM, with TPL providing advisory services to both G10 and the Company. TPL continues to review the optimal structure for providing AIFM services to the Company.

Tilstone Partners Limited
Investment Manager

12 November 2018

Condensed financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2018

Continuing operations	Notes	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Rental income	3	**10,736**	6,566
Property operating expenses	4	**(1,815)**	(841)
Gross profit		**8,921**	5,725
Administration expenses	4	**(1,670)**	(1,569)
Property and acquisition provision	4	**(2,204)**	—
Operating profit before gains on investment properties		**5,047**	4,156
Profit on disposal of investment properties		**3,679**	—
Fair value gains on investment properties	11	**4,364**	5,173
Operating profit		**13,090**	9,329
Finance income	5	**11**	41
Finance expenses – ongoing	6	**(2,143)**	(838)
Finance expenses – loan break fees	6	**—**	(167)
Profit before tax		**10,958**	8,365
Taxation	7	**—**	—
Total comprehensive income for the period		**10,958**	8,365
EPS (basic and diluted) (pps)	10	**6.60**	5.04

The comparatives presented are for the period 1 August 2017 to 31 March 2018, which represents 6.5 months of activity following the commencement of trading on 20 September 2017.

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	30 September 2018 £'000	31 March 2018 £'000
Assets			
Non-current assets			
Investment property	11	**288,436**	295,068
		288,436	295,068
Current assets			
Cash and cash equivalents		**3,884**	6,572
Trade and other receivables	12	**5,686**	4,452
		9,570	11,024
Total assets		**298,006**	306,092
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	13	**(107,741)**	(123,052)
Finance lease obligations	14	**(3,889)**	(3,800)
		(111,630)	(126,852)
Current liabilities			
Finance lease obligations	14	**(276)**	(268)
Other payables and accrued expenses	15	**(7,124)**	(6,078)
Deferred income	15	**(3,484)**	(3,380)
		(10,884)	(9,726)
Total liabilities		**(122,514)**	(136,578)
Net assets		**175,492**	169,514
Equity			
Share capital	16	**1,660**	1,660
Capital reduction reserve		**161,149**	161,149
Retained earnings		**12,683**	6,705
Total equity		**175,492**	169,514
Number of shares in issue		**166,000,000**	166,000,000
NAV per share (pps)	17	**105.72**	102.12

The accompanying notes form an integral part of these financial statements.

Condensed financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2018

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 July 2017		50	—	—	—	50
Total comprehensive income		—	—	8,365	—	8,365
Ordinary shares issued		1,660	164,340	—	—	166,000
Redemption of redeemable ordinary shares		(50)	—	—	—	(50)
Share issue costs		—	(3,191)	—	—	(3,191)
Cancellation of share premium		—	(161,149)	—	161,149	—
Dividends paid in respect of the prior period	9	—	—	(1,660)	—	(1,660)
Balance at 31 March 2018		**1,660**	**—**	**6,705**	**161,149**	**169,514**
Total comprehensive income		**—**	**—**	**10,958**	**—**	**10,958**
Dividends paid in respect of the current period	9	**—**	**—**	**(4,980)**	**—**	**(4,980)**
Balance at 30 September 2018		**1,660**	**—**	**12,683**	**161,149**	**175,492**

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2018

	Notes	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Cash flows from operating activities			
Operating profit		**13,090**	9,329
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	11	**(4,364)**	(5,173)
Profit on disposal of investment properties		**(3,679)**	—
Property and acquisition provision		**2,204**	—
Operating cash flows before movements in working capital		**7,251**	4,156
Increase in other receivables and prepayments		**(1,211)**	(4,407)
(Decrease)/increase in other payables and accrued expenses		**(1,537)**	8,455
Net cash flows generated from operating activities		**4,503**	8,204
Cash flows from investing activities			
Acquisition of investment properties		**(3,940)**	(285,576)
Disposal of investment properties		**18,689**	—
Net cash generated from/(used in) investing activities		**14,749**	(285,576)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**—**	165,950
Share issuance costs paid		**—**	(3,191)
Bank loans drawn down	13	**—**	124,450
Bank loans repaid	13	**(15,000)**	—
Interest received	5	**11**	41
Loan break fees		**—**	(167)
Interest and other finance expenses paid		**(2,253)**	(1,727)
Dividends paid in the period		**(4,698)**	(1,424)
Net cash flows (used in)/generated from financing activities		**(21,940)**	283,932
Net (decrease)/increase in cash and cash equivalents		**(2,688)**	6,560
Cash and cash equivalents at start of the period		**6,572**	12
Cash and cash equivalents at end of the period		**3,884**	6,572

The accompanying notes form an integral part of these financial statements.

Condensed financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

1. General information

Warehouse REIT plc (the 'Company') 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 Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company is admitted to trading on AIM, a market operated by the London Stock Exchange.

2. Basis of preparation

These interim condensed unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, with the following exception. IAS 34 requires that comparative figures are presented for the comparable interim period in the preceding year, being the period to 30 September 2017. Whilst the Company was incorporated on 24 July 2017, trading did not commence until 20 September 2017. The Directors feel that the presentation of comparative information for the 10-day period to 30 September 2017, would not provide the reader with a relevant comparative. The presentation of comparative information for the 6.5-month trading period to 31 March 2018 provides a more representative comparative.

These interim condensed unaudited financial statements should be read in conjunction with the Company's last financial statements for the eight-month period ended 31 March 2018. These condensed unaudited financial statements do not include all information required for a complete set of annual financial statements proposed in accordance with IFRS as adopted by the EU, however, they have been prepared using the accounting policies adopted in the audited financial statements for the period ended 31 March 2018 and selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Company's financial position and performance since the last financial statements.

The financial statements have been prepared under the historical cost convention, except for investment property, which has been measured at fair value. The interim financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The financial information contained within these interim results does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the six months ended 30 September 2018 have not been either audited or reviewed by the Company's Auditor. The information for the period ended 31 March 2018 has been extracted from the latest published annual report and financial statements, which has been filed with the Registrar of Companies. The Auditor reported on those accounts; its report was unqualified, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Directors have made an assessment of the Group's ability to continue as a going concern and 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 periods beginning after 1 April 2018, which have been considered and applied as follows:

- IFRS 9 Financial Instruments. This standard has replaced IAS 39 Financial Instruments and contains two primary measurement categories for financial assets. The effect on the Group's current accounting policies covering the measurement of financial instruments and the estimation of impairment is immaterial; and
- IFRS 15 Revenue from Contracts with Customers. The Group's revenue primarily relates to property rental income which is outside the scope of IFRS 15 and as such the new standard will have no impact.

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 1 April 2019 or later. The following are the most relevant to the Group and their impact on the financial statements is as follows:

- IFRS 16 Leases was issued in January 2016 and is effective for annual periods beginning on or after 1 April 2019. There will be no change required to the Group's accounting policies.

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 an asset or liability in the future.

Estimates

In the process of applying the Group's accounting policies, management has made the following estimate which has the most significant effect on the amounts 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 2017 (incorporating the International Valuation Standards) and in accordance with IFRS 13. See notes 11 and 18 for further details.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Annual Report and Financial Statements for the period ended 31 March 2018.

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.

Segmental reporting

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

3. Revenue

	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Rental income	**9,927**	6,324
Insurance recharged	**394**	172
Dilapidation income	**390**	70
Other income	**25**	—
Total	**10,736**	6,566

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) continued

For the six months ended 30 September 2018

4. Property operating and administration expenses

	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Head rent	146	44
Utilities	43	56
Insurance	281	86
Rates	67	158
Premises expenses	1,030	497
Bad debt provision	248	—
Property operating expenses	1,815	841
Investment management fees	919	792
Directors' fees	42	54
Other administration expenses	709	723
Administration expenses	1,670	1,569
Property and acquisition provision	2,204	—
Total	5,689	2,410

The property and acquisition provision comprises an estimated cost associated with the default of the tenant at Deeside, Chester, who entered administration, and in relation to the terminated transaction with Hansteen Holdings plc.

5. Finance income

	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Income from cash and short-term deposits	11	41
Total	11	41

6. Finance expenses

Ongoing charges	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Loan interest	1,882	712
Loan arrangement fees amortised	253	121
Bank charges	8	5
Total	2,143	838

Loan break fees	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Break fees	—	167
Total	—	167

7. Taxation

Corporation tax has arisen as follows:

	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Corporation tax on residual income for current period	—	—
Total	—	—

Reconciliation of tax charge to profit before tax:

	1 April to 30 September 2018 £'000	1 August 2017 to 31 March 2018 £'000
Profit before tax	10,958	8,365
Corporation tax at 19.0%	2,082	1,589
Change in value of investment properties	(829)	(982)
Tax exempt property rental business	(1,253)	(607)
Total	—	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) continued

For the six months ended 30 September 2018

8. 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 39 years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2018 are as follows:

	30 September 2018 £'000	31 March 2018 £'000
Within one year	17,560	17,778
Between one and five years	46,903	44,678
More than five years	23,736	22,117
Total	**88,199**	84,573

9. Dividends

	Pence per share	For the six months ended 30 September 2018 £'000
Interim dividend for period ended 31 March 2018 paid on 6 July 2018	1.50	2,490
First interim dividend for year ending 31 March 2019 paid on 28 September 2018	1.50	2,490
Total dividends paid during the period	**3.00**	**4,980**
Paid as:		
Property income distributions	2.65	4,399
Ordinary dividends	0.35	581
Total	**3.00**	**4,980**

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

The Board has declared a second interim dividend of 1.5 pence per ordinary share, payable on 28 December 2018 to shareholders registered at the close of business on 30 November 2018. The ex-dividend date will be 29 November 2018. The dividend will be paid in full as a property income distribution.

10. 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.

	30 September 2018 £'000	31 March 2018 £'000
IFRS earnings	**10,958**	8,365
EPRA earnings adjustments:		
Profit on disposal of investment properties	**(3,679)**	—
Fair value gains on investment properties	**(4,364)**	(5,173)
EPRA earnings	**2,915**	3,192
Group-specific earnings adjustments:		
Property and acquisition provision	**2,204**	—
Loan break fees	**—**	167
Adjusted earnings	**5,119**	3,359

	30 September 2018 Pence per share	31 March 2018 Pence per share
Basic IFRS EPS	**6.60**	5.04
Diluted IFRS EPS	**6.60**	5.04
EPRA EPS	**1.76**	1.92
Adjusted EPS	**3.08**	2.02

	30 September 2018 Number of shares	31 March 2018 Number of shares
Weighted average number of shares in issue	**166,000,000**	166,000,000

Condensed financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) continued

For the six months ended 30 September 2018

11. UK investment property

	30 September 2018 £'000	31 March 2018 £'000
Investment property at the start of the period	291,000	—
Acquisition of properties	2,546	285,827
Capital expenditure	1,371	—
Disposal of properties	(15,010)	—
Fair value gains on revaluation of investment property	4,364	5,173
	284,271	291,000
Adjustment for finance lease obligations	4,165	4,068
As at 30 September 2018	**288,436**	295,068

12. Trade and other receivables

	30 September 2018 £'000	31 March 2018 £'000
Rent receivable	4,488	3,397
Prepayments	146	93
Other receivables	1,052	962
Total	**5,686**	4,452

13. Interest-bearing loans and borrowings

	30 September 2018 £'000	31 March 2018 £'000
Loans at the start of the period	124,450	—
Loans drawn down	—	124,450
Loans repaid	(15,000)	—
Total loans drawn down at the end of the period	**109,450**	124,450
Unamortised loan arrangement fees at the start of period	(1,398)	—
Loan arrangement fees capitalised in the period	(563)	(1,476)
Amortised to date	252	78
Unamortised loan arrangement fees at the end of the period	(1,709)	(1,398)
Loan balance less unamortised loan arrangement fees	**107,741**	123,052

As at 30 September 2018, £25.55 million of the RCF remained available to be drawn. The term loan was fully drawn. Credit facilities are secured on all properties within the portfolio and expire on 30 November 2022.

The debt facilities include loan-to-value and interest cover covenants that are measured at Group level. The Group has maintained significant headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 30 September 2018.

14. Finance lease obligations

The following table analyses the minimum lease payments under non-cancellable finance leases using discount rates of between 6.5% and 10.8%:

	30 September 2018 £'000	31 March 2018 £'000
Current liabilities		
Within one year	**276**	268
Non-current liabilities		
After one year but not more than five years	**918**	890
Later than five years	**2,971**	2,910
Total	**4,165**	4,068

15. Other payables and accrued expenses

	30 September 2018 £'000	31 March 2018 £'000
Property operating expenses payable	**3,533**	1,107
Finance and administration expenses payable	**2,069**	1,528
Capital expenses payable	**268**	2,136
Other expenses payable	**1,254**	1,307
Other payables and accrued expenses	**7,124**	6,078
Deferred income	**3,484**	3,380
Total	**10,608**	9,458

16. Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue.

Ordinary shares of £0.01 each	Number	30 September 2018 £'000	31 March 2018 £'000
Issued and fully paid:			
At the start of the period	166,000,000	**1,660**	—
Shares issued	—	**—**	1,660
Balance at the end of the period	166,000,000	**1,660**	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) continued

For the six months ended 30 September 2018

17. Net asset value per share

Basic NAV per share is 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. The following reflects the net asset and share data used in the basic and diluted NAV per share computations:

	30 September 2018 Pence per share
NAV (pps)	**105.72**

The NAV is calculated as:

	30 September 2018 £'000
Net assets attributable to ordinary shareholders	**175,492**
Net assets for calculation of NAV	**175,492**
Number of shares in issue	**166,000,000**

18. 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 2.25% above LIBOR.

Six-monthly valuations of investment properties are performed by Gerald Eve and CBRE, both being accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued. The valuations are the ultimate responsibility of the Directors, however, who appraise these six monthly.

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 2017 (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams), the capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets.

The following tables show an analysis of the fair values of investment properties recognised in the statement of financial position by level of the fair value hierarchy[1]:

	30 September 2018			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	—	—	**284,271**	**284,271**
Total	—	—	**284,271**	**284,271**

1. Explanation of the fair value hierarchy:
   - Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and
   - Level 3 – use of a model with inputs that are not based on observable market data.

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

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Fair value £'000	Valuation technique	Key unobservable inputs	Range
£284,271	Income capitalisation	ERV	21 – 1,505 (£'000 per annum)
		Equivalent yield	6.0% – 12.9%

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.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £4,364,000 and are presented in the condensed statement of comprehensive income in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Group's assets and liabilities is considered to be the same as their fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) continued

For the six months ended 30 September 2018

19. Related party transactions

Directors

The Directors (all Non-Executive) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £42,031 and at 30 September 2018, a balance of £nil was outstanding.

Investment Manager

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction by the Board of Directors.

For its services to the Group, the Investment Manager receives an annual fee at a rate of 1.1% of the NAV of the Group.

During the period, the Group incurred £919,000 in respect of investment management fees. £460,161 was outstanding as at the period end date.

Subsidiaries

At 30 September 2018, the Company owns 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, Quantum North Limited, CHIP (One) Ltd, CHIP (Two) Ltd, CHIP (Three) Ltd, CHIP (Four) Ltd, CHIP (Five) Ltd, CHIP (Ipswich) One Ltd and CHIP (Ipswich) Two Ltd. Quantum North Limited was incorporated on 27 November 2017 and is a dormant company.

20. Ultimate controlling party

It is the view of the Directors that there is no ultimate controlling party.

21. Post balance sheet events

On 5 October 2018, planning permission was secured for a further 250,000 sq ft of warehouse space on 16 acres at the Queenslie Business Park in Glasgow. The receipt of planning permission has triggered the payment of a further £900,000 of consideration for the site, as outlined in the Company's prospectus at IPO, as planning permission was granted within five years of the Company's admission to trading and the valuer has determined that it has increased the value of the land by more than £900,000.

GLOSSARY

Adjusted EPRA earnings per share ("EPRA EPS")
EPRA EPS adjusted to exclude non-cash and non-recurring costs, calculated on the basis of the time-weighted number of shares in issue

Admission
The admission of Warehouse REIT plc onto the London Stock Exchange on 20 September 2017

AGM
Annual General Meeting

AIC
Association of Investment Companies

AIFMD
Alternative Investment Fund Managers Directive

Contracted rent
Annualised rents generated by the portfolio plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date

Earnings per share ("EPS")
Profit for the period after tax attributable to members of the parent company divided by the weighted average number of shares in issue in the period

EPRA
European Public Real Estate Association, the industry body for European REITs

EPRA earnings
IFRS profit after taxation excluding movements relating to changes in values of investment properties 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 average number of shares in issue during the year

EPRA guidelines
The EPRA Best Practices Recommendations Guidelines November 2016

EPRA NAV
A measure of NAV designed by EPRA to present the fair value of a company on a long-term basis, by excluding items such as deferred tax on property valuations

EPRA NAV per share
The diluted NAV per share figure based on EPRA NAV and divided by the number of shares in issue at the balance sheet date

EPRA net initial yield ("EPRA NIY")
Annualised rental income on investment properties at the balance sheet date, less non-recoverable property operating expenses, expressed as a percentage of the investment property valuation, plus purchaser's costs

Equivalent yield
The weighted average income return expressed as a percentage of the market value of the property, after inclusion of estimated purchaser's costs

ERV
The estimated annual market rental value of lettable space as assessed by the external valuer

Group
Warehouse REIT plc and its subsidiaries

IFRS
International Financial Reporting Standards adopted for use in the European Union

Loan to value ("LTV")
Outstanding amount of gross loan balances less cash as a percentage of property value

NAV
Net asset value

NAV per share
Net asset value divided by the number of shares outstanding

Net initial yield ("NIY")
Contracted rental income on investment properties at the balance sheet date, expressed as a percentage of the investment property valuation, plus purchaser's costs

Net rental income
Gross rental income receivable after deduction for ground rents and other net property outgoings including void costs and net service charge expenses

Occupancy
Total open market rental value of the units leased divided by total open market rental value of the portfolio

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 shareholder). REITs also pay out normal dividends called non-PIDs

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

RCF
Revolving credit facility

Total 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

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry across the investment portfolio weighted by contracted rent

Designed and produced by
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