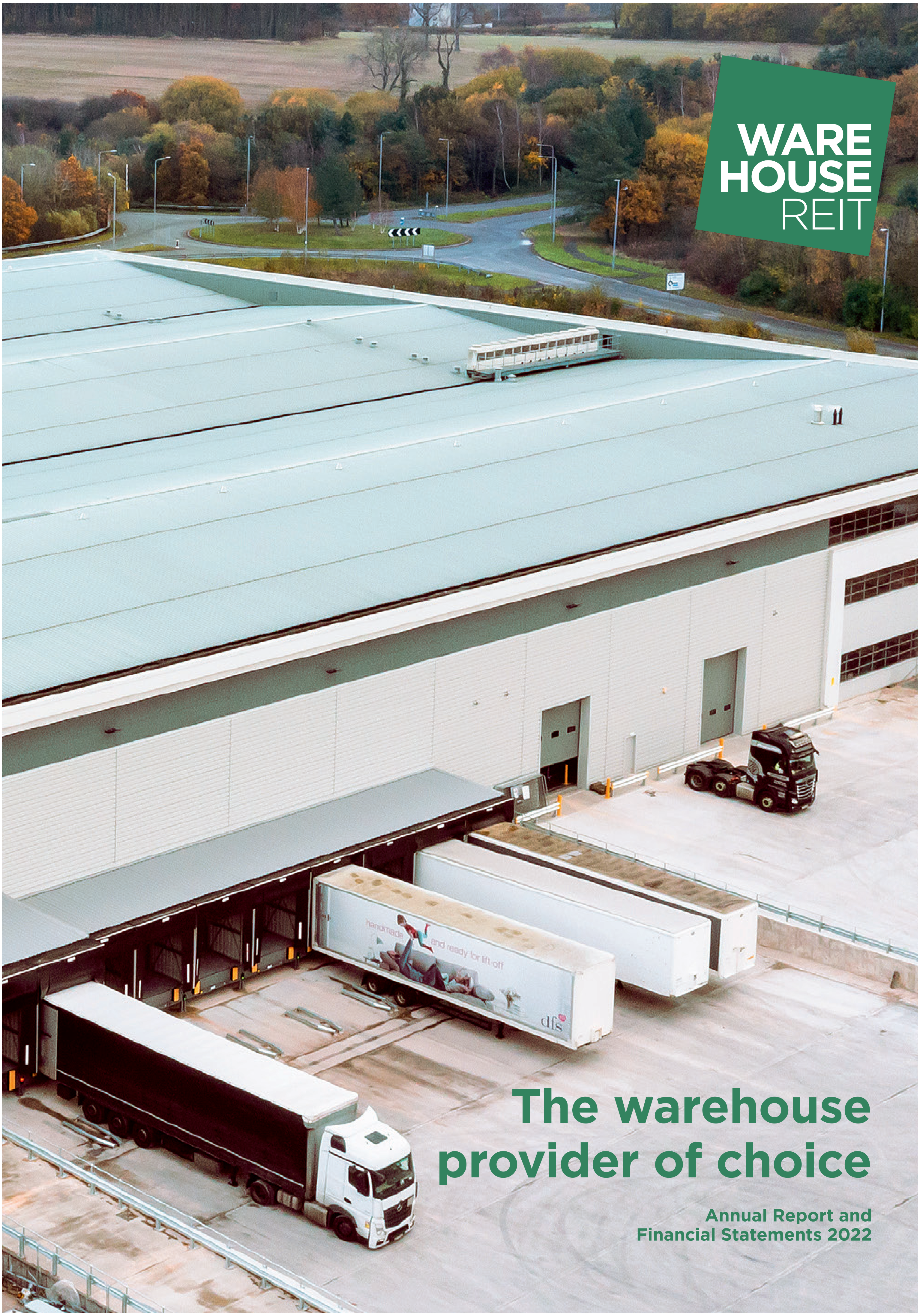


WAREHOUSE REIT

The warehouse provider of choice

Annual Report and Financial Statements 2022

Contents

Warehouse REIT is a specialist investor in UK warehouses.

Our purpose

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

What we do

We grow our portfolio by carefully choosing assets to acquire and by selectively developing new assets, often on underutilised land within the portfolio. Our pro-active asset management then unlocks the value inherent in the portfolio, helping us to capture rising rents and increase capital values. At the same time, we are increasingly embedding sustainability considerations into everything we do.

Our vision

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

Awards

Find us online

www.warehousereit.co.uk

Financial highlights[1]

Year to 31 March 2022

Gross property income

£48.7m

31 March 2021: £35.8m

Operating profit before gains on investment properties

£35.4m

31 March 2021: £24.8m

IFRS earnings per share

45.0p

31 March 2021: 35.2p

EPRA earnings per share

6.4p

31 March 2021: 5.3p

Dividends per share[3]

6.4p

31 March 2021: 6.2p

Total accounting return[4]

33.2%

31 March 2021: 27.7%

As at 31 March 2022

Portfolio valuation

£1,012.0m

31 March 2021: £792.8m

IFRS net asset value

£739.0m

31 March 2021: £574.1m

EPRA net tangible assets per share

173.8p

31 March 2021: 135.1p

Loan to value ratio

25.1%

31 March 2021: 24.6%

Financial highlights

- EPRA net tangible assets ("NTA") per share up 28.6% to 173.8 pence (31 March 2021: 135.1 pence), primarily due to the revaluation increase of 38.5 pence per share
- Dividends totalling 6.4 pence per share paid or declared in respect of the year, ahead of the full-year target of at least 6.2 pence per share
- Total portfolio valued at £1,012.0 million (31 March 2021: £792.8 million), with a like-for-like valuation uplift of 19.4%
- Portfolio valuation comprised £913.0 million in relation to the investment portfolio of completed assets and £99.0 million of development property and land (31 March 2021: £751.9 million and £40.9 million)
- Total accounting return for the year of 33.2% (year ended 31 March 2021: 27.7%)
- Continued strong rent collection performance, with 98.7% of rent due in relation to the year collected at 19 May 2022
- Bank debt of £271.0 million and cash balances of £16.7 million at the year end, resulting in a loan to value ("LTV") ratio of 25.1% (31 March 2021: 24.6%)

IFRS profit before tax

£191.2m

31 March 2021: £123.1m

Adjusted earnings per share[2]

6.4p

31 March 2021: 5.3p

Total cost ratio[5]

27.1%

31 March 2021: 29.5%

IFRS net asset value per share

173.9p

31 March 2021: 135.1p

Our sustainability report

See more on pages 42 to 59

Operational highlights[6]

As at 31 March 2022

Contracted rent	Passing rent	WAULT[7] to expiry
£44.0m	**£40.6m**	**5.6 years**
31 March 2021: £43.0m	31 March 2021: £38.6m	31 March 2021: 5.8 years
WAULT to first break	**EPRA net initial yield**	**Occupancy**
4.5 years	**4.0%**	**93.7%**
31 March 2021: 4.7 years	31 March 2021: 4.7%	31 March 2021: 95.6%

Operational highlights

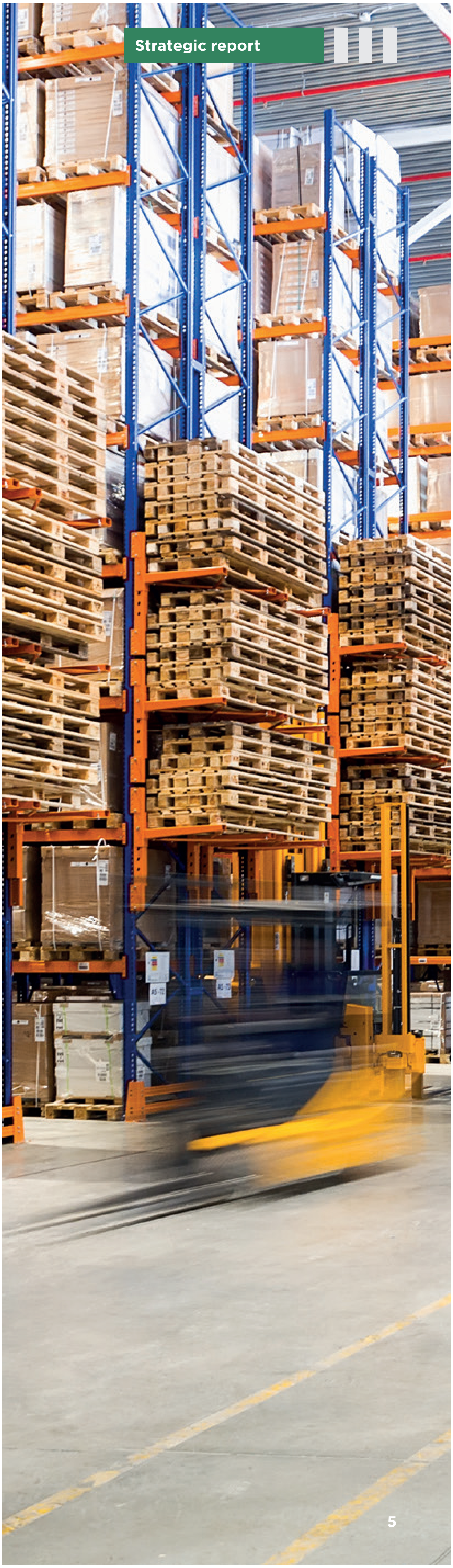
- Continued strong and increasingly diverse occupier demand, driven by ongoing growth in e-commerce and the need to reinforce supply chains, combined with growing constrained supply, contributing to significant market rental growth
- Acquired six investment assets totalling 176,500 sq ft plus adjacent development land in Cambridge and Crewe, reflecting a blended net initial yield of 4.2% (excluding the development land) Total consideration for the acquisitions was £43.4 million (including costs)
- Exchanged contracts to acquire an asset via a forward funded development arrangement for £35.0 million. A 12-month rent guarantee has been agreed with the vendor and would show a running yield in excess of 4.6%
- Further progress with the Group's sustainability strategy, including improvements to assets' sustainability performance and EPC ratings through asset management, conducting an ESG survey with more than 30 of our largest occupiers and setting a range of ESG targets to track progress with our strategy
- Unlocked further value from the portfolio through asset management:
  - Completed 116 lease events across 0.9 million sq ft of space, contributing to like-for-like rental growth of 3.0%
  - 62 new lettings, generating rent of £2.8 million per annum at 3.0% ahead of estimated rental value ("ERV"). If three agreements-for-lease agreed during the year, and, due to complete shortly are included, this increases to 5.3%. The ERV across the portfolio has grown by 6.0% on a like-for-like basis
  - 54 lease renewals, securing income of £3.0 million and achieving a 22.2% increase over previous contracted rents
  - Investment portfolio capital expenditure of £6.5 million (year ended 31 March 2021: £1.9 million), to drive rental and capital value growth
  - Occupancy of 93.7% at the period end (31 March 2021: 95.6%). Effective occupancy, which excludes units undergoing refurbishment or under offer to let, was 95.8% (31 March 2021: 98.2%)
  - Planning application for another 1 million sq ft of new warehouse space submitted at Radway 16, Crewe, bringing the total developable space to 1.8 million sq ft WAULT of 5.6 years at the period end (31 March 2021: 5.8 years), reflecting the benefit of acquisitions and asset management initiatives offsetting the natural reduction in WAULT over time

Post period end highlights

- In April 2022, exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes for £62.0 million excluding acquisition costs
- In May 2022, the Group extended the RCF by £25.0 million, the tenure and applicable interest rate are unchanged from the existing facility
- In May 2022, the Group signed an agreement with Panattoni to accelerate the development of its logistics park situated at Radway 16, Crewe just off J16 of the M6 motorway. The project will start on site Q4 2022 with first buildings being available for occupation 2023

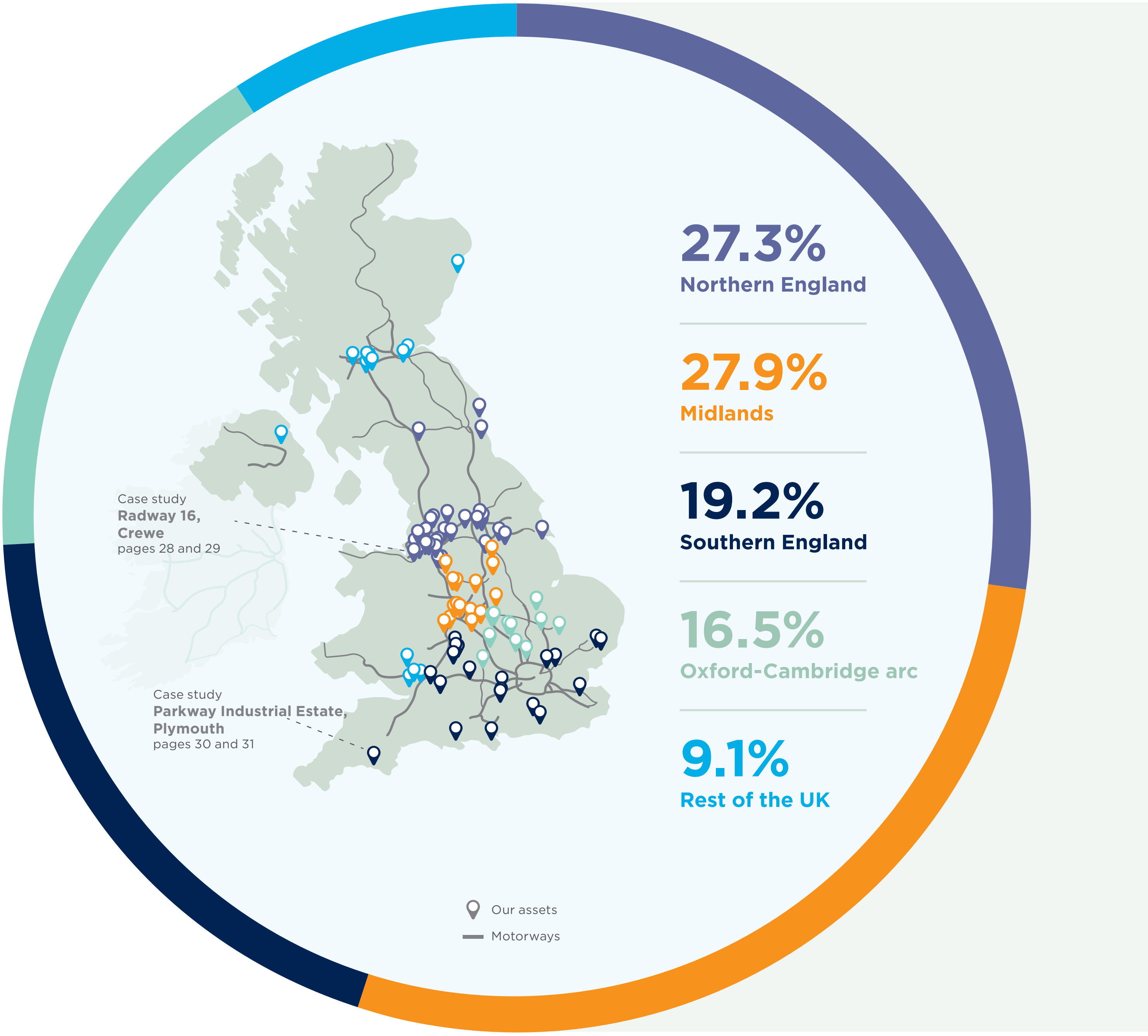
Notes

1. The Group presents adjusted earnings per share ("EPS"), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group.
   EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. EPRA EPS is set out in note 12. EPRA NTA is set out in note 22. A glossary of terms is shown on pages 154 to 156.
2. Adjusted earnings per share is based on IFRS earnings excluding unrealised fair value gains on investment properties and derivatives, profit on disposal of investment properties and one-off costs and ultimately underpins our dividend payments. There were no one-off costs in the year ended 31 March 2022 or in the prior year. For detailed calculations, please refer to note 12 of the financial statements and table two of the unaudited supplementary notes not part of the consolidated financial information.
3. Dividends paid and declared in relation to the year, including a third interim dividend paid on 1 April 2022 and a fourth interim dividend to be paid on 30 June 2022. Dividends paid during the year totalled 6.2 pence per share (year ended 31 March 2021: 4.7 pence per share). Please refer to note 11 of the consolidated financial statements.
4. Total accounting return based on the increase in EPRA NTA per share of 38.7 pence plus dividends paid per share of 6.2 pence, as a percentage of the opening EPRA NTA of 135.1 pence per share. Please refer to note 22 of the financial statements and table 11 of the unaudited supplementary notes.
5. Total cost ratio represents the EPRA cost ratio including direct vacancy cost but excluding one-off costs. For detailed calculations, please refer to table six of the unaudited supplementary notes not part of the consolidated financial information.
6. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield ("NRY"), occupancy and capital expenditure in this report relate only to the investment portfolio of completed assets and exclude development property and land. Development property and land is where the whole or a material part of an estate is identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating.
7. Weighted average unexpired lease term.



At a glance

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



Our warehouses are increasingly important for fulfilling the continuing growth of our diverse occupier base, spread across different industries and business sizes. Our purpose-built assets are simple and highly flexible, allowing them to meet the needs of this wide range of occupiers. They have a steel or concrete frame, metal or similar cladding and a minimum eaves height of five metres, but often materially more.

The buildings have external servicing and yard space and typically cover less than 40% of the total site area. Our investment strategy (see pages 26 and 27) favours warehouses on estates let to multiple occupiers but we also acquire single-let assets, as part of a balanced portfolio.

Key statistics at 31 March 2022

541
occupiers

91
estates

867
units

8.5
million sq ft

99%
of assets within two miles of a town centre, transport hub or motorway junctions

£51.5m
ERV, 17.0% above the contracted rent roll

71.2%
of portfolio are multi-let estates

29.9%
of total rent roll accounted for by top ten occupiers

Top ten assets at a glance

by contracted rent

We have a well-diversified portfolio, in key logistics locations across the UK. Our top ten assets account for 39.7% of our contracted rent roll and 40.2% of the total portfolio valuation.

Key statistics for top ten assets at 31 March 2022

3.3m
sq ft

127
occupiers across 178 units

£17.6m
contracted rent roll

£19.6m
ERV

Midpoint 18, Middlewich

- **Area sq ft:** 598,000
- **Number of units:** 23
- **Contracted rent:** £3,298,000
- **Acquisition dates:** October 2019, September 2020, November 2020, February 2021, June 2021, July 2021
- **Tenure:** Freehold

Barlborough Links, Chesterfield

- **Area sq ft:** 501,000
- **Number of units:** 1
- **Contracted rent:** £2,509,000
- **Acquisition date:** September 2020
- **Tenure:** Freehold

Boulevard Industrial Park, Speke

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

Brackmills Industrial Estate, Northampton

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

Queenslie Park, Glasgow

- **Area sq ft:** 395,000
- **Number of units:** 72
- **Contracted rent:** £1,722,000
- **Acquisition date:** September 2017
- **Tenure:** Freehold

Key: Northern England · Midlands · Southern England · Oxford-Cambridge arc · Rest of the UK

£403.8m valuation	**4.1%** NIY
4.5% NRY	**6.1 years** WAULT to expiry

Knowsley Business Park, Knowsley

- **Area sq ft:** 301,000
- **Number of units:** 16
- **Contracted rent:** £1,411,000
- **Acquisition date:** September 2017
- **Tenure:** Freehold

Gateway Park, Birmingham

- **Area sq ft:** 220,000
- **Number of units:** 31
- **Contracted rent:** £1,201,000
- **Acquisition date:** November 2020
- **Tenure:** Long leasehold

Dales Manor Business Park, Cambridge South

- **Area sq ft:** 130,000
- **Number of units:** 26
- **Contracted rent:** £1,186,000
- **Acquisition date:** May 2021, July 2021
- **Tenure:** Freehold

Temple House, Harlow

- **Area sq ft:** 177,000
- **Number of units:** 2
- **Contracted rent:** £1,154,000
- **Acquisition date:** February 2021
- **Tenure:** Freehold

Gloucester Business Park, Gloucester

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

Chairman’s statement

The Board has been delighted with the execution of the original strategy and its conversion into attractive returns for our investors.

Neil Kirton
Chairman

Overview

We are now at the end of the fourth full financial year since many of you supported the Company’s IPO in September 2017. In the Prospectus that accompanied the IPO we made a clear statement about our strategy, to generate attractive returns, explaining that we would acquire well-located pre-existing assets that showed strong potential for effective asset management and rental growth. At that time our proposition centred on the undervaluation of such assets given the evolving market environment, in particular around home shopping. The growth in e-commerce has now been augmented by other drivers, including shifting supply chain dynamics and greater onshoring requirements. We believe that both of these are unlikely to abate. As these drivers gathered momentum, we have witnessed some key changes in the market for our chosen asset class. These changes have been reflected in our strategic thinking and subsequent activity levels in the year we are now reporting on.

Returns performance

At the end of every year, we commission an externally led independent valuation of the investment portfolio. Between March 2018 and March 2022, the year-end valuation has progressed from £291.0 million to £1,012.0 million and valued our rental income on yields that have compressed from 7.0% in 2018 to 4.5% in 2022, reflecting the continued rerating of the asset class, whilst like-for-like ERV movement of 6.0% demonstrates rental growth potential embedded in the portfolio.

On the same timescale, the Company’s net asset value has increased from IPO 100 pence to its current level of 173.8 pence as at 31 March 2022. With dividends included, this equates to a total shareholder return since IPO of 97.8%.

Throughout this timeframe, the Board has been delighted with the execution of the original strategy and its conversion into attractive returns for our investors.

Capital has been deployed into a portfolio of assets in strong locations, with a number of very high-quality covenants and an increasing weighted average unexpired lease length, something we identified as key and targeted from the outset.

Financial highlights

The continued rerating of our chosen asset class was reflected in the 19.4% like-for-like portfolio valuation growth at the year end, underpinning a gross asset value exceeding £1 billion for the first time. The EPRA NTA per share at 31 March 2022 was 173.8 pence, an increase of 28.6% from 135.1 pence per share 12 months ago.

Capturing the potential rental growth embedded in the portfolio is an important part of our value creation strategy. Like-for-like rental growth was 3.0% in the year and new leases (including agreements-for-lease) exceeded the valuer’s estimated rental value by an average of 5.3%.

Creating further value

Acquiring assets that offer attractive day one income remains central to our strategy. As the value of warehouse assets has rerated, we have consciously adopted an even greater level of discipline and rigour around screening and selecting assets we are prepared to acquire and, importantly, the price at which we are prepared to acquire them.

In my previous statements I have made a number of references to the fact that we have acquired ‘lazy acres’ as part of our portfolio construction, which we have known represented further upside for our shareholders. Perhaps the most significant current example is Radway 16, Crewe, which is an asset that Tilstone has assembled over a period of time and which now spans in excess of 100 acres of land immediately adjacent to the M6 near Junction 16, an area where no similar assets exist. We continue to progress planning at Radway 16, which has the potential to generate a substantial uplift in the site’s value.

We have other smaller sites within the portfolio. Together with more innovative ways of deploying capital into the sector – for example, our recent transaction forward funding a development at Thame, Oxfordshire, these schemes are likely to comprise an increased element of our future activity, albeit within the investment policy parameters related to development activity.

A robust approach to ESG is increasingly important to value creation, since it helps us to ensure our assets remain fit for purpose and enhances their attraction to potential occupiers. My colleague Aimée Pitman chairs our Sustainability Committee, which we established last year and which drives our responsible business agenda across environmental, social and governance matters. You can find more information in the sustainability report on pages 42 to 59.

Move to the Main Market

We have taken the decision to move the listing for the Company's shares from AIM to the Main Market. This is a move that has been under review for some time. While we felt that we have prospered on AIM, we also believe that we have reached the stage of our evolution where shareholders would benefit from such a move. In moving to the Main Market, we have several objectives, but key to this includes the continued enhancement of the liquidity of your shares, together with a further increase in our access to capital as we evolve and grow the Warehouse REIT brand. In this context, the appointment of Jefferies as joint corporate broker alongside Peel Hunt is important.

Outlook

Whilst we remain vigilant to the impact of near-term macro-economic pressures, in particular rising inflation, this is an exciting time for Warehouse REIT shareholders. Our focus on the regional distribution, multi-let industrial and last-mile segments of the market is key. They have the most diverse occupier base and high replacement costs have inhibited new development and rents are highly affordable. I am delighted to say that as yields have compressed we have a number of examples of situations where our asset management capabilities have generated significant increases in rents. Further details of this are available in this report.

The Board sees a future of continued value creation from the assets within the portfolio and strong demand for both existing well-located warehouse assets and locations that will attract high-quality occupiers. We continue to be strongly committed to increasing dividends payable to our shareholders and look forward to the future with confidence.

Neil Kirton
Chairman

23 May 2022

Q&A with Andrew Bird

Andrew Bird, Managing Director of Tilstone Partners, our Investment Advisor, shares his thoughts on the industrial and logistics market, our strategy and some of the current macro-economic challenges.

Q: Given current pricing for pre-existing assets, will development become a more significant part of your strategy?

A: The investment portfolio will always be the core of the business. As a REIT, the Company's acquisition strategy will continue to focus on standing assets that generate day one income, where the valuations are accretive. However, pricing is strong and we have strict capital discipline, so a controlled level of development can help drive our returns. We have made good progress with extracting value from the 'lazy acres' in the Group's portfolio, in particular in assembling a highly attractive site at Radway 16, Crewe. The Company is also open to forward funding developments, as with the scheme in Thame, Oxfordshire. We always look to de-risk our developments, for example by securing pre-lets, and the investment policy limits developments in total to 15% of gross asset value.

Q: Occupier demand and rental growth are at unprecedented levels. Are these conditions sustainable?

A: There remains a significant imbalance between occupational demand and available space, and a number of reasons to believe this will continue for some time to come, despite any near-term weakness. The need for warehouses to fulfil e-commerce needs remains a powerful driver, whilst businesses are also increasingly focused on their supply chain resilience (in the wake of Covid-19), high shipping costs and the impact of current geopolitical uncertainty. That means sourcing goods closer to home and holding more stock, which requires more space. As take up from online retailers reaches more normal levels, so an increasingly diverse range of occupiers are taking space, including for urban logistics, with the likes of dark kitchen operators and Q-commerce, which we are witnessing first hand in our portfolio.

New supply is failing to keep pace with demand. Rising construction and land costs, as well as a scarcity of the latter, are likely to affect new development activity. These factors should feed through into continued strong demand and further rental growth.

Q: How will you manage inflation risk in your development activities?

A: First, we avoid committing to a lease with an occupier too far ahead of knowing what the construction costs are going to be. We also agree fixed-price construction contracts and negotiate these directly with chosen providers, as tender processes can lead to inflated prices given the volume of work many contractors already have. Thirdly we look to commit to ordering materials such as steel and cladding upfront, which helps to mitigate price rises for any material not covered by fixed-price contracts.

Q: With the potential for 1.8m sq ft of warehousing space, Radway 16 is much larger than your previous projects. How will you manage the risk?

A: Radway 16 is a really exciting scheme. We have assembled a 102-acre site in a highly attractive location and already generated a substantial uplift in value through securing planning on phase 1 with phase 2 to follow. We are examining all the options for how best to deliver what will be one of the most significant industrial estates in the region, which may include some form of partnership.

Q: How could inflation affect the business?

A: Whilst construction cost inflation has the potential to impact the profit/yield on cost targets we model for the refurbishment and development programme, through a combination of value engineering and risk management, we are well placed to mitigate this. To the extent that costs do increase, we anticipate that uplifts in ERVs (as compared to the original business plan) for the space we create, will more than offset the cost inflation. In addition, the majority of the Group's leases are open market or fixed reviews, so the Group is less exposed in this regard to rising inflation and the potential for over rented assets. Rent remains a small fraction of occupiers' cost base, which gives further comfort that they are well placed to absorb any impact on inflation on their business models.

Q: What are you doing to mitigate the impact of rising interest rates, given the low level of fixed/hedged debt?

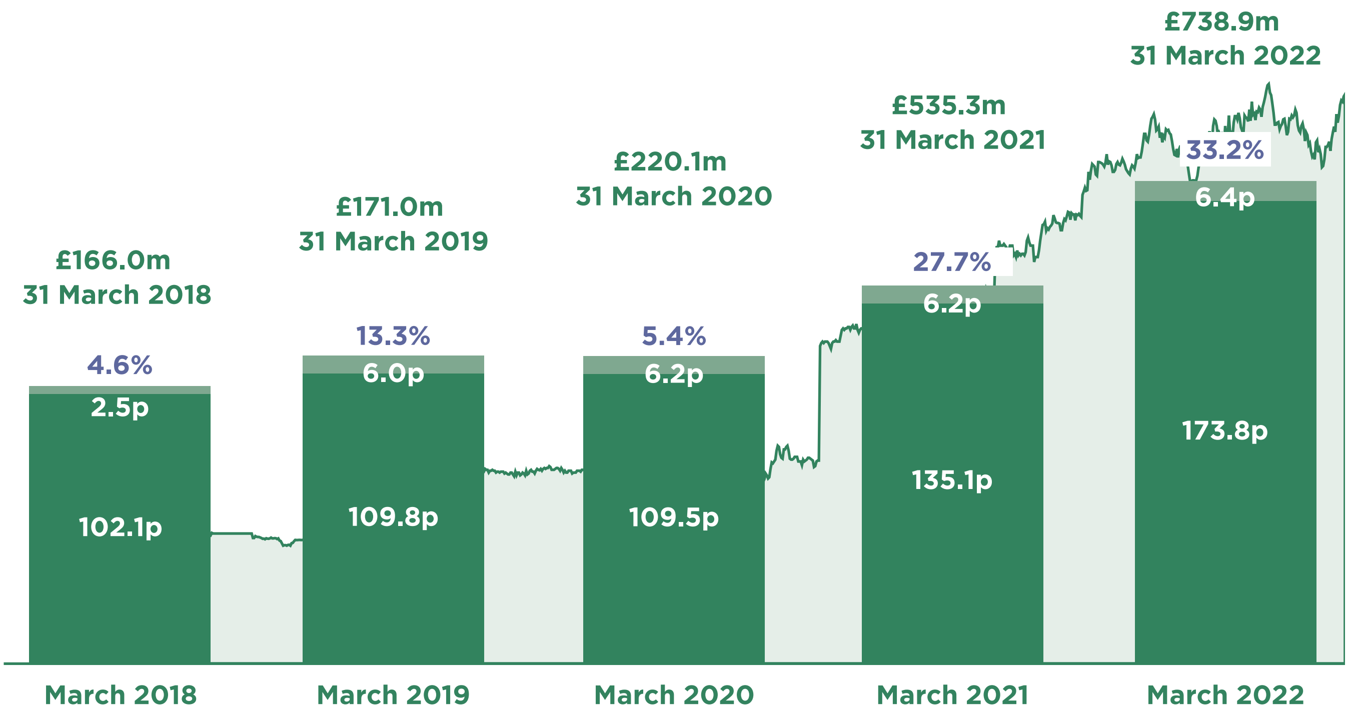
A: We review the Group's debt and its associated interest cost on a regular basis and have recently engaged Lazard to advise in this area. We are considering a number of options, and subject to the market, including the issue of a long-term fixed debt instrument with a maturity in excess of the Group's WAULT, which would have the benefit of a fixing interest cost and extending debt maturity. We are also reviewing our current secured bank debt, which still has two and a half years until maturity, maybe moving to an unsecured facility. This will provide increased flexibility and, once in place, appropriate hedging will be put in place.

Q: Which regions offer the best prospects for growth?

A: We have been increasing the Group's exposure to the Oxford-Cambridge Arc, where c.16.5% of the portfolio is now located. The economy in this region is strong, with higher-than-average house prices, education levels and consumer spending. Supply is also very tight and obtaining planning is difficult, which means rents are moving ahead, underpinning our belief that the region will outperform. That said, we also see very good long-term prospects in the North, where we have 98.8% occupancy, there is high demand and very little available space. Like-for-like rental growth in the region was 6.9% over the last year, and we expect further growth to come.

Delivering total returns

Since IPO, Warehouse REIT has delivered strong total returns, based on both an attractive dividend and regular capital growth. Our aggregate total return over this period has been 97.8%, or 18.7% on an annualised basis.



Key: Market capitalisation | % Total accounting return | EPRA NAV/NTA per share | Dividends declared or paid

Key events in the year

AIM to Main move case study

Read more on page 24

Dividend

Read more on page 39

Investment case

We operate in a compelling market, which presents significant opportunities for long-term value creation through portfolio growth, including developing new space, and active asset management.

Growing occupier demand

There are powerful long-term trends driving demand for urban warehouse space, in particular the structural shift from high street retail to e-commerce. Covid-19 has accelerated this shift and combined with the current uncertain geopolitical environment, is encouraging occupiers to take more space to reinforce their supply chains as a number of occupiers materially increase their UK stock levels.

Constrained supply

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

Growing income

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

Occupier affordability

Average rents across our portfolio are just £5.56 per sq ft, which represents a tiny fraction of our occupiers' cost base, providing significant scope to drive rents without impacting occupier affordability.

Top management

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

Scope for further value creation

We continue to seek existing assets and development schemes to acquire at accretive valuations and have a pipeline of further opportunities. In addition, our active asset management programme aims to drive capital values, rental growth and our sustainability performance, while also creating new warehouse space on underutilised land within the portfolio.

Strong returns and quarterly dividends

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

Market overview

The urban warehouse market is underpinned by highly favourable long-term trends, which contributed to record levels of occupational and investment activity in the sector during 2021.

Our market

While demand for warehouse space in the UK comes from a diverse occupier base, the need to fulfil growing e-commerce sales is a particularly important driver. Covid-related lockdowns resulted in online sales reaching 37.8% of total UK retail sales in January 2021. While this fell back to 26.0% of total sales in March 2022, as physical shops reopened, it compares with 19.1% in February 2020, demonstrating Covid-19's role in accelerating online growth (source: ONS).

Non-retail businesses such as manufacturers are also increasingly using warehouses for e-commerce, allowing them to sell directly to end customers.

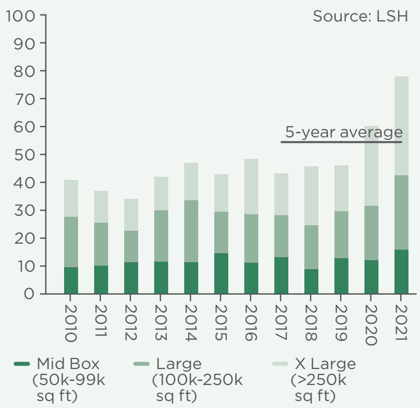
Covid-19, post-Brexit border friction and the uncertain geopolitical environment are increasingly forcing businesses to focus on the resilience of their supply chains. To help insulate them from future shocks, some companies are holding higher stock levels and looking to source or manufacture products closer to home, further boosting demand for warehouse space. Savills' Logistics Census 2022 showed 25% of respondents will need more inventory space due to supply chain changes and onshoring.

This level of demand and shortage of supply means that rents are rising for all types of occupier, ranging from online retailers and 3PLs through to manufacturing and automotive businesses and physical retailers and grocers, and they are signing longer leases to secure the space they need.

Strong occupier demand

Occupier take-up of industrial and logistics space in 2021 reached a new high of 78.0 million sq ft, beating the previous record in 2020 by 29% (source: LSH). Retail and wholesale businesses were again highly active and comprised 39% of total take-up. However, there was also strong activity from third-party logistics providers and distributors, whose take-up increased by 26% to 14.2 million sq ft. Regionally, the North West saw the strongest growth in take-up, at 86% above the five-year average, with increases across all size segments. Most other regions were also substantially ahead of the five-year average, with only Scotland underperforming.

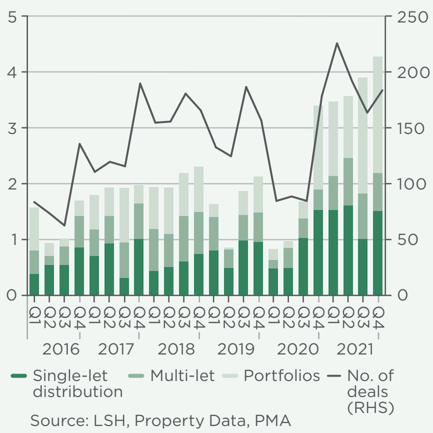
UK take-up (m sq ft)



Attractive investment market

2021 saw record investment volumes in the industrial and logistics sector, reflecting conditions in the occupational market. Total investment volume reached £15.2 billion, nearly double the previous high in 2018. Industrial property accounted for 27% of all UK real estate investment, up from 18% in 2020 and above a long-run average of 13% (source: LSH). Of this, £10.5 billion was invested in distribution warehouses. Multi-let volumes were £4.7 billion, the highest since 2018. Prime yields for industrial assets compressed further, at 3.50% for South East industrials (-50 bps year on year), 3.75% for rest of UK industrial (-75 bps year on year) and 3.25% for distribution warehouses (-50 bps year on year) (source: LSH).

Industrial investment volume (£bn)

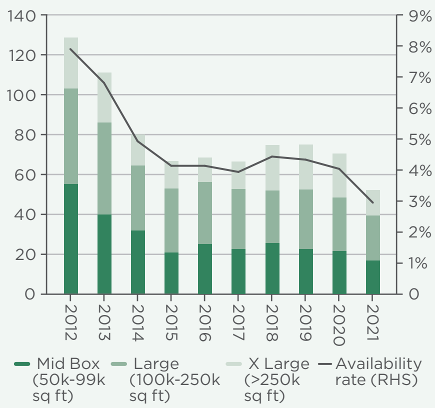


Constrained supply

Record take-up has driven availability to new lows. At the end of 2021, available supply was 52.3 million sq ft or just 1.0 years of average take-up (source: LSH). This has encouraged speculative development, although this is concentrated in big boxes (over 0.2 million sq ft), which offer economies of scale. In 2021, 63% of new space was speculative, with 37% build to suit (source: JLL). The speculative pipeline at the year end was 18.6 million sq ft (source: Savills) but such space tends to let quickly, often during construction.

Build inflation and land costs may limit future development, although prime sites are still being brought forward.

UK availability by size-band (m sq ft)



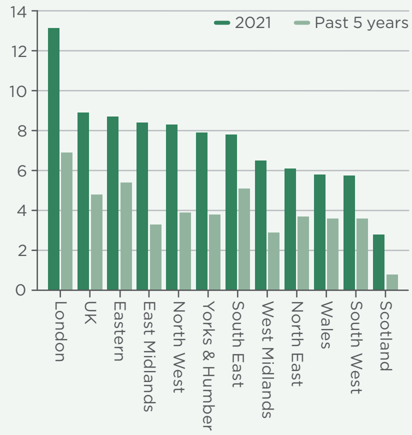
Continuing rising rents

The acute demand and supply imbalance means that market rental growth has been especially strong over the past year, with the MSCI Quarterly Index showing rental growth of 8.7% across all UK industrial in 2021. However, rental growth has been distinctly varied across the regions, with London the best performer, showing an increase of around 13% over 2021, compared to Scotland showing 3%.

Additionally, rental value growth has been much stronger at the prime end of the market, especially amongst prime big box logistics rents, which grew by 18.5% in 2021 (source: JLL). Lower average rents across many of the UK regions should insulate these markets from affordability constraints potentially beginning to take effect at the prime London segment of the market.

Most forecasters assume that market rents will grow in 2022, although geopolitical uncertainty drivers such as the war in Ukraine and the energy price shock mean that it is ultimately unclear how 2022 will evolve. While rental growth has been uneven across the UK, there remains plenty of scope for continuing growth over the year ahead, including within prime areas and other markets where growth has been more muted so far, reflecting ongoing strong competition for space, with LSH forecasting average rental growth across the UK in 2022 ranging between 12% to 14%.

Industrial rental value growth has been strong in 2021



Business model

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

Inputs

The following resources are central to our value creation model:

Physical assets

We have a portfolio of modern urban warehouses, in core locations across the UK, as well as underutilised land suitable for development.

Skilled and experienced people

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

Specialist knowledge

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

Relationships

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

Financial assets

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

How we create value

Identify assets to acquire

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

Review and approve transactions

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

Monitor and manage investments

Day-to-day property management is outsourced to Savills and Aston Rose, freeing Tilstone to focus on strategic conversations with occupiers and regular visits to assets.

Create value through asset management

Tilstone creates detailed business plans and scrutinises each asset before acquiring it, including a range of asset management outcomes.

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.

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.

ESG considerations

We favour buildings that will benefit from improved sustainability features, have the potential for sustainable transport, demonstrate long-term resilience and respond to capital expenditure.

Tilstone negotiates terms with the vendor and our Investment Manager also reviews the proposal and considers it for approval. Acquisitions valued at 20% or more of gross asset value ("GAV"), or any outside the investment policy, must have Board approval in addition to Investment Manager approval.

ESG considerations

Assessment of climate change risks is integrated into our due diligence. Flooding risk is a key consideration, due to the increased weather extremes the country is experiencing.

This is key to our 'space intelligence', which involves understanding the assets and our occupiers' needs, helping 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.

ESG considerations

Our sites are regularly assessed for health and safety, with any damage or hazards addressed through maintenance. The Board receives a summary health and safety report. Smart management of service charges enables us to measure consumption of electricity and water, waste removal and renewable supplies.

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

ESG considerations

We work with occupiers to identify mutual sustainability targets, energy efficiencies and carbon emission reduction initiatives, such as electric vehicle charging, LED lighting installation, removing redundant gas boilers and using renewable energy. In the process, we look to maintain and improve EPC ratings.

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 or not in line with the Company's target returns.

ESG considerations

Sustainability enhancements make assets more efficient and attractive for occupiers. This in turn helps to grow rents and capital values and increases the proceeds from any subsequent disposal.

Business model continued

Creating economic value

The majority of our occupiers pay rent quarterly in advance, converting our revenue quickly into cash. Many of our costs are partially or wholly fixed, so we turn a rising proportion of our income into profit as we grow.

As a REIT, we do not pay corporation tax on profits and gains from our qualifying property rental business, supporting our ability to pay progressive dividends to shareholders.

We also generate capital growth through our asset management activities, higher rents and market yield compression, contributing to our NAV growth. We create value for our lenders through robust interest cover and attractive assets, which provide a high level of security.

6.4p
Dividend

33.2%
Total accounting return

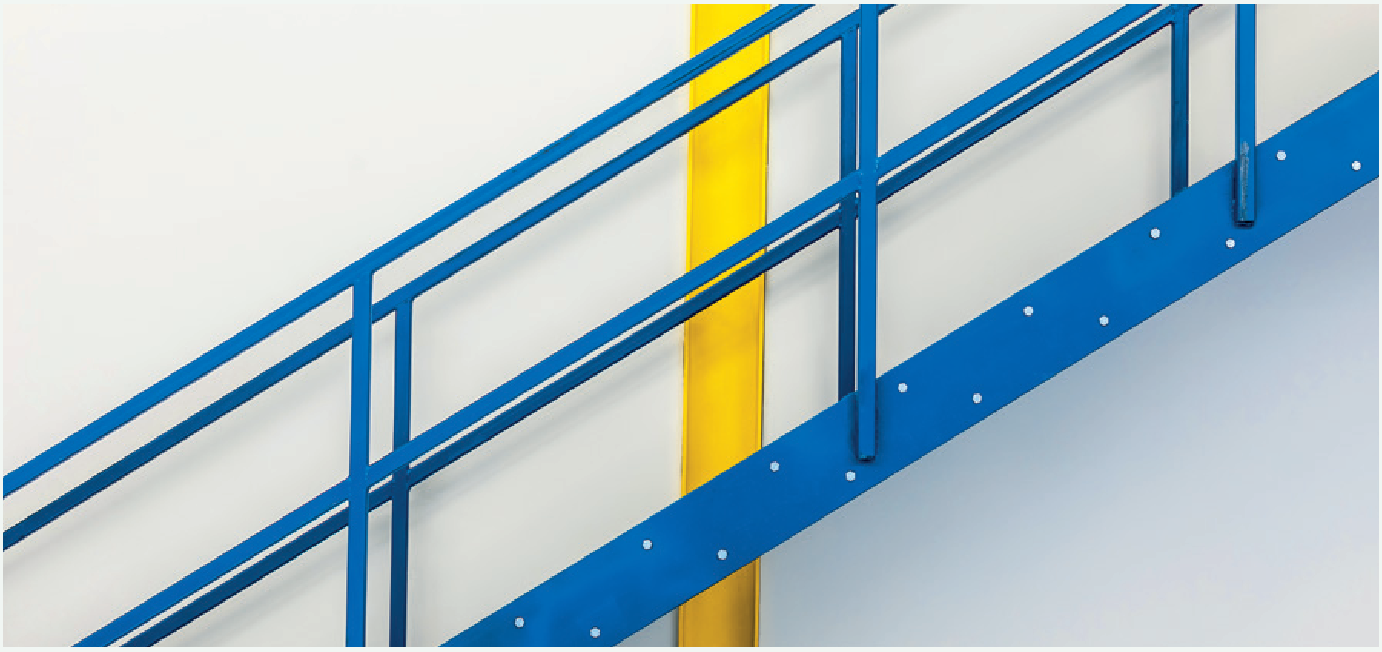
6.1x
Interest cover

Creating social value

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

We also look to add value for society through our approach to sustainability. For example, refurbishing and extending the life of an existing building has a considerable carbon saving compared with constructing a new building. See our sustainability section on pages 42 to 59 for more information.

Underpinned by strong governance



Stakeholders

Understanding our stakeholders' views and interests is essential if we are to meet our responsibilities to them and create economic and social value. We are therefore committed to open dialogue with our stakeholders.

Our approach to stakeholder engagement

The Investment Advisor is responsible for most of our day-to-day engagement with stakeholders, with the Board kept informed of stakeholder views through regular updates. More information can be found in the table below.

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

Our stakeholder engagement

Occupiers

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

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
- Support to meet occupier sustainability targets, including energy usage, carbon, transport, climate change adaptation and employee wellbeing

How we engage

Our engagement with occupiers is a key part of our business model and is described on pages 18 and 19.

We communicate regularly with our existing occupiers via our Investment Advisor and property management teams.

This year we conducted an ESG survey of more than 30 of our largest occupiers, accounting for 44% of the contracted rent roll.

The Board receives regular updates from the Investment Advisor on interactions with occupiers.

Outcomes
- ESG survey enabled us to understand our largest occupiers' views and identify opportunities to work together to improve sustainability performance
- Ongoing engagement with occupiers allows us to determine their strategies and offer vacant units to meet their requirements at both estate and portfolio level
- We have made good progress with securing occupiers for the development projects at Knowsley Business Park

The Investment Advisor

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

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

How we engage

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

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

See the MEC report on page 91 for more information.

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

Stakeholders continued

Our stakeholder engagement continued

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 and fund developments.

Their material issues

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

How we engage

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

The Board receives regular updates on shareholders' views directly from Tilstone, which undertakes meetings and roadshows with shareholders on the Company's behalf, as well as from the Company's corporate brokers.

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

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

Outcomes

- Increased the dividend to 6.4 pence per share
- Progressed plans to move to the Main Market of the London Stock Exchange
- Continued transparent ESG reporting, including via EPRA submission and the TCFD framework, reflecting strong shareholder interest in ESG matters

Lenders

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

Their material issues

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

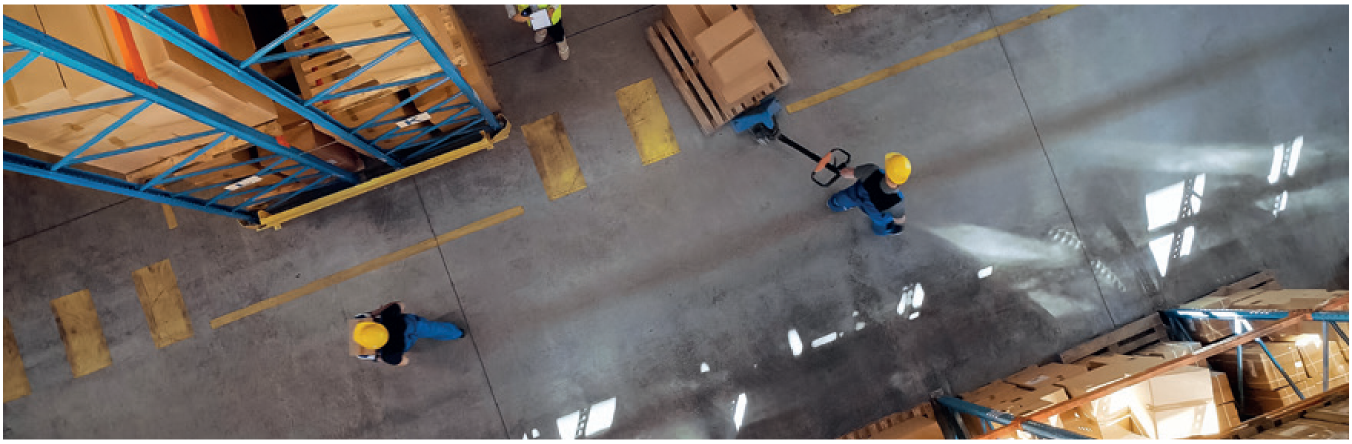
How we engage

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

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

Outcomes

- Open communication with lenders
- Regular portfolio updates via compliance reporting provide comfort
- Quarterly reviews regarding hedging and other associated funding matters with the lenders and other advisors
- Engaged with Lazard as financial advisors to review Group debt



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, BDO as our external Auditor, AuditR as our risk management and internal audit advisor, Peel Hunt and Jefferies as our corporate brokers, 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, with the aim of building long-term relationships. Their advice, as well as their needs and views, are routinely taken into account.

See the MEC report on page 91 for more information on third-party service providers.

Outcomes

- Appointment of Jefferies as joint corporate broker, alongside Peel Hunt
- Appointment of BDO as external Auditor for the Group
- Commitment to prompt payment
- All of our suppliers with spend >£100k have a Modern Slavery Statement or a signed declaration
- Quarterly service calls between Investment Advisor and external service providers
- Monthly monitoring calls with the Investment Manager

Local communities

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

Their material issues

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

How we engage

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

Outcomes

- Commitment to EPRA sustainability reporting
- Consideration of local government ESG targets
- New lettings/renewals providing additional employment opportunities

Section 172(1) statement

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

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

Taking account of stakeholder views

Information on stakeholder engagement, including how the Board is kept informed about stakeholder views, can be found on pages 21 to 23. This engagement is an important input to the Board's decision making. The Directors keep the methods for engaging with stakeholders under review, to ensure they remain effective.

Key Board decisions

The Board's key decisions during the year included:

- approving the four interim dividends in respect of the year, totalling 6.4 pence per share;
- appointing Jefferies as joint broker; and
- approving the Group's intention to move from AIM to the Main Market.

Our move from AIM to the Main Market

Background

The Company's shares have traded on AIM since our IPO in 2017. This was an appropriate initial trading venue for the Company, since AIM is home to many smaller companies with growth aspirations. The successful execution of the strategy has resulted in the Company becoming one of the top 40 on AIM by market capitalisation. However, many institutional investors are unable to invest in AIM shares or can only take limited positions. Moving the Company's listing to the Main Market of the London Stock Exchange will make the shares available to a broader range of investors, as well as providing eligibility for index and tracker inclusions.

Interested stakeholders

Shareholders: Existing and prospective shareholders will benefit from our access to a larger pool of capital, supporting our growth strategy, and increased liquidity in the shares. The Company will continue to follow the AIC Code of Corporate Governance, which incorporates the parts of the UK Corporate Governance Code relevant to investment companies. However, we also note that standards of corporate governance are typically higher for Main Market companies than for AIM, which will encourage the ongoing evolution of our corporate governance arrangements.

Occupiers: Increased access to capital will enable us to add new assets to the portfolio, progress our development projects to create new lettable space, and support our continued investment in our existing portfolio. This will benefit occupiers, who will have greater choice of high-quality warehouses to lease from us.

Lenders: Our ability to continue to grow the business and further enhancements to our corporate governance framework will improve our risk rating for lenders.

Investment Advisor: The Investment Advisor's management team hold 27.2 million shares between them, ensuring they will receive the same benefits as other shareholders.

Third-party service providers: Our service providers will benefit from our continued growth and the opportunity to expand their work with us.

Impact of the decision in the long term

We believe the move to the Main Market will have significant long-term benefits, primarily arising from increased growth prospects, a broader shareholder base and greater liquidity in the Company's shares.

Matter	Response
a) The likely consequence of any decision in the long term.	All Board decisions involve careful consideration of the longer-term consequences and their implications for stakeholders. Consideration of non-speculative development/forward funding arrangements complementary to the existing investment portfolio.
b) The interests of the company's employees.	The Company is externally managed and therefore does not have any employees.
c) The need to foster the company's business relationships with suppliers, customers and others.	As described on page 21, the Company's relationships with its occupiers are managed day-to-day by the Investment Advisor, with the Board kept regularly updated. The Board oversees the Company's relationships with all its principal service providers through the Management Engagement Committee.
d) The impact of the company's operations on the community and environment.	The Board has supported the recommendations of the Sustainability Committee. For more information on the Company's environmental performance and community engagement, see pages 57, 58 and 59 respectively.
e) The desirability of the company maintaining a reputation for high standards of business conduct.	The Board has a culture statement, setting out its commitment to ethics and high standards of business conduct. All of the key service providers are expected to abide by these standards. Reputational risks are also considered as part of the Group's risk management framework, as described in the risk management and principal risks section on pages 60 to 67.
f) The need to act fairly between members of the company.	The Board is aware of the need to treat all shareholders equally but, with the exception of equity raises, there are no decisions it takes where shareholders could be treated differently. When raising new equity, the Board ensures as far as possible that existing shareholders can participate in proportion to their current holdings, so they are not disadvantaged. In addition, Board members and members of the Investment Advisor's senior management team own a total of 28.6 million shares in the Company between them, further aligning their interests with the outcomes delivered for shareholders as a whole.

Objectives and strategy

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

Our objectives

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

Total accounting return

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

Outcome in 2021/22

Achieved.

The total accounting return for the year was **33.2%** (see page 2).

Plan for 2022/23

We continue to target a return of at least **10%** per annum.

Dividends

Our target for this year was a total dividend of at least **6.2 pence** per share.

Outcome in 2021/22

Achieved.

We declared total dividends of **6.4 pence** per share (see page 2).

Plan for 2022/23

Our target dividend for 2022/23 is at least **6.4 pence** per share.

Our strategy

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

Investment strategy

We look for:

- sites close to major transport links and large conurbations, with high occupier demand, a suitable workforce and appropriate ESG credentials;
- buildings or land with a range of uses, long-term flexibility and existing or potential ESG credentials, including the potential to change permitted use; and
- buildings that match occupiers' current and future needs, including their sustainability objectives.

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

Asset management strategy

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

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

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 an LTV range of 30-40% in the longer term. We look to hedge the interest on a proportion of our debt, to provide certainty over our financing costs.

Risks:

- poor performance of the Investment Advisor;
- poor returns on portfolio;
- significant rent arrears/irrecoverable bad debt; and
- acquisition of inappropriate assets or unrecognised liabilities, or a breach of the investment strategy.

Progress measured by:

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

During the year we:

- acquired six investment assets totalling 176,500 sq ft, plus adjacent development land in Cambridge and Crewe, for £43.4 million;
- exchanged on a 170,000 sq ft forward funded development, for a total commitment of £35.0 million; and
- acquired 16 acres of land at Radway 16 and exchanged on a further 1 acre to give a total holding of 102 acres.

Post year end activity:

- in April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs.

Risks:

- poor performance of the Investment Advisor; and
- impact of climate change.

Progress measured by:

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

During the year we:

- invested £6.5 million or 0.8% of GAV in capital expenditure;
- completed 62 new lettings, at rents 3.0% ahead of ERV;
- completed 54 lease renewals, with a 22.2% increase in headline rents; and
- made progress with our development project at Radway 16, including submitting planning for 1 million sq ft of new space, agreed leases on the planned development assets at Knowsley Business Park, and worked to secure pre-lets at Queenslie Park.

Post year end activity:

- completed two new lettings and two new lease renewals, 37.0% ahead of previous rent and 1.4% ahead of March 2022 ERV.

Risks:

- interest rate changes;
- loss of REIT status; and
- breach of borrowing policy or loan covenants.

Progress measured by:

- LTV ratio;
- Interest cover ratio.

During the year we:

- progressed our plans to move the Company's listing to the premium segment of the Main Market of the London Stock Exchange, thereby increasing the number of potential investors in the Company's shares, in the UK and overseas;
- maintained the LTV ratio to allow for future accretive acquisitions; and
- engaged Lazard to review the structure of the Group's debt.

Post year end activity:

- intention to transfer listing notice AIM 41, issued on 24 May 2022; and
- the Group extended the RCF by £25.0 million, the tenure and applicable interest rate are unchanged from the existing facility.

Strategy in action

Radway 16, Crewe

What is it?

We acquired Radway 16 in September 2017, as part of a £26.3 million, four-asset portfolio. On acquisition, the asset was a 25-acre, multi-let industrial estate. The site is in a highly attractive location, with 84% of the UK population within four hours' drive time and Manchester, Birmingham and Leeds all within 90 minutes.

What have we done since purchase?

Since acquisition, we have assembled a significant development site and progressed planning for new warehouse space, which will help to meet the substantial occupier demand in this location and create significant value for shareholders.

Specifically, we have:

- secured planning consent with an adjoining landowner for 803,000 sq ft of warehouse units, ranging from 22,000 to 340,000 sq ft;
- acquired the adjoining landowner's 16 acres, taking full ownership of the consented scheme;
- exchanged contracts to acquire a further 60 acres of land zoned for employment, as well as a small additional plot that allows us to make more efficient use of the site; and
- submitted a planning application for 1,020,000 sq ft of additional warehouse space on the 60 acres.

What is the future?

A successful planning application will trigger a potentially material uplift in the land value. We are now seeking to manage the risk of developing the site through securing pre-lets or pre-sales, or through a development partnership. Developing new space gives us the opportunity to ensure high standards of sustainability performance, with targets of at least BREEAM Very Good and EPC A ratings for the new buildings.

Link to strategy: Investment strategy Asset management

Key statistics

Potential area:
c.1,820,000 sq ft

Gross development value:
c.£300.0m

Planning application:
November 2021

Potential start date:
Q4 2022

Radway 16, Crewe
Port
0-90 mins HGV drive time
90-180 mins HGV drive time
180-270 mins HGV drive time

Sustainability features

- Targeting BREEAM 'Very Good' and EPC rating of 'A'
- Electric vehicle charging points
- Renewable energy sources: PV on roof and air source heat pumps
- Promotes sustainable transport: linked to local rail and bus routes; dedicated cycle paths and storage; and shared car travel plans
- Biodiversity focus: Planting of native trees to assist local wildlife and improve amenity; bird and bat boxes
- Design features to improve efficiency: enhanced building fabric; intelligent external lighting; water efficient sanitaryware; and ground attenuation crates and interceptors

Strategy in action

Parkway Industrial Estate, Plymouth

What is it?

This asset is a 66,000 sq ft single-let warehouse in Plymouth, Devon, which we acquired in December 2017. The warehouse is well-specified and sits on a 3.9-acre site in the established Parkway Industrial Estate, which is home to a diverse range of occupiers from the retail, trade and logistics sectors.

The warehouse benefits from its close proximity to the A38, which is a major arterial route connecting Cornwall in the South West and Mansfield in the East Midlands, and is just one mile from Plymouth city centre.

What have we done since purchase?

The warehouse was constructed in 1985 and is in an area starved of supply. We identified the potential for targeted capital expenditure to upgrade the asset to a modern specification, further enhancing its appeal to occupiers and driving rental levels and the capital value.

Having secured vacant possession on lease expiry, we are undertaking a comprehensive £1.6 million refurbishment of the property, to bring it up to grade A standard. This includes replacing the roof, extensive redecoration inside and out and replacing the lighting throughout with LEDs, to target an EPC A rating on completion.

What is the future?

We have entered into an agreement for lease with a major third-party logistics provider for a ten-year term (with no breaks). The agreement reflects a 34.5% uplift to the 31 March 2021 ERV, with a headline rent of £0.5 million per annum or £7.0 per sq ft.

Link to strategy: Investment strategy | Asset management

Key statistics

Area:	WAULT:
66,000 sq ft	**10.0 years**
Contracted rent:	**Average rent:**
£0.5m	**£7.0 per sq ft**

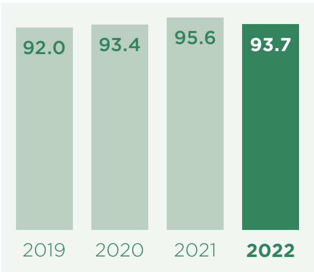
Sustainability features

- Full scale upgrade of original building in progress
- New LED lighting throughout building
- New roof installation
- Rolec EV charging capability installed for tenant use
- Secured additional large scale power supply, future proofing the building

Key performance indicators

We use the following key performance indicators ("KPIs") 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, and equivalent to one minus the EPRA vacancy rate.

Why is this important?

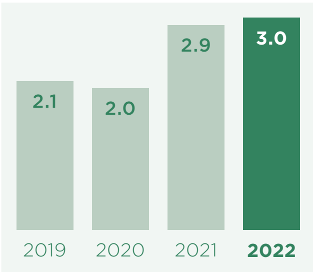
Shows our ability to retain occupiers at renewal and to let vacant space, which in turn underpins our income and dividend payments.

How we performed

Occupancy fell slightly over the period, largely due to the timing of refurbishment and letting activity. Adjusted for properties under refurbishment or under offer, occupancy was 95.8%.

Link to strategy

Like-for-like rental income growth (%)



Description

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

Why is this important?

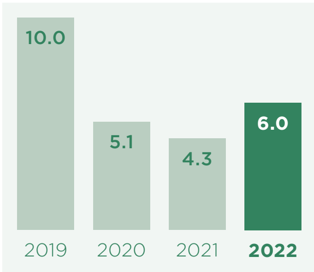
Shows our ability to identify and acquire attractive properties and grow average rents over time.

How we performed

We delivered further good rental growth, as we continued to capture the reversionary potential in the portfolio through active asset management, as well as benefiting from strong market rental growth.

Link to strategy

Rental increases agreed versus valuer's ERV (%)



Description

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

Why is this important?

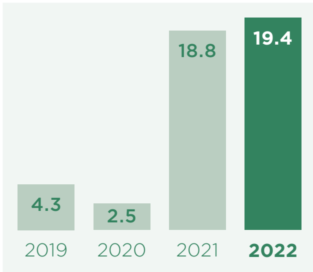
Shows our ability to achieve superior rental growth through asset management and the attractiveness of our assets to potential occupiers.

How we performed

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

Link to strategy

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, and net of capital expenditure.

Why is this important?

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

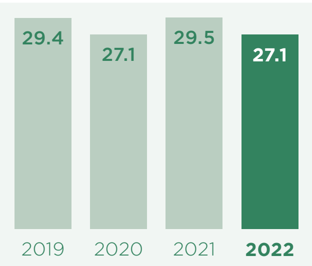
How we performed

The portfolio saw another material increase in its valuation, benefiting from further market yield compression and our asset management programme.

Link to strategy

Link to strategy key: Investment strategy   Asset management   Financial strategy

Total cost ratio (%)



Description

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

Why is this important?

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

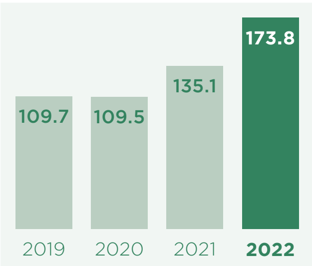
How we performed

The total cost ratio declined significantly in the year, reflecting the strong revenue increase and our focus on cost control.

Link to strategy

N/A

EPRA NTA per share (p)



Description

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

Why is this important?

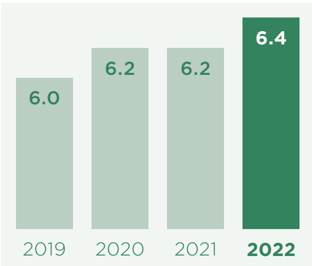
Shows our ability to acquire well and to increase capital values through active asset management.

How we performed

The significant growth in the portfolio valuation was the primary driver of the increase in the NTA during the year.

Link to strategy

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?

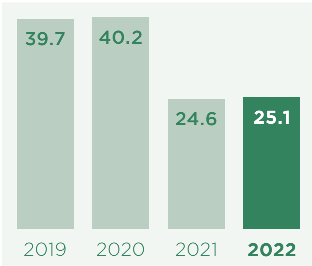
Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins progressive dividend payments to shareholders.

How we performed

We outperformed our dividend target for the year of at least 6.2 pence per share.

Link to strategy

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

The LTV increased over the year to 25.1% and we continue to seek accretive acquisitions that will further raise the LTV towards our 35% target.

Link to strategy

Investment Advisor's report

> This was another very good year for the Group, with the strong financial performance reflecting the continued successful execution of the strategy.

Tilstone Partners Limited
Investment Advisor

This was another very good year for the Group, with the strong financial performance reflecting the continued successful execution of the strategy. As described on pages 16 and 17, market conditions remain favourable for asset owners, given the strength of occupier demand versus available supply in key locations. This is reflected in the ongoing success of our asset management strategy, as we capture rising rents and progress a number of development opportunities.

Acquisitions

The Group continued to add assets to its investment portfolio during the year, which increased the Group's holdings in existing locations. This gives us scope to add value, since we already understand occupiers' need for space and the rents being paid, and can also create marriage value, for example by extending existing buildings.

At Dales Manor Business Park, near Cambridge, the Group completed three transactions and acquired 26 units totalling more than 130,000 sq ft. The blended net initial yield was 4.5%. This is a highly attractive location in the Oxford-Cambridge arc, with occupancy and prime rents at record highs. The acquisition offers scope for value creation through letting vacant space and through rental growth. The Group also bought an adjacent development site with planning permission for 14 units totalling 73,000 sq ft. We intend to undertake a phased development of this site, against partial pre-lets. The aggregate purchase price was £29.3 million, including the development land.

The Group completed two transactions that increased its holding at Midpoint 18, Middlewich, by a further 38,300 sq ft. The total cost was £4.0 million, reflecting a net initial yield of 5.2%. The Group's holding now extends beyond 600,000 sq ft in this strategically important North-West location.

The Group also extended its holding at Maxwell Road Industrial Estate, Peterborough, by 3,000 sq ft. The acquisition cost was £0.2 million, reflecting a net initial yield of 5.5%.

In March 2022, the Group exchanged contracts to acquire, via a forward funding agreement, a 170,000 sq ft multi-let industrial development in Thame, Oxfordshire. The developer will deliver the scheme under a fixed-price turn-key contract with a total commitment of £35.0 million. A 12-month rent guarantee has been agreed with the vendor and would show a running yield in excess of 4.6%, based on the total commitment. The scheme has detailed planning permission and is scheduled to practically complete in December 2022. It will be delivered to the highest sustainability specifications, achieving an EPC rating of A and a BREEAM Excellent certification. Features will include a renewable energy source on site and the buildings will be set up for electric vehicle charging. The acquisition further increases the Group's exposure to the Oxford-Cambridge arc, with some 16.4% of the portfolio now located in this key region. The Oxfordshire industrial market is characterised by an acute demand-supply imbalance and strong rental growth is forecast.

During the year, the Group made further progress with its development plans at Radway 16, Crewe by completing the acquisition of an adjoining owner's 16-acre site for £7.5 million before costs and exchanging on a further acre of land with a long-stop date of February 2023 for £1.8 million. More information on the Group's plans for Radway 16 can be found in the asset management section below and the case study on pages 28 and 29.

Asset management

Working with occupiers

Multi-let estates make up around two-thirds of the portfolio, enabling the Group to benefit from a large and diverse occupier base, spread across different industries and business sizes. This helps to mitigate financial and leasing risk and avoids reliance on any one occupier. The Group's top ten occupiers account for 29.9% of the contracted rent roll.

Property costs are typically a small proportion of overall costs for businesses and e-commerce continues to increase the income-generating capacity of industrial space. This means the space offered to the Group's occupiers remains affordable. However, we are conscious of the potential impact of other costs on occupiers, such as rising energy prices caused by factors such as inflationary environment, rising interest rates, and geopolitical conflicts. We did not experience any notable bad debts in the year and we continue to carry out assessments on all occupiers, so we can assess the spread of credit risk across the Group's portfolio. This enables us to strategically target specific occupiers or units from an asset management perspective.

The strength of the Group's occupiers continues to be reflected in our rent collection performance. As at 19 May 2022, we had collected 98.7% of the rent due in respect of the year and we expect this will continue to increase as we work with occupiers to collect the outstanding amounts.

Disposals

The Group did not dispose of any assets in the year. Disposals are an important part of our approach to portfolio optimisation and we continually review the portfolio to identify opportunities to increase efficiency and dispose of any assets that are considered ex-growth or non-core.

Capital expenditure

Carefully targeted capital expenditure is a key element of our asset management strategy. The Group aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes investment in development projects and is therefore based on GAV excluding developments. Total capital expenditure in the year was £6.5 million, equivalent to 0.8% of GAV. At the year end, approximately 1.6% of the portfolio's ERV was under refurbishment (31 March 2021: 1.5%).

Expenditure in the year included a series of smaller refurbishment projects, driven by lease renewals and expiries and linked to occupier dilapidation receipts. We have also undertaken more significant refurbishments, where we believe these will add value and drive rents. Significant projects in the year included £1.5 million of spend at Evolution 27, Nottingham; £1.3 million at Parkway Industrial Estate, Plymouth (see the case study on pages 30 and 31); £0.5 million at Granby Trade Park, Milton Keynes; and £0.5 million at Queenslie Park, Glasgow. These projects are designed to raise the quality of the assets and enhance their energy efficiency rating and green credentials, in line with the Company's sustainability strategy. For example, at Granby Industrial Estate, approximately half of the spend this year was devoted to a full refurbishment and redecoration of Unit 1, including investing in a new roof with a 25-year warranty and further improvements which combined should raise the building's EPC from D to B. Other initiatives include replacing standard lighting with energy efficient LEDs.

Investment Advisor's report continued

The Group benefits from a large and diverse occupier base, spread across different industries and business sizes.

Asset management continued

Leasing activity

The high level of occupier demand and shortage of available supply is enabling us to be even more selective in our leasing strategy. In addition to using lease expiries to improve assets through refurbishment, as described above, we have taken the opportunity to further enhance the occupational mix, focusing on high-quality occupiers with sustainable requirements, while increasing rents. In doing so, we have maintained the Group's record of leasing outperformance, with new lettings consistently achieving rents ahead of ERV and lease renewals driving strong growth over previous contracted rents. This reflects both the occupiers' confidence in their businesses and the shortage of available space in key locations.

New leases

The Group secured 62 new leases on 0.4 million sq ft of space during the year. These will generate annual rent of £2.8 million, achieved at 3.0% above the ERV. If three agreements-for-lease agreed during the year, but due to complete shortly are included, this increases to 5.3%. The level of incentives remains steady.

Notable new lettings in the year included:

- 12,200 sq ft at Midpoint 18, Middlewich to an international manufacturing business for a new 15-year term at a rent in excess of £7.00 per sq ft, as well as simultaneously acquiring the freehold of its adjoining premises with the occupier taking a lease back on similar terms;
- 22,700 sq ft of vacant space at Groundwell Industrial Estate, Swindon to an existing occupier specialising in print and digital marketing for ten years for £117,400 at 8.9% above ERV, combined with a five-year lease extension over two units at an average of 26.8% ahead of previous rent;
- 18,750 sq ft of vacant space at Gawsworth Court, Warrington to an automotive trader for a ten-year lease with a break in year five for £131,000 at 11.4% above ERV; and
- 4,000 sq ft of vacant space at Newport Road, Cardiff to a leading international food operator, on a new 15-year lease with no break. The rent of £105,000 per annum represents a 23.5% premium to 31 March 2021 ERV.

Lease renewals

The Group continues to retain the majority of its occupiers, with 69.1% remaining in occupation at lease expiry and 76.5% with a break arising in the year not exercised.

In total, there were 54 lease renewals on 0.5 million sq ft of space during the year. The renewals resulted in an average uplift of 22.2% above the previous passing rent and 8.5% above the ERV.

Notable lease renewals in the year included:

- a ten-year renewal, with no breaks, at Walton Road Industrial Estate, Stone. The agreement reflects an 18.6% uplift to previous rent paid, with a headline rent of £260,100 per annum or £6.32 per sq ft;
- a seven-year renewal, with a break at year three, at Queenslie Park, Glasgow to a large international telecommunications company for 13,100 sq ft of space, at an uplift of 30.6%;
- a ten-year lease renewal, with a break at year five, at Units 1 & 2 Rossendale Industrial Estate in Burnley. The new lease generates total rent of £114,000 per annum and is 39.0% ahead of the previous rent; and
- a five-year renewal with a break after year three at Linkway Industrial Estate, Middleton. The agreed rent is £240,000 and is 50.6% ahead of the previous rent and 24.3% ahead of ERV.

Development activity

We look to extract value from unused or underutilised land, either on or adjacent to the Group's estates. This will enable us to create new assets for the portfolio at a yield ahead of acquiring similar pre-existing investment, while also accelerating the ongoing improvement in the portfolio's sustainability characteristics, for example by building to high energy efficiency standards. The Company's investment policy limits investment in development activity to 15% of GAV at the time of purchase and we will not build new space without first achieving a pre-let on at least some of the proposed space or de-risking the project in a similar alternative manner.

We made good progress with our plans at Radway 16, Crewe. As noted above, the Group completed the acquisition of 16 adjoining acres during the year, giving us full control of 41 acres which have planning consent for 803,000 sq ft of warehouse space. We are taking steps to secure vacant possession of the site and to undertake enabling works, such as demolition, realignment of the estate roads and installing enhanced utility services.

Having exchanged contracts on a further 60 greenfield acres adjoining Radway 16, in November 2021 we submitted a hybrid planning application for what will become phase two. This comprises a detailed application in respect of highways and landscaping and outline particulars for 1,020,000 sq ft of additional warehouse space. Securing this consent has the potential for a material uplift in value for the total site, with an anticipated completed investment value in the region of £300.0 million.

In addition, the Group has exchanged contracts to acquire a further small adjoining plot, which will enable us to make more efficient use of the overall site. In parallel with the planning process, we have been exploring options for funding and building out part of the scheme.

At Queenslie Park, Glasgow, our proposal to develop underutilised plots is at the more detailed planning stage, with the Group working on the site's ecological conditions, landscaping and transportation conditions. On the construction side, the retained professional team are working up the scheme's detailed design. In parallel, we have advanced the pre-lettings strategy to de-risk the development. Overall, the project is on track to break ground in the coming year, producing up to 235,000 sq ft of modern, sustainable industrial space.

At Knowsley Business Park, Knowsley, the Group owns two parcels of land with outline consent for roadside use and a 30,000 sq ft warehouse. The Group has signed agreements for lease for a petrol filling station operator on the roadside site and for the warehouse, which enabled us to submit detailed planning and reserved matters respective applications in the second half of the year. The proposed leases are for 25 and 12 years, thereby increasing the estate's overall WAULT and improving the quality of income. The development also enhances the estate's ESG credentials through the provision of new and efficient warehouse space, and delivers marriage value.

Investment Advisor's report continued

Portfolio analysis

The acquisitions and asset management activity during the year contributed to the portfolio valuation of £1,012.0 million at the year end (31 March 2021: £792.8 million), across a total of 8.5 million sq ft of space (31 March 2021: 8.5 million sq ft).

The table below analyses the portfolio as at 31 March 2022:

	Value (£m)	Occupancy by ERV %	NIY (%)	NRY (%)	WAULT to expiry	WAULT to break	Average rent (£ per sq ft)	Capital value (£ per sq ft)
Regional distribution	176.9	100.0%	3.7%	4.0%	8.1	7.8	5.12	128.17
Last-mile	135.4	83.5%	3.6%	5.4%	6.6	4.9	5.11	111.96
Multi-let 100k sq ft +	399.0	95.7%	4.7%	5.4%	4.7	3.6	5.47	100.72
Multi-let less than 100k sq ft	201.7	92.7%	5.4%	6.1%	5.4	3.8	6.34	101.01
Total	**913.0**	**93.7%**	**4.5%**	**5.3%**	**5.6**	**4.5**	**5.56**	**106.81**
Development land	99.0							
Total	**1,012.0**							

At the year end, the contracted rent roll for the investment portfolio, which excludes development property and land, was £44.0 million, compared with the ERV of £51.5 million. In addition, the Group had contracted rent of £0.4 million from development property. Total contracted rents increased by 3.0% on a like-for-like basis. The NIY of the investment portfolio was 4.5% at 31 March 2022, with a reversionary yield of 5.3%.

The WAULT for the investment portfolio stood at 5.6 years at the year end (31 March 2021: 5.8 years), with acquisitions and asset management initiatives partially offsetting the natural reduction in WAULT over time.

Occupancy across the investment portfolio was 93.7% at the year end (31 March 2021: 95.6%). Effective occupancy, which excludes units under offer to let or undergoing refurbishment, was 95.8% at the year end (31 March 2021: 98.2%), with 0.5% of the investment portfolio under offer to let and a further 1.6% undergoing refurbishment at that date.

Financial review

Performance

Rental income grew by 28.6% to £44.0 million (year ended 31 March 2021: £34.2 million), as a result of a full year of acquisitions made during the prior year, the initial contribution from assets acquired this year and underlying rental growth. EPRA like-for-like rental income rose by 3.9%.

Total property income, which includes insurance recharges, dilapidation income, service charge income and any surrender premiums, was £51.4 million (year ended 31 March 2021: £38.8 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 for the year were £16.0 million (year ended 31 March 2021: £14.0 million). The Investment Advisor fee (which is based on EPRA NTA) was £6.5 million, (year ended 31 March 2021: £4.4 million), primarily as a result of the strong net asset growth.

The net increase in the expected credit loss allowance was modest at £0.3 million (year ended 31 March 2021: £0.4 million), reflecting the diversity and quality of the Group's occupiers and our close relationships with them. While some smaller occupiers did cease trading during the year, we typically have rent deposits in these cases, giving the Group some protection from bad debts.

The total cost ratio, which is the adjusted cost ratio including direct vacancy cost, was 27.1% (year ended 31 March 2021: 29.5%). This reflected the revenue growth in the year, our focus on cost control, including actively managing voids and associated costs, and the fixed or semi-fixed nature of a number of the Group's expenses.

The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was also lower at 1.2% (year ended 31 March 2021: 1.4%).

There were no asset disposals in the year and hence no profit or loss on disposal (year ended 31 March 2021: £0.5 million loss).

At the year end, the Group recognised a gain of £163.7 million on the revaluation of its investment properties (year ended 31 March 2021: gain of £105.0 million).

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging). Net financing costs totalled £7.8 million in the year (year ended 31 March 2021: £6.2 million). The increase reflects increased borrowings as a result of the acquisitions completed and a small rise in the weighted average cost of debt of 50 basis points. The all-in cost of debt as at 31 March 2022 is 2.6% (year ended 31 March 2021: 2.1%).

Statutory profit before tax for the year was £191.2 million (year ended 31 March 2021: £123.1 million).

As a REIT, the Group's profits and capital gains from its property investment business are exempt from corporation tax. The corporation tax charge for the year was therefore £nil (year ended 31 March 2021: £nil).

Earnings per share ("EPS") under IFRS was 45.0 pence (year ended 31 March 2021: 35.2 pence). EPRA EPS was 6.4 pence (year ended 31 March 2021: 5.3 pence).

Dividends

The Company has declared the following interim dividends in respect of the year ended 31 March 2022:

Quarter to	Declared	Paid	Amount (pence)
30 June 2021	3 August 2021	1 October 2021	1.55
30 September 2021	9 November 2021	30 December 2021	1.55
31 December 2021	4 February 2021	1 April 2022	1.55
31 March 2022	24 May 2022	30 June 2022	1.75
Total			**6.40**

The total dividend for the year of 6.4 pence per share was ahead of the target of at least 6.2 pence and was fully covered by EPRA EPS. All four interim dividends were declared in full as property income distributions.

The cash cost of the total dividend paid during the year was £26.3 million (year ended 31 March 2021: £15.6 million).

Investment Advisor's report continued

Financial review continued

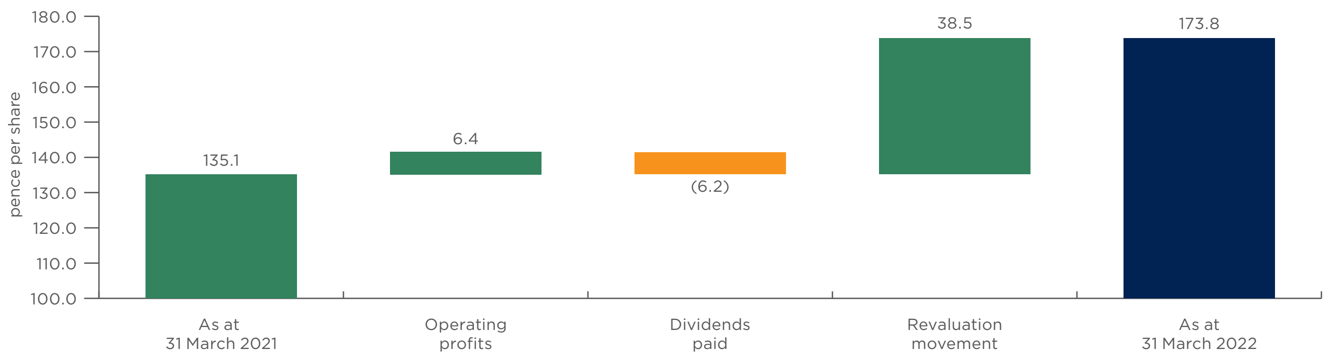
Valuation and net asset value

The portfolio was independently valued by CBRE as at 31 March 2022, in accordance with the internationally accepted RICS Valuation – Global Standards 2020 (incorporating the International Valuation Standards) (the "Red Book"), and the RICS Valuation – Global Standards 2017 – UK national supplement.

The portfolio valuation was £1,012.0 million (31 March 2021: £792.8 million). This represented a 19.4% like-for-like valuation increase, taking into account the total capital expenditure in the year of £7.6 million. The like-for-like valuation increase was primarily driven by yield compression, as well as income growth. The EPRA NIY was 4.0% (31 March 2021: 4.7%).

The valuation resulted in an EPRA NTA of 173.8 pence per share at the period end (31 March 2021: 135.1 pence per share). This primarily reflects the revaluation gain noted above, equivalent to 38.5 pence per share. The chart below reconciles the movement in the EPRA NTA over the 12 months:

Movement in EPRA NTA (pence per share)



Debt financing and hedging

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and transitioned from LIBOR to SONIA from July 2021.

At the start of the financial year, the facility comprised an RCF of £63.0 million, a term loan of £182.0 million, and a remaining accordion of £55.0 million, giving a total facility of £245.0 million. This facility was drawn £222.0 million at 31 March 2021.

During the year we extended the RCF facility by a further £75 million to a give a total facility of £320.0 million, with £49.0 million undrawn.

As at 31 March 2022, £89.0 million was drawn against the RCF and £182.0 million against the term loan. This gave total debt of £271.0 million (31 March 2021: £222.0 million), with the Group also holding cash balances of £16.7 million (31 March 2021: £27.2 million). The LTV ratio at 31 March 2022 was therefore 25.1% (31 March 2021: 24.6%), with the increase reflecting the drawdown in the year, offset by the year-end valuation increase.

The Group has two interest rate caps of £30.0 million each. They run until November 2022 and November 2023 and have respective rates of 1.50% and 1.75%, excluding lending margin. At the year end, the Group had therefore hedged the interest costs on 22.1% of its debt. There were no changes to the Group's interest rate hedging arrangements during the year.

As the portfolio grows, we continue to explore opportunities to diversify the Group's sources of debt funding, extend the average maturity of its debt and further reduce the average cost of debt.

Post year end activity

In April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs.

The Group has also completed on the disposal of Pentagon Retail Park, Ballymena for £1.8 million, 3.7% ahead of book value as at 31 March 2022.

Compliance with the investment policy

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

Investment policy	Status	Performance
The Group will only invest in warehouse assets in the UK.	✓	All of the Group's assets are UK-based urban warehouses or sites for development into urban warehouses.
No individual warehouse will represent more than 20% of the Group's last published gross asset value ("GAV"), at the time it invests.	✓	The largest individual warehouse represents 7.3% of GAV.
The Group will target a portfolio with no one occupier accounting for more than 15% of its gross contracted rents at the time of purchase. No more than 20% of its gross assets will be exposed to the creditworthiness of a single occupier at the time of purchase.	✓	The largest occupier accounts for 6.8% of gross contracted rents and 7.3% 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's exposure to developments at the year end was 9.8% of GAV.
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 of LTV of 50% at the time of an arrangement, to finance value-enhancing opportunities.	✓	The LTV at 31 March 2022 was 25.1%.

The Company's full investment objective and policy are set out on page 152.

Investment Manager

The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD") and, as such, is required to have an Investment Manager who is duly authorised to undertake that role. G10 Capital Limited ("G10") is the Company's AIFM and Investment Manager and is authorised and regulated by the Financial Conduct Authority.

Investment Advisor

The Company has appointed Tilstone Partners Limited as Investment Advisor to the Company and the Investment Manager.

Tilstone Partners Limited
23 May 2022

Sustainability report

> This was the first year of operation for the Sustainability Committee and we have continued to drive forward the Group's ESG agenda.

Aimée Pitman
Chair of the Sustainability Committee

This was the first year of operation for the Sustainability Committee and we have continued to drive forward the Group's ESG agenda. The Committee's responsibilities, which are described in detail on page 92, include ensuring the Group's approach to ESG is fit for purpose in key areas such as our policies, reporting and risk management.

As we implement the sustainability strategy set out on pages 43 and 44, our primary focus is moving beyond basic compliance and de-risking the business, to embedding sustainability in our product and service provision. This then enables us to realise commercial benefits, by making our properties more attractive for occupiers. Examples of activities this year include rewriting the Group's standards for refurbishments and capital projects, more frequent use of green clauses in leases and driving improvements to EPC ratings, as I discuss below.

The Committee is also determined to ensure the Group is well positioned as the sustainability agenda continues to evolve. Emerging challenges include balancing the benefits of higher carbon standards with the increased costs, the growing complexities of carbon reporting and understanding the impact of climate change on our business. In the latter case, we are in the process of appointing climate risk analysts to assess, measure and report our exposure to climate change risks. Regulations and best-practice guidance are also becoming increasingly stringent. For example, the proposed introduction of the UK taxonomy will determine which activities can be described as 'green' and we will see new risk and reporting rules from the International Sustainability Standards Board.

It is also vital that we respond to the requirements of our stakeholders. During the year, the Committee was closely involved in the Group's survey of more than 30 of its biggest occupiers. This showed the large majority were willing to engage with us on ESG matters and there was also demand for investment in sustainable features such as PV panels and electric vehicle charging. More information about the themes emerging from the survey is on page 47.

We also frequently engage with investors who are keen to understand our sustainability strategy and performance in more depth. We recognise that a robust approach to ESG and transparent reporting on it are increasingly important for securing access to the financing we will need to execute our growth strategy. EPCs are one area we are often asked about and we have responded by commissioning a database to ensure we have accurate data across all relevant units in the portfolio. In turn, this has supported us in developing our strategy and internal targets for continuing to increase EPC ratings and ensuring we comply with the associated regulations.

Looking ahead, we have started a project with external advisors to understand our carbon footprint across all scope and our pathway to net zero. I look forward to updating you on our progress with our strategy in our next report.

Aimée Pitman
Chair of the Sustainability Committee

23 May 2022

EPRA sBPR GOLD

EPRA sBPR MOST IMPROVED AWARD

Sustainability strategy

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

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

During 2021 we set out our action plan and measurable targets to steer us towards achieving our long-term objectives. We now monitor our performance across various environmental, social and governance ("ESG") targets and with an ever-increasing dialogue with our key stakeholders, we make sure the information we disclose meets their needs. The strategy, presented on next page, sets out the progress we have made in the reporting period to 31 March 2022. This is underpinned by our ESG policy (available to download on our website) which sets out our commitment to operating as a responsible business and reporting transparently on our progress.

We have also continued to expand the scope of our sustainability disclosures and further integrate sustainability topics into our business considerations.

Despite no obligations to report against The Task Force on Climate-related Financial Disclosures ("TCFD"), in 2020 we provided a disclosure against them. This year we engaged with external support from JLL to conduct a gap analysis, allowing us to report on the 11 specific disclosures. We will continue to develop our understanding of climate-related risks and opportunities, with the intention to undertake climate scenario assessments. This will inform our management of climate-related impacts as our governance, risk management, strategy and metrics evolve to incorporate this issue.

Although our business is focused on warehouses in the UK, we are committed to creating a wider impact through our sustainability ambitions and have also chosen to align with the UN Sustainable Development Goals ("UN SDGs") most closely linked to our four material issues. We recognise the need to continue to review our materiality and prioritisation of the SDGs, which we will do as part of the work towards meeting our long-term objectives.

Sustainability report continued

Sustainability strategy continued

Creating a resilient portfolio:

Taking steps to reduce the portfolio's exposure and increase its resilience to risks associated with legislation, climate change and occupier demand.

Long-term goals

- Evaluating net zero carbon pathway
- Targeting green building certifications
- Reducing EPC risk
- Reducing climate-related risks in the portfolio

Our progress

- Net zero carbon project is underway; currently data review and gap analysis so a baseline carbon assessment is understood
- Significant portfolio-wide EPC improvements
- 87% A-D

Future ambitions

- Net zero carbon pathway formalised
- All development plans are drawn up to target EPC B rating or above and BREEAM/industry equivalent minimum 'Very Good' standards
- Targeting E and above for EPC rating by March 2023
- Targeting all properties to have an EPC by March 2023, focusing on expiring EPCs and driving further improvements
- Complete climate change impact risk assessment

Reducing our footprint:

Reducing energy demand and other utilities associated with landlord-controlled areas and occupier consumption during lease renewals.

Reducing materials use and promoting circular economy principles during construction/refurbishment.

Long-term goals

- Increasing energy and resource efficiency (landlord and occupier)
- Reducing waste and resource consumption

Our progress

- 96% of our landlord electricity supplies are REGO backed
- Sites identified to install EV charging on and a third party instructed to manage the installation
- TPL Environmental Refurbishment Standards approved

Future ambitions

- All landlord paid utilities to be renewables tariffs
- Implement TPL Environmental Refurbishment Standards across the portfolio

Supporting our occupiers:

Engaging with occupiers to identify opportunities to support their sustainability objectives (net zero carbon, wellbeing).

Gathering occupier data to support ESG reporting and reduce indirect environmental impacts by influencing occupier behaviour.

Long-term goals

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

Our progress

- Strong and informative occupier ESG feedback via questionnaires
- Standard lease clauses drafted to include: EPC preservation, energy management, environmental collaboration obligations, and landlord entry

Future ambitions

- Continue to complete occupier survey and collate results to guide our approach
- Implementation of green clauses that must be/should be/could be embedded in all new leases

Responsible business foundations:

Formalising sustainability governance and publishing policies setting out expectations for Warehouse REIT, the Investment Advisor and other stakeholders.

Identifying climate-related risks to influence business strategy and asset selection/management.

Reporting on performance.

Long-term goals

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

Our progress

- New sustainability governance in place, including establishing a Sustainability Committee
- Health and safety objectives have been achieved; this topic remains high on the Board's agenda
- Risk register includes ESG risks and is regularly reviewed
- EPRA Gold award for sBPR and award for Most Improved sBPR

Future ambitions

- Hold at least three Sustainability Committee meetings in the year
- 100% of properties have H&S assessments
- Critical and major issues are dealt with in three/six months
- EPRA reporting 2022, targeting minimum gold
- Gap analysis on GRESB /decision on whether participating in GRESB in 2022

Aligning to the United Nations Sustainable Development Goals ("UN SDGs")

Our sustainability strategy is aligned with the UN SDGs, supporting our aim to embed sustainability into the way we grow and manage our portfolio, creating environmental, social and economic value for our stakeholders. We have identified five goals that we will actively and positively contribute towards through our sustainability strategy and business activities:

We contribute to Goal 3 by supporting our occupiers' wellbeing and providing a safe environment for all building users and will continue to actively engage with our occupiers, providing guidance and advice on health, safety, security and wellbeing.

We support Goal 7 through our aim to increase energy and resource efficiency through environmental audits at asset level to highlight where we have the highest energy and carbon impacts, allowing us to identify opportunities to improve our performance through operational and capital expenditure. We will also provide guidance for our asset and property management teams to improve efficiencies.

We positively contribute to Goal 11 through assessing our development and construction standards against BREEAM criteria and exploring opportunities for renewable and electric vehicle charging infrastructure. In addition, our refurbishment standards have a focus on improving ecology and wellbeing of tenants. By actively engaging with our occupiers, we will target and support sustainable travel and connectivity, energy savings and carbon reduction.

We are supporting Goal 12 by increasing our energy efficiency and resource consumption. We will align our construction material procurement and waste disposal practices consistent with our target BREEAM achievement level and integrate materials selection and embodied carbon analysis as part of our scoping exercise for net zero carbon.

We contribute to Goal 13 through our long-term objectives to reduce our carbon footprint and resource consumption. We are also evaluating net zero carbon frameworks to identify the most appropriate pathway to achieve net zero status across our operations, design and construction.

Sustainability report continued

EPC summary and results

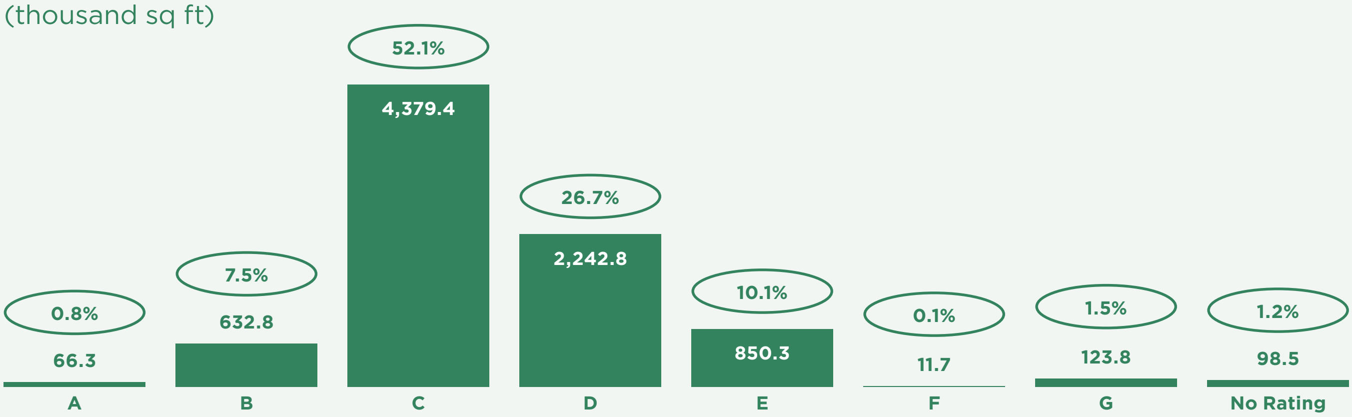
A key drive for the year has been our EPC improvements programme. We are conscious of the regulatory changes to EPCs and the more stringent requirements, so have focused our attention this year on improving the F and G-rated units and working towards an EPC rating certificate for every property.

This coming year we will be focusing on expiring EPCs and improving E-rated units.

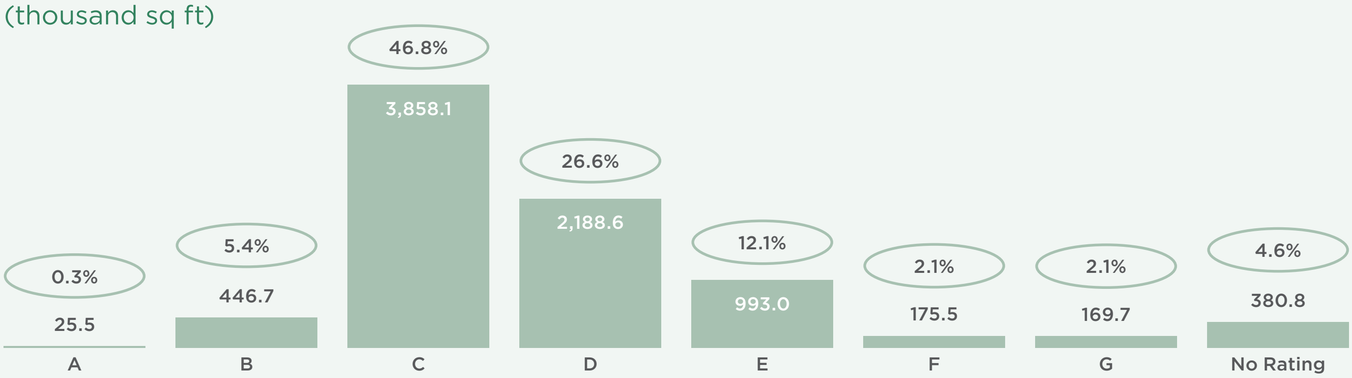
60% of our assets, by square footage, have an EPC rating of A to C, which is an increase from 52% in 2021. The improvements during the year reflect the benefit from our investment activity, where we have acquired higher-rated assets and disposed of poorer-quality buildings, plus LED lighting replacement and removing/upgrading heating in the buildings. Our F and G-rated units have significantly reduced from 61 to 12; seven of these properties are in Scotland and fall outside of the regulations. We have also reduced those properties with no EPC rating from 63 to 11 properties during the year.

Properties excluded from the analysis below are those deemed out of scope for improvements, such as properties for development.

Area by EPC rating 12 April 2022
(thousand sq ft)



Area by EPC rating 12 April 2021
(thousand sq ft)



Sustainability in action

Ikon Trading Estate
Hartlebury

- Landlord carried out speculative works to vacant units to improve their condition and EPC rating, in the main:
  - addition of LED lighting to the warehouse; and
  - fitting of new uPVC double glazed doors and windows.
- Previous EPC ratings of D and E, but since completion of the works, all units worked on have achieved B ratings
- Following the works, all four units have been let, with the lettings setting a new rental tone for units of this size on the estate

Valley Point
Rugby

- Following the expiry of the previous occupier's lease, we undertook various improvement works to the unit to strengthen its marketability and energy efficiency
- The works included:
  - addition of LED lighting to the warehouse and offices;
  - removal of redundant heater in the warehouse; and
  - replacement of office boiler.
- As a result of these works, we have been able to improve the EPC rating of the property from B48 to A25

Unit 1 Midpoint 18
Middlewich

- Pentagon Play, award-winning designer of outdoor school living environments, have installed Tesla electric charge points and operate a Tesla company car scheme for their employees. Longer-term plans to look at PV solar cells on the office roof

Evolution 27
Nottingham

- As part of a wider £1.6 million capital expenditure refurbishment for a new letting to DFS, sustainability measures included:
  - new external LED lighting across the service yard;
  - installation of Rolec electric vehicle charging point; and
  - new secure cycle storage shelters

Occupier ESG survey highlights

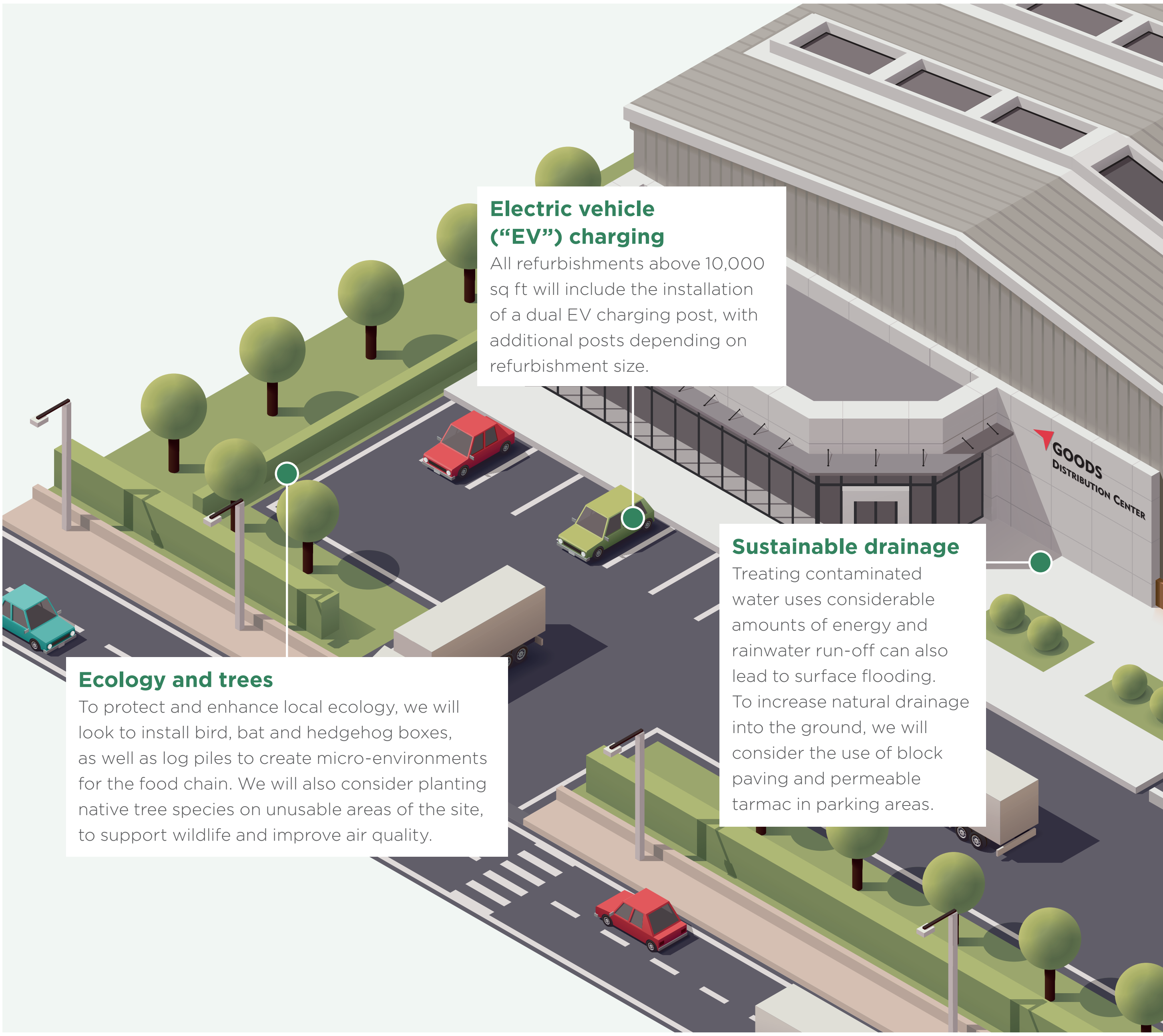
- Strong engagement from occupiers
- Several PV installations and many interested
- Multiple EV charging points installed and keen interest
- ESG smart occupiers targeting:
  - Fully renewable energy sources
  - Improved waste regime
  - Lighting improvements
  - Sustainable transport provision
- Mixed responses on sharing energy consumption

Sustainability report continued

Environmental refurbishment design standards

During the year, we introduced new guidance for our design teams to follow for comprehensive refurbishments.

While every project must be assessed on its own merits, the aim is to ensure a consistent, effective and value-for-money approach to improving the environmental performance of our assets, including their EPC ratings, through our ongoing capital expenditure.



Electric vehicle ("EV") charging

All refurbishments above 10,000 sq ft will include the installation of a dual EV charging post, with additional posts depending on refurbishment size.

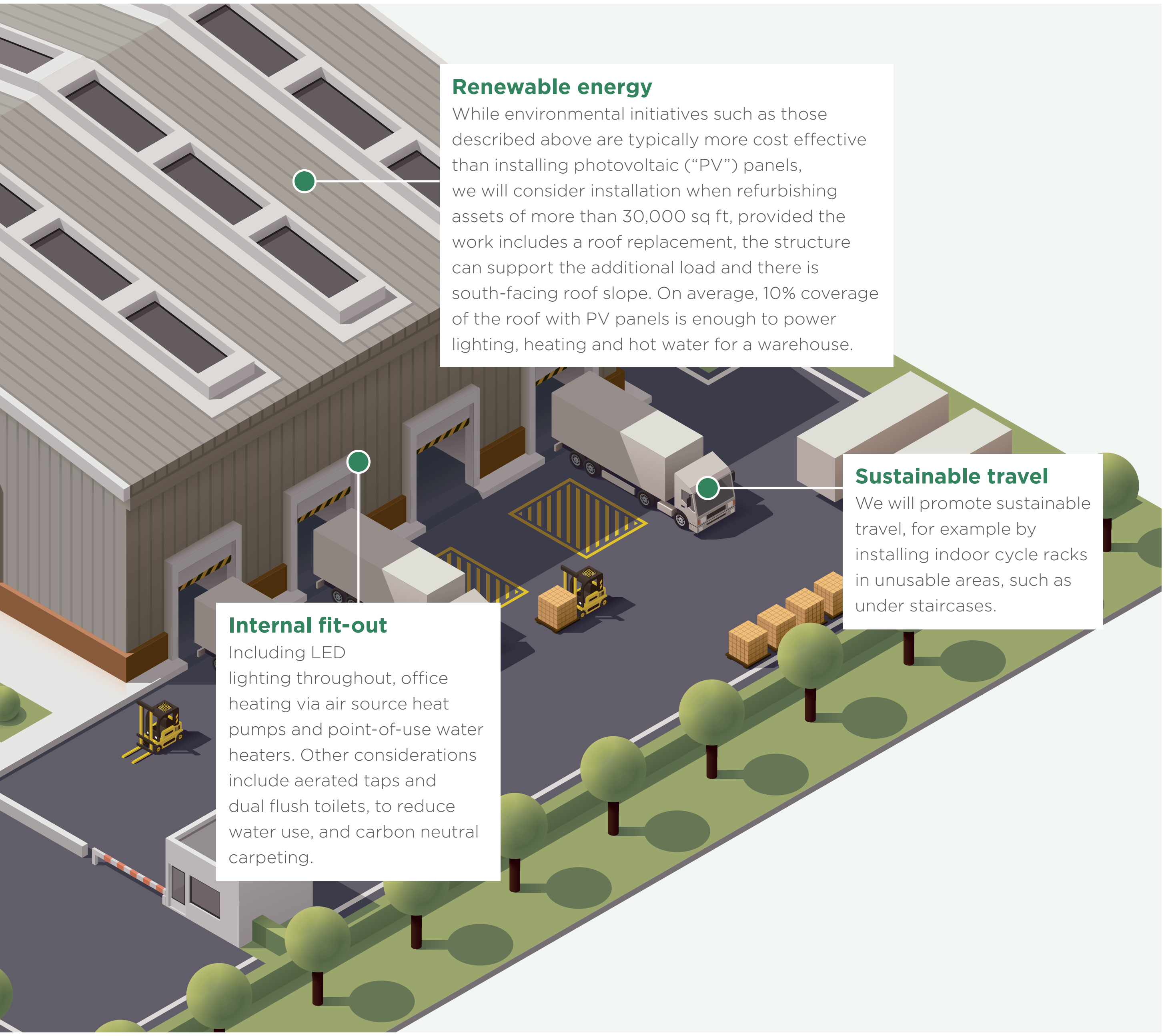
Sustainable drainage

Treating contaminated water uses considerable amounts of energy and rainwater run-off can also lead to surface flooding.

To increase natural drainage into the ground, we will consider the use of block paving and permeable tarmac in parking areas.

Ecology and trees

To protect and enhance local ecology, we will look to install bird, bat and hedgehog boxes, as well as log piles to create micro-environments for the food chain. We will also consider planting native tree species on unusable areas of the site, to support wildlife and improve air quality.



Renewable energy

While environmental initiatives such as those described above are typically more cost effective than installing photovoltaic ("PV") panels, we will consider installation when refurbishing assets of more than 30,000 sq ft, provided the work includes a roof replacement, the structure can support the additional load and there is south-facing roof slope. On average, 10% coverage of the roof with PV panels is enough to power lighting, heating and hot water for a warehouse.

Sustainable travel

We will promote sustainable travel, for example by installing indoor cycle racks in unusable areas, such as under staircases.

Internal fit-out

Including LED lighting throughout, office heating via air source heat pumps and point-of-use water heaters. Other considerations include aerated taps and dual flush toilets, to reduce water use, and carbon neutral carpeting.

Sustainability report continued

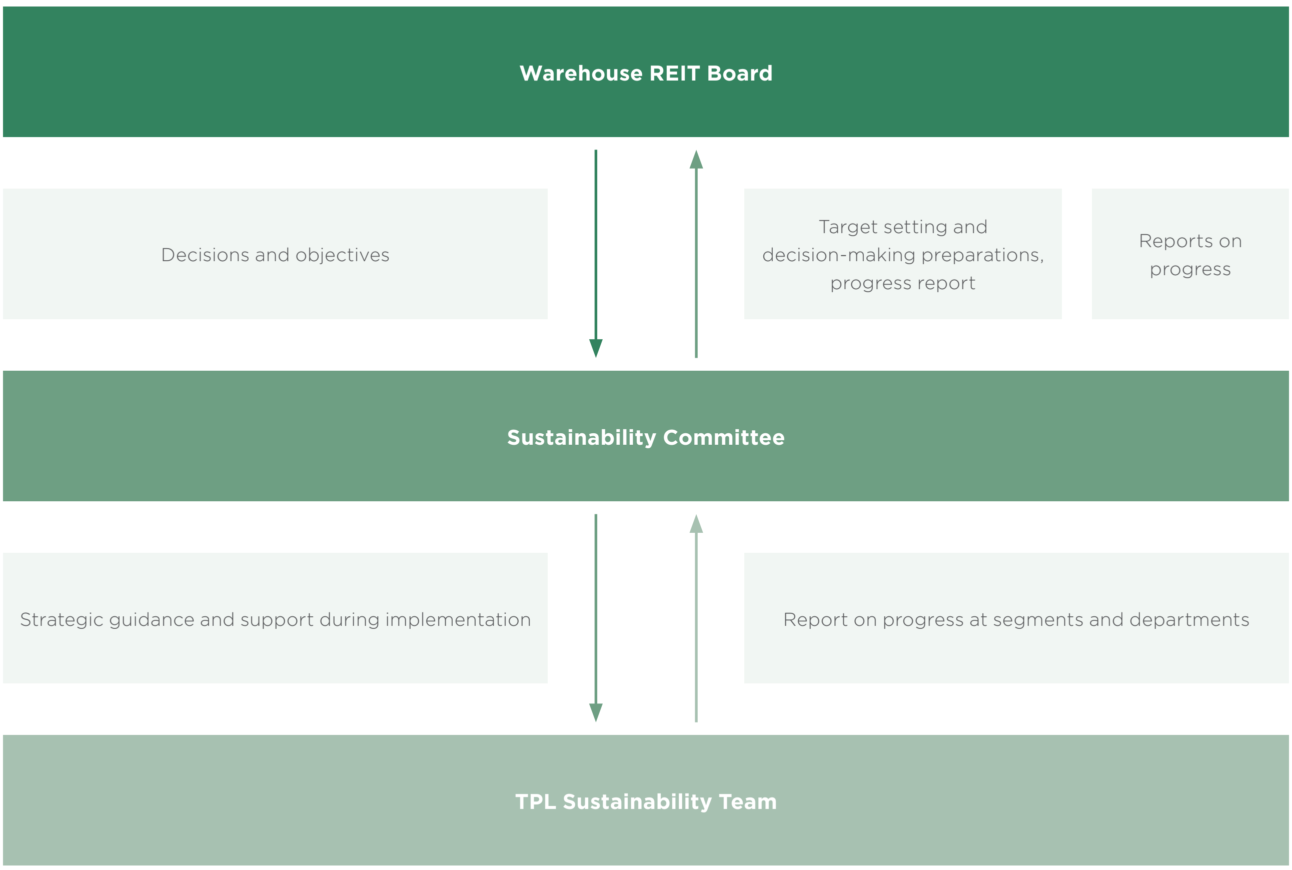
TCFD reporting update

Despite no obligations to report against the Task Force on Climate-related Financial Disclosures ("TCFD"), in 2020 we provided a disclosure against the four recommendations. This year we engaged with external support from JLL to conduct a gap analysis, allowing us to report on the 11 specific disclosures. We will continue to develop our understanding of climate-related risks and opportunities, with the intention to undertake climate scenario assessments. This will inform our management of climate-related impacts as our governance, risk management, strategy and metrics evolve to incorporate this issue.

Recommendation	Commentary
Governance	
01. The Board's oversight of climate-related risks and opportunities	The Board is ultimately responsible for the Group's risk management, including climate-related risks. Environmental, social and governance ("ESG") is increasingly an important issue and is on every board agenda. The Board has oversight of the agreed ESG roadmap and sets the risk appetite for the Group. The Audit Committee is involved in identifying, assessing and managing risks, including climate-related risks. The Audit Committee, which meets at least twice a year, is responsible for reviewing the risks across the risk register. It determines which risks are considered principal risks, along with assessing and scoring risks. The Sustainability Committee, which meets three times a year, is comprised of members from the Board and the Investment Advisor. It oversees the formulation and implementation of the Group's ESG strategy, external ESG reporting, reviewing ESG-related risks and making recommendations to the Audit Committee regarding inclusion in the Group's risk management practices. The Chair of the Sustainability Committee reports to the Board on a quarterly basis, and the Sustainability Committee makes recommendations to the Board as appropriate. Aimée Pitman chairs our Sustainability Committee, which has oversight of performance towards long-term goals. The Investment Advisor oversees the implementation of the roadmap and drives the action towards achieving our long-term goals. Risks, including climate-related risks, come in through the risk register and are then reviewed by the Board and Audit Committee. The impact of climate change on our portfolio has been included as a principal risk in our Annual Report. This year we plan to formulate climate-related goals and targets following our climate impact analysis and net zero project, in part, to better understand our risks. In doing so, we will increase the Board's ownership of climate-related risks and opportunities.

Recommendation		Commentary
Governance		
02.	Management's role in assessing and managing climate-related risks and opportunities	The Investment Advisor is responsible for carrying out the mission of the Board and implements the risk management strategy through forming the strategy, developing the action plan, and ensuring its completion. The Investment Advisor coordinates stakeholder interests, looks at underlying assets and drivers in terms of engagement with occupiers, sets regulation and manages risks. For climate-related risks and opportunities, the Investment Advisor sits on the Sustainability Committee along with three members of the Board. The Property Managers manage the day-to-day operational activities. This gives them clear insight into gathering data, including climate-related and environmental data, that then informs the Board and the Investment Advisor's ability to monitor performance against strategic long-term objectives. Through the Investment Advisor's asset managers and the Property Managers, there is a clear line of dialogue with occupiers, which provides the Board with clear communication regarding significant risks, including climate-related risks. A detailed overview of our governance structure can be found below.

Overview of roles and responsibilities



Sustainability report continued

TCFD reporting update continued

Recommendation		Commentary
Strategy		
03.	Climate-related risks and opportunities identified over the short, medium and long term	Climate change is seen as a principal risk. We are planning to identify our climate-related risks across our short, medium and long-term scenarios. Climate change factors into several of the five key risk areas (business, compliance, financial, operational, and reputational). We see the impact of climate change as a principal business risk, while another business risk lies in not meeting sustainability targets or demonstrating ESG intent. We recognise operational risks such as regulatory risks regarding the costs for compliance, as well as costs arising from breach of environmental regulation. We have identified climate-related risks and opportunities in our ESG strategy which includes roadmap actions as well as long-term objectives. The opportunities we have identified in our ESG strategy cover a broad range of actions related to improving the usage of our buildings. We aim to increase energy and resource efficiency across our portfolio, increase our understanding of occupier needs related to ESG, and improve our climate-related data collection and reporting. We have identified the following direct risks: • adverse weather events impacting properties; • increasing costs of supplies or disruption to supplies for maintenance and development; • increasing cost of utilities; • additional regulatory burden and an increasing risk of non-compliance, because of the complexity and volume of regulation arising; • properties not meeting occupier requirements relating to energy efficiency or logistics; and • impact on property values/rents, if assets are not developed or maintained to appropriate modern standards. We have identified the following indirect risks: • impact on investor interest and our reputation compared to our peers; and • inability to access funding through green bonds, or similar.

Recommendation		Commentary
Strategy		
04.	Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate change could have a considerable impact on the Group's strategic objectives. As such, we consider it to be a principal risk for the Group and it affects reporting and investment strategy. We have created a sustainability strategy with four pillars: creating a resilient portfolio, reducing our footprint, supporting our occupiers, and responsible business foundations. To enable us to achieve these objectives, we have included a sustainability budget into our financial modelling processes. Sustainability feeds in throughout the entire business and the property life cycle, in terms of actions such as looking at what assets to purchase, avoiding assets in the flood plain, and thinking about how assets might perform in terms of energy consumption. We aim to extend the life expectancies of our buildings and reduce carbon emissions associated with construction and demolition through our strategy of recycling and upgrading assets. This is done by improving energy efficiency, upgrading existing buildings, and developing surplus land. We target buildings that could respond well to capital expenditure in sustainability measures. In terms of our climate strategy for asset management, we work with occupiers to reach sustainable targets. In this regard, we use occupier ESG questionnaires to understand tenant needs and aspirations, seek to identify carbon emission reduction initiatives, and work to improve our monitoring strategy with our EPC consultant. We have drafted standards that set out the items that asset managers need to consider during the refurbishment process. Additionally, while EPC ratings have been integrated into our business already, the process of improving ratings and making sure all buildings have been rated is accelerating.
05.	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	While resilience is integrated in our business strategy and within our organisation, we aim to improve our resilience by heightening our understanding of climate-related risks. To do so, we are in the process of partnering with a third-party consultant to perform a climate-related risk assessment that will enable us to analyse and understand the effects of our key material climate-related risks against our portfolio and assets. This will allow us to understand and implement mitigation measures to reduce our exposure to climate-related risks. We plan to complete this assessment in the next year.

Sustainability report continued

TCFD reporting update continued

Recommendation	Commentary
Risk management	
06. Describe the organisation's processes for identifying and assessing climate-related risks	Our risk framework includes four actions to identify, assess and manage risks – capture, evaluate, manage and mitigate, and monitor. Risks on the risk register are scored on probability and impact and are assessed based on the severity of financial, environmental and brand impacts. The risk register is used to identify our priority climate-related risks and opportunities, which are then brought to the Board's attention. The Investment Advisor assists in the understanding of the risk framework, implementation of its measurement activities, and compliance with those activities. During this process we work with a third party to identify and assess risks as well. The Investment Advisor considers emerging and existing regulation requirements via our dedicated resource, when assessing climate-related risks. The Sustainability Committee oversees ESG-related risks and makes recommendations to the Audit Committee regarding inclusion in the Group's risk management practices. We aim to describe a wider range of climate-related risks and develop more specific mitigation strategies.
07. Describe the organisation's processes for managing climate-related risks	To manage climate-related risks, we have updated our risk register and risk management process for ESG considerations. We have included climate change as a principal risk on our risk register. Compliance risks associated with climate change are also listed on our risk register. These are monitored as part of our wider risk management process. This year we implemented EPRA reporting to better understand our exposure to climate-related risks. At an asset level, we manage climate-related risks through measuring EPC ratings and targeted upgrades. During our pre-acquisition due diligence process, we look at environmental risks, including flood risk assessments and energy ratings, to reduce our exposure to climate-related risks. Additionally, we plan to survey our top 30 occupiers to better align our assets with sustainability targets and to target reporting on energy performance.
08. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	All principal risks, including climate change, are considered a priority. Principal risks are captured in the corporate risk register, which is regularly reviewed by the Board and Audit Committee as well as by the Investment Advisor. The material impacts that climate change could have on the business are listed in the risk register, and climate change as a risk has been given a probability and impact score. This is assessed as it pertains to the consequences for the underlying value of the assets and for returns to shareholders. To ensure that risks are integrated into the overall risk management strategy, the Investment Advisor elevates the risks to Board level. The Board's assessment determines the list of principal risks, which are the most material risks. Through this process, climate change was determined to be a principal risk for the business. In the review process, the Audit Committee oversees reviewing corporate risks and risks that the Board considers to be principal.

Recommendation		Commentary
Metrics and targets		
09.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We report in line with EPRA Sustainability Best Practices Recommendations for sustainability reporting and issue our EPRA tables within our Annual Report (see pages 58 and 59). We use a range of metrics to track our susceptibility to our identified material climate risks and opportunities. These include: • Scope 1 and 2 carbon emissions • Energy consumption in kWh in absolute and like-for-like terms • Energy intensities for Scope 1 and 2 emissions • Water consumption To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings, to build a holistic view of our portfolio's performance.
10.	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	We disclose Scope 1 and 2 greenhouse gas emissions in our Annual Report. These have been calculated and reported in alignment with the GHG Protocol Corporate Accounting and Reporting Standard.
11.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have developed a long-term roadmap which will drive us towards our sustainability objectives. Specific targets used will updated as applicable. A net zero project is underway; the results will mean further measurable metrics for the Company.

EPRA reporting

EPRA sBPR

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

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

1. Overarching recommendations

Organisational boundaries

Our EPRA reporting covers the properties owned by the Group, which at 31 March 2022 included a portfolio of 91 estates located across the United Kingdom. The activities of our Investment Advisor, who is responsible for all management and administrative functions, falls outside the scope of this report as it is a separate legal entity outside of the Group.

Coverage

Unless otherwise stated, all absolute performance measures relating to electricity, fuels and associated greenhouse gas ("GHG") emissions relate to assets where we procure utilities for common areas, shared services, tenant areas and those properties that are vacant. These account for 42 out of the 91 estates within our portfolio at the end of March 2022. Coverage of these assets is 100%. The remaining assets are single or multiple occupancy assets with no landlord-obtained utilities.

Like-for-like performance measures include properties within this scope for which we have collected two years' worth of consistent data – and excludes properties sold, acquired or under development during 2020/21 and 2021/22. Our like-for-like portfolio therefore represents 20 out of the assets covered in our organisational boundaries, and data coverage is 100% of these properties.

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

Boundaries – reporting on landlord and tenant consumption

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

Estimation of landlord-obtained utility consumption

All data is based on invoices and/or meter readings where available. Estimations have been applied where invoices were not available at the time of publication. In these instances, we have estimated consumption data based on the most recent invoice for the corresponding period. On this basis, the following proportion of data is estimated for 2021/22:

- Electricity: 5%
- Gas: 7%
- Water: 33%

Analysis – normalisation

Energy and emissions intensity indicators are calculated using floor area (m^2) for whole buildings. We are aware of a mismatch between the numerator and denominator, as in some properties our utilities consumption relates to common areas only, and in others is covers both shared services, outside space and tenant areas where there are no sub-meters.

Analysis – segmental analysis (by property type, geography)

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

Reporting period

Absolute performance measures and intensity metrics are reported for the most recent reporting year (ending 31 March 2022). Like-for-like performance measures are reported for the two most recent reporting years that we can collect consumption data (ending 31 March 2021 and 31 March 2022).

Disclosure on own offices

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

Data verification and assurance

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

Materiality

Following the materiality assessment conducted as part of our strategy review (explained on page 43), the following EPRA performance measures are not considered material. We have therefore excluded them from our reporting:

DH&C-Abs & DH&C-LfL: No district heating or cooling ("DH&C") is procured across our portfolio.

Diversity-Emp; Diversity-Pay; Emp-Training; Emp-Dev; Emp-Turnover & H&S-Emp: Warehouse REIT plc has no direct employees. All administrative functions associated with the management of our portfolio are conducted by our Investment Advisor, which is a separate legal entity and therefore outside the organisational boundaries of this report.

Waste-Abs & Waste-LfL: Operational waste is generated solely by our tenants and is therefore outside of our control. Waste generated through our development activities is excluded from the scope of the EPRA sBPR. We have identified a long-term target to reduce waste from developments as part of our sustainability strategy.

Narrative on performance

Environmental performance

Absolute landlord-obtained electricity consumption during the year ending 31 March 2022 was 2,637 MWh. Landlord-obtained fuel consumption (natural gas) over the same period was 1,527 MWh. This equated to an energy intensity (electricity and gas) of 17.27 kWh m^2 across the properties included in our organisational boundaries.

On a like-for-like basis, landlord-obtained electricity consumption increased by 8%, and fuels consumption decreased by 4% compared with 2020/21. The effect of electricity increasing resulted in a corresponding 3% increase in the energy intensity of our like-for-like portfolio.

Like-for-like Scope 1 and 2 emissions fell by 5% and 2% respectively, influenced by the decarbonisation of the grid. Total Scope 1 and 2 emissions from building energy consumption were 839 tonnes of CO_2e, which translated into a GHG emissions intensity of 3.48 kg/CO_2e/m^2/year.

In the reporting period, REGO-backed renewable electricity accounted for 96% of the reported consumption. The figure is less than 100% as we have accounted for instances where REGO contracts were procured partway through the period.

Like-for-like water consumption decreased over the same period, by 18%. Absolute water consumption for the year ending 31 March 2022 was 110,272 m^3, representing a water intensity of 1.33 m^3/m^2.

Office assets are a main contributor to the consumption measured, therefore the reductions can largely be attributed to Covid-19 and the extended lockdowns which led to reduced occupancy rates as more tenants implemented work-from-home policies.

We also invest in resource efficiency measures as part of our standard approach to asset management. We aim 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.

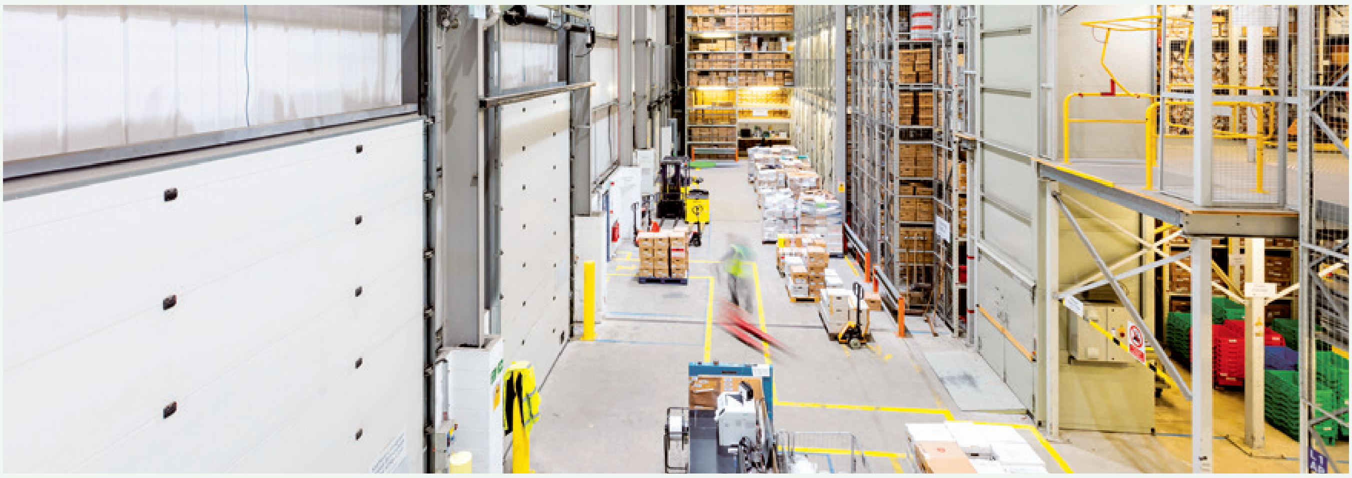
For an analysis of Energy Performance Certificates please see page 46. No properties in our portfolio had a green building certification (such as BREEAM, LEED or similar) in the previous financial year.

Sustainability report continued

EPRA reporting continued

2. Environmental performance measures

EPRA code	Performance measure	Unit	Scope	Absolute 2020/21	Absolute 2021/22	Like-for-like ("LfL") 2020/21	Like-for-like ("LfL") 2021/22	LfL change (%)
Elec-Abs, Elec-LfL	Total electricity consumption	kWh	Total landlord-obtained electricity	2,510,076	2,636,775	2,062,702	2,217,673	8%
Fuels-Abs, Fuels-LfL	Fuel consumption	kWh	Total landlord-obtained fuels	1,635,583	1,526,705	1,347,470	1,288,447	-4%
Energy-Int	Building energy intensity	kWh/sq m/year	Building energy intensity	15.54	17.27	23.97	24.64	3%
GHG-Dir-Abs	Total direct GHG emissions	t CO_2e	Direct – Scope 1	301	280	248	236	-5%
GHG-Indir-Abs	Total indirect GHG emissions	t CO_2e	Indirect – Scope 2 (location-based)	585	560	481	471	-2%
GHG-Int	GHG emissions intensity from building energy consumption	kg CO_2e/ sq m/year	Scopes 1 & 2 GHG emissions	3.32	3.48	5.12	4.97	-3%
Water-Abs, Water-LfL	Water consumption (mains supply)	m^3	Total landlord-obtained water	53,490	119,272	48,667	39,800	-18%
Water-Int	Building water intensity	$m^3/sq^2/$ year	Building water intensity	0.54	1.33	0.72	0.59	-18%



Social performance

Health and safety

The managing agents conduct an annual health and safety assessment of the assets, which covers:

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

Community engagement

We ensure that key decisions relating to the portfolio take into account our impact on local communities. This involves meeting health and safety requirements, conducting impact assessments and undertaking wider consultations required as part of the planning approval process for new developments. As no applicable developments were announced in 2021/22, we have marked this performance measure as not applicable. For more information, see the stakeholder engagement section of our strategic report, page 23.

Governance

Governance performance measures relate to the Board. For full background information on our governance performance measures, including a profile of the Board, a description of our nomination procedures, and processes for managing potential conflicts of interest, please see page 81.

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

3. Social and governance performance measures

EPRA code	Performance metric	Unit of measure	FY2021
H&S-Asset	Asset health and safety assessment	%	100%
H&S-Comp		%	100%
Comty-Eng	Community engagement, impact assessments and development programmes		—
Gov-Board	Composition of the highest governance body	Number of Non-Executive Board members	6
		Number of independent Non-Executive Board members	4
		Average tenure on the governance body (years)	4
		Number of independent/Non-Executive Board members with competencies relating to environmental and social topics	2
Gov-Select	Nominating and selecting the highest governance body	Please see the Nomination Committee report on pages 86 and 87	
Gov-CoI	Process for managing conflicts of interest	Please see the corporate governance statement on page 81	

Principal risks and uncertainties

Recognising and managing our risks is the key to successful delivery of our business ambitions.

Managing our risk

We recognise the importance of identifying and managing both the financial and non-financial risks faced by the business, and the Board has agreed a robust risk management framework to facilitate this. The framework ensures that risk management responsibilities are allocated and those, along with the Board's appetite for risk, are clearly communicated and understood. This allows the REIT's Investment Advisor to take advantage of opportunities and make effective business decisions, within a recognised set of parameters.

Responsibilities

The Board

The Board has overall responsibility for the Group's approach to risk management and internal control, including:

- ensuring the design and implementation of risk management and internal control systems which identify the risks facing the business and enable the Board to make an assessment of principal risks;
- determining the nature and extent of the principal risks faced, and those risks which the Group is willing to take;
- agreeing how principal risks should be managed or mitigated to reduce the likelihood of their incidence or impact;
- ensuring that there is sufficient relevant, reliable and valid assurance about the mitigation of risk; and
- reviewing the disclosures to be included in the Annual Report and Accounts, to ensure that the statements made are supported by valid, relevant and reliable assurances received from the organisation.

The Audit Committee

The Audit Committee provides independent oversight of the framework, monitors principal risks, and undertakes the annual review of the Group's approach to risk management and compliance with the framework.

As the majority of the operations of the REIT are outsourced, the Board and Audit Committee must rely on representations and information in relation to the management of risk from its service providers, in particular from the Investment Advisor.

The external Auditor will also provide information to the Audit Committee concerning the system of internal control and any material control weaknesses. Any significant issues are referred to the Board for consideration.

To fulfil its responsibilities, the Audit Committee:

- monitors key risks and changes in risk throughout the year;
- periodically formally considers each of the principal risks, the business' mitigation strategies, and reviews assurances from both management and independent sources; and
- undertakes an annual review of the effectiveness of the risk management process, covering:
  - risk culture, and whether this culture is embedded within the organisation;
  - the operation of risk management and control systems, including the determination of those risks which are principal to the Company;
  - integration of risk management and internal control with strategy and business planning processes;
  - changes in the nature, likelihood and impact of principal risks, and the REIT's ability to respond to changes;
  - the extent, frequency and quality of the communication of the results of management's monitoring to the Board and Audit Committee in relation to risk and control;
  - any issues dealt with in reports reviewed during the year, in particular any significant control failings or weaknesses that have been identified, and the extent of the impact which they had or could have had; and
  - the effectiveness of the Company's public reporting processes.

The Investment Advisor

The Investment Advisor supports the Audit Committee and Board, and is responsible for risk identification, documentation and evaluation, including both current and emerging risks; for the implementation of appropriate controls; and for meaningful reporting to the Audit Committee.

Board	• Approves the risk framework • Articulates the REIT's appetite for risk • Receives reports and information, via the Audit Committee, on the business key risks and issues
Audit Committee	• Receives and reviews risk information, including a detailed assessment of the corporate risk register, each meeting • Receives assurance from a range of sources, including the Investment Advisor and Investment Manager, independent valuers, Management Engagement Committee and external Auditor • Considers any significant risk issues arising, and agrees the approach to management of the outcome • Assesses the effectiveness of the risk management process
Investment Advisor	• Reviews business activities and operations to identify, document and evaluate current and emerging risks • Determines and develops appropriate mitigation strategies to ensure that risks remain within the Board's agreed risk appetite • Works with other third-party providers to ensure that mitigations and controls are operating effectively • Provides reports to the Audit Committee and Board

Risk culture and appetite

Risk management is embedded in our decision-making processes, supported by robust systems, policies, leadership and governance. Our business uses an outsourced model, and we are reliant on our service providers to make decisions and take risks within agreed parameters in the delivery of our objectives. Those parameters are summarised in our stated risk appetite.

The level of risk considered appropriate to accept in achieving business objectives is determined by the Board. The REIT has no appetite for risk in areas relating to regulatory compliance, and the health, safety and welfare of our Directors, occupiers and the wider community in which we work. We have a moderate appetite for risk in relation to activities which are directed towards driving revenues and increased financial returns for investors.

Documentation and reporting

The Group's corporate risk register is the core of the risk management process, containing an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level.

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

Our reputation is important to us, and we consider the potential for damage to reputation in the assessment of all our risks.

Principal risks and uncertainties continued

Documentation and reporting continued

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

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

The corporate risk register is updated by the Investment Advisor throughout the year, and reports are provided to each meeting of the Audit Committee. Reports to the Audit Committee highlight changes in risk, changes to the controls in place, or changes to the evaluation of exposure of risks.

Emerging risks

A key element of our risk management process is the identification of emerging risks, to make an assessment of the potential impact on our business.

The regular risk reviews completed by the Investment Advisor specifically include review of emerging risks, and this is also part of the review by and discussions with the REIT's Audit Committee. The assessment considers:

- Is this risk relevant to the REIT's business activities?
- What is the potential impact, if the risk crystallises?
- What are our potential strategies for the management and mitigation of the risk?
- How could we get assurance that these strategies are effective in practice?
- Is this a risk that we should continue to pro-actively monitor?

Our risk reviews during the year have resulted in the addition of new risks to the corporate risk register, although none of these emerging risks are currently considered to be principal risks. We have added emerging risks relating to:

- **Development and capital programme delivery –** the REIT has a programme of capital works to enhance the condition of existing assets, and we are also planning to commence a development programme, building new assets. The successful delivery of these programmes may be impacted by supply chain risks, including significant cost increases, availability of materials, and availability of skilled labour resources in the construction market. Our budgets and capital plans are developed to include contingency funding, and plans are stress tested to ascertain potential costs and returns in different economic conditions. Contracting arrangements will be designed to minimise the risk of variations for the REIT, but the supply chain challenges and cost increases being seen across the construction sector in the latter half of 2021 and early 2022 are increasing risk in this area.
- **Delivering on our ESG and climate change-related plans –** we have invested in the development of our ESG programmes, and plans to mitigate climate change impacts, and have set challenging targets for the business. Failing to deliver on these could impact on our finances and reputation, and also impact on our current and potential occupiers. To help mitigate this risk, we have identified funding in our budgets to deliver on our ambitions, and have sought external specialist support to ensure the REIT is appropriately positioned.

Environmental, social and governance risk

The Group takes its ESG responsibilities seriously, investing time and resources to enhance knowledge and to develop and co-ordinate action plans across each of the pillars, aiming to deliver positive change and benefits as part of our day-to-day business.

We have integrated the consideration and evaluation of climate change risk within the Group-wide risk management process through the inclusion of ESG and specific climate change risks within the corporate risk register and have pro-actively considered ESG ambitions and their associated risks during our regular reviews. Climate change risk remains one of the Group's principal risks, as we seek to both reduce our impact on the environment and the impact of climate change on our activities, portfolio and finances.

The nature of the risks we face from climate change arise from both the physical aspects of climate change itself and also the potential for regulatory and commercial changes in the markets in which we operate. In particular, as governments seek to drive change through increasing regulation and cost for businesses (for example, changes to building standards, increased energy efficiency requirements, or the use of emission zones), there is the potential for some assets to become less attractive to occupiers, and for significant expenditure to be needed to ensure the portfolio is compliant with changing standards.

Key information on our ESG plans and progress is included in this report on pages 42 to 59.

Principal risks

Principal risks are those which are 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, who consider:

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

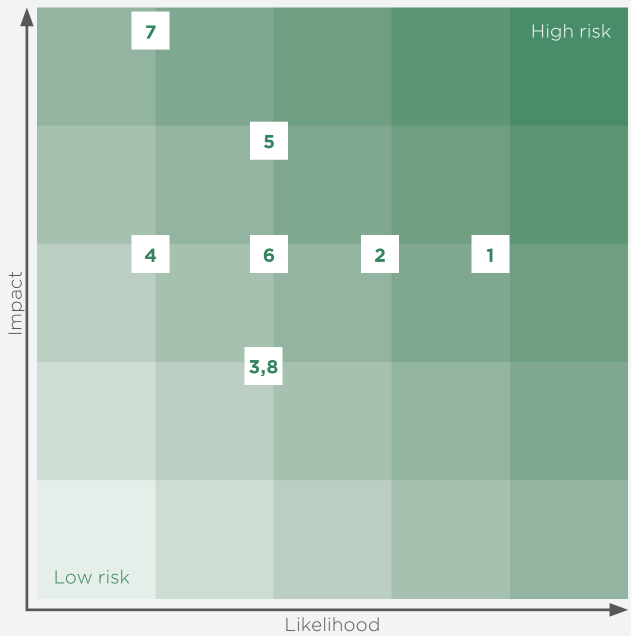
Changes in principal risks during the year

The Audit Committee undertakes a regular and rigorous assessment of risks, particularly principal risks, throughout the year, considering external and commercial pressures and any changes arising from business activities and operations.

Based upon that assessment, we have reduced the assessment of risk in relation to the Covid-19 pandemic, and no longer consider this to be a principal risk for the Group. There were no additional risks identified which are considered to be fundamental to the business, and therefore we have not added to the principal risks reported previously. However, the evaluation of exposure to some of our principal risks has changed during the year, as business pressures have changed. Our principal risks, along with mitigation strategies and an explanation of any changes from last year, are summarised below.

Principal risk heat map as at 31 March 2022

All risks are evaluated on a consistent basis across the Group, which includes both the likelihood of the risk crystallising and the potential impact. Our model evaluates both inherent exposure (i.e. before any mitigating controls or actions) and residual, or current, exposure (i.e. after controls and mitigations). This assessment allows us to see the positive impact of control on the underlying inherent risk.



Financial risks

1 Interest rate changes

Business risks

2 Impact of climate change on our portfolio

3 Poor portfolio returns

4 Poor performance of the Investment Advisor or Investment Manager

Operational risks

5 Inappropriate acquisitions, unrecognised liabilities, or breach of the investment policy

6 Significant rent arrears/irrecoverable bad debt

Compliance risks

7 Loss of REIT status

8 Breach of loan covenants or our borrowing policy

Principal risks and uncertainties continued

Financial risks

1 Interest rate changes

Change:

Interest rates have been extremely low for some time, but rates are rising across the market. Whilst we will be renegotiating our funding and seeking alternative financing options, increases in rates are not completely within our control.

Whilst the new funding will provide the Group with the means to invest and grow the business, changes in interest rates could have an impact on returns and profitability.

Changes in interest rates could directly impact on our cost of capital, and indirectly may impact on market stability.

Interest rates have increased, and it is expected that this will continue during the year ending 31 March 2023.

Risk mitigation:

The Investment Advisor maintains detailed cash flow forecasts, which are subject to scenario testing. We have interest rate caps in place and will be revising our funding arrangements during the next 12 months, considering different financing options.

Business model link:

Link to strategy:

Business risks

2 Impact of climate change on our portfolio

Change:

Climate change could have an increasing impact across the business.

Potential impacts range from direct risk such as adverse weather affecting properties through flooding or extreme temperatures; to business impacts such as the increasing cost of utilities, general supply chain disruption, and the potential for property values to be impacted, where new building standards and materials are available elsewhere.

Risk mitigation:

We have a Sustainability Committee, chaired by a Board member, which has developed and agreed our ESG strategy. This incorporates our plans to manage both our impact on the environment, and the potential impacts of climate change on the business.

We have also appointed external expertise to assist us with plans and delivering to targets.

Our plans include:

- targets on EPC ratings for our assets;
- developments to meet BREEAM or the relevant industry equivalent; and
- new utility contracts to be renewables based.

We are also working with our occupiers to ensure we are supporting them to meet their sustainability objectives. We are surveying our most significant occupiers to understand how we can work together to improve across a range of themes, including energy usage and wellbeing.

More detail of our plans is included in the sustainability section on pages 42 to 59.

Business model link:

Link to strategy:

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

Business risks

3 Poor portfolio returns

Change:

The assessment has very slightly increased during the year, which we consider is related to the competition for assets increasing acquisition costs. Overall, the risk is mitigated by the increasing portfolio valuation.

There is a risk that the returns generated by the portfolio may not be in line with our plans and forecasts. There are many factors that could drive this, including:

- inappropriate investment strategy set by the Board;
- poor delivery of the strategy by the Investment Advisor; and
- poor yields from the property portfolio because of reduced capital valuations or rental income.

This would have an impact on the financial performance of the REIT, and returns for our investors.

Risk mitigation:

The investment strategy is set by the Board, and performance against key targets and KPIs is reviewed on an ongoing basis.

The Investment Advisor and Investment Manager have the expertise required to deliver returns and have a successful track record of doing so.

Significant decisions, relating to assets or occupiers, follow established protocols, ensuring there is proper assessment, at the right levels.

The Investment Advisor reports to the Board each quarter, with key financial and non-financial performance information, which is produced to an estate level.

Business model link:

Link to strategy:

4 Poor performance of the Investment Advisor or Investment Manager

Change:

The Investment Advisor has continued to invest in staff and resources during the year, to build additional strength and depth, and to develop in-house expertise in specialist areas such as project management and data control. They have a proven track record, demonstrated by the REIT's consistently good performance.

The REIT operates with an outsourced model and is reliant on the performance of its third-party service providers.

In particular, poor performance of the Investment Advisor could have a significant impact on the performance of the REIT, as it is fundamental to the management and delivery of all aspects of the business.

Risk mitigation:

Members of the Investment Advisor have investments in the REIT, which reduces the risk that the Investment Advisor may not fulfil its responsibilities and activities effectively.

There are formal contracts in place with the Investment Advisor and Investment Manager (and other third-party service providers), setting out responsibilities and expectations.

Both provide regular quarterly reports to the Board, which include key performance targets and KPIs.

The Management Engagement Committee carries out an annual service review, which is reported to the Board.

Business model link:

Link to strategy:

Investment strategy | Asset management | Financial strategy

Principal risks and uncertainties continued

Operational risks

5 Inappropriate acquisitions, unrecognised liabilities, or breach of the investment policy

Change: No change

Inappropriate acquisitions could increase risk in relation to portfolio returns, as properties may be harder to let, may not generate appropriate revenues, or may require additional costs to support.

Risk mitigation:

We have comprehensive governance procedures supporting acquisition decisions. These are driven by the matters reserved for the Board and delegated authority matrix, which are translated into operational processes through the acquisition protocol approved by the Board. The protocol sets out detailed due diligence steps which must be completed and fully evidenced as part of the decision-making process. Acquisition decisions are approved by the Investment Advisor's investment committee and the Investment Manager's investment committee, and any higher risk acquisition decisions (by value or complexity) are escalated to the Board.

Business model link:

Link to strategy:

6 Significant rent arrears/irrecoverable bad debt

Change: Decrease

We had increased our evaluation of this risk previously, because of uncertainty around the impact of the Covid-19 pandemic and associated lockdowns. In the light of our positive collection performance over the last year, we consider it is appropriate to reduce the evaluation

A substantial increase in our bad debt, level of arrears or slow payment, could have a direct impact on cash flow and profitability and could also have an impact on average lease lengths, void levels and costs.

Furthermore, poor payment performance would increase the focus required from the Property Managers and Investment Advisor's asset managers, impacting on resource availability to manage other aspects of the business.

Risk mitigation:

Our diverse portfolio of assets, and wide range of occupiers, is key to maintaining a low risk profile in relation to bad debts.

We have 541 occupiers across our portfolio of 91 estates, and our top ten occupiers generate less than 30% of our rent roll. This is closely monitored to ensure that we are not at significant risk from any individual occupiers.

At an operational level, we have robust processes in place across our tenancy management activities, ensuring that we accurately record, invoice and collect amounts due.

There is a rigorous due diligence process prior to the acceptance of occupiers, with rent guarantees or rent deposits taken where appropriate. Tenancy management routines include credit control processes to identify any potential arrears problems and ensure that debt is recovered, or actions are taken at an early stage. We consider it appropriate to reduce the evaluation back to normal risk levels.

Business model link:

Link to strategy:

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	

Compliance risks

7 Loss of REIT status

Change:

Loss of our REIT status, through failing to meet regulatory requirements or the AIM rules, would have a significant impact on our reputation and the financial returns for our investors.

Risk mitigation:

The Board has approved a clear governance framework which incorporates the matters reserved for the Board and delegated authorities, which are further supported by the clear, contracted allocation of responsibilities to our third-party service providers.

The Investment Advisor reviews the position against REIT legislation with Link quarterly, and this is reported to the Audit Committee and Board. We are further supported by Deloitte, who complete our PID tracker.

Dividend cover and cash is continuously monitored and forecast forward, and the position reported to the Audit Committee and Board.

Business model link:

Link to strategy:

8 Breach of loan covenants or our borrowing policy

Change:

Our loan funding is subject to conditions, and breach of those could result in restrictions on funding and activities going forward. In addition to the loan covenants, the Board approved and communicated our borrowing policy, and breach of those limits may risk financial and reputation damage.

Risk mitigation:

Our financial position is closely and regularly monitored, and in particular the Investment Advisor monitors LTV % against our loan covenant and borrowing policy on an ongoing basis.

In addition, forward forecasts are prepared and reviewed both to assess the business' position, and to ensure that any acquisition decisions include consideration of the cash and funding impact.

The Board receives a formal update each quarter, and there is a quarterly compliance letter prepared for the bank.

Business model link:

Link to strategy:

Investment strategy | Asset management | Financial strategy

Going concern and viability statement

Going concern

The Board monitors the Group's ability to continue as a going concern. Specifically, at quarterly Board meetings, the Board reviews summaries of the Group's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows. Throughout the year, the Board had been meeting frequently, in conjunction with the Investment Advisor, to review the current uncertainties created by Covid-19, geopolitical tensions and rising inflation and interest rates, 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 £10.8 million of unrestricted cash and £49.0 million of headroom readily available under its facilities. An extension to the current facility has been agreed, providing the additional funding to complete on the acquisition of Bradwell Abbey, Milton Keynes. In light of the Group's objective to seek accretive acquisitions that will further raise the LTV towards our 35% target, the Group has engaged Lazard to review the current debt structure. Discussions are well progressed to develop and implement the next stage of the financing strategy, in order to provide the Group with the funding it requires to complete the other acquisition to which it is currently committed, being the forward funding development in Thame, Oxfordshire, as well as to enable it to enter into further accretive acquisitions. At the right point in time, the Group will also look to raise further equity through a share issue or placement programme. Furthermore, disposals are an important part of our approach to portfolio optimisation and we continually review the portfolio to identify opportunities to increase efficiency and dispose of any assets that are considered ex-growth or non-core, recycling that capital into accretive acquisitions.

The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants. Valuations would need to fall by 40.4% or rents by 53.4%, when compared with 31 March 2022, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 19 May 2022, 98.7% of rents invoiced in March 2022 in relation to the quarter to June 2022 were received.

The Investment Advisor has prepared projections for the Group covering the going concern period to 31 May 2023, which have been reviewed by the Directors.

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, adverse refinancing conditions and minimum dividend distributions under the REIT rules.

Accordingly, based on this information, and in light of mitigating actions available and the reasonable expectation that the Group refinancing will be available when required, 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.

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 2025, 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 64 to 67 summarise the matters that could prevent the Group from delivering its strategy. The Board seeks to ensure that risks are kept to a minimum at all times and, where appropriate, the potential impact of such risks is modelled within its viability assessment.

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

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

(i) increased occupier churn and occupier defaults;

(ii) increased void periods following break or expiry;

(iii) decreased rental income; and

(iv) increased interest rates.

Current debt and associated covenants are summarised in note 16, 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 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

The period over which the Directors consider it is feasible and appropriate to report on the Group's viability is a three year period to May 2025. This period has been selected because it is the period that is used for the Group's medium-term business plans. Underpinning this plan is an assessment of each individual units performance, driving the overall letting assumptions and corresponding forecast cash flows.

Having made an assessment of each individual unit's performance, 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 and in light of the current economic uncertainty, 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

23 May 2022

Chairman's introduction to governance

> Both the independent Directors and Tilstone have worked hard to ensure that we consider all our stakeholders in our decision making, as we continue to mature as a public company.

Neil Kirton
Chairman

As Chair of Warehouse REIT, I am pleased to present the governance report for our financial year ended 31 March 2022.

Financially, this has been a year of significant progress. Our results reflect both the experience and decision making around the opportunities sourced by Tilstone, as well as the strong and cohesive sense of purpose that all the Board have shared since our IPO in 2017.

In addition to the contractual arrangement that exists between your Company and Tilstone, the spirit of this arrangement has been very strong. I am committed to a transparent and open culture and we have constructive and probing dialogue with Tilstone. Both parties have a common agenda, strengthened by the level of equity ownership within the boardroom, which has again grown during the year.

The Board

The Board met regularly during the year, as we transitioned where possible from a virtual or screen-based format to more regular face-to-face interaction, which we have all enjoyed as the Covid-19 related restrictions started to reduce.

In addition to our Board sessions, members of the Board committed significant time to Warehouse REIT business either via their various committee responsibilities, or less formally through dialogue outside the boardroom environment, where we regularly exchange views on many areas of our development, strategy and stakeholder interests.

Strategy day

One particularly important occasion for the Board is the strategy day that we undertake annually, usually in the second quarter of the financial year. The structure of the day entails a detailed set of preparatory notes and a discussion focused on a small number of agreed items with Tilstone. The core areas from the 2021 strategy day included:

- a review of the market for urban warehousing in the UK and its impact on our strategy;
- a detailed discussion of various options to maximise the potential and manage the risks to shareholders of the Radway 16 site in particular;
- the move to a Main Market listing; and
- our capital markets strategy.

Although the strategy day is not a formal Board meeting, we find it useful to minute this session as a record of our discussions and decision making. We also find it beneficial from time to time to call upon external professional advisors and ahead of this session we reviewed two reports compiled for the Board on items above.

AIC Code – principles:

Board leadership and purpose

See more on pages 72 to 78

Composition, succession and evaluation

See more on pages 79, 86 and 87

Remuneration

See more on pages 93 to 95

Division of responsibilities

See more on pages 76 to 78

Audit, risk and internal control

See more on pages 84, 88 to 90

Board Committees

In my last report I laid out some changes we were making to the Board Committees, effective from 1 April 2021. I also referred to the creation at that time of a Sustainability Committee, chaired by my colleague Aimée Pitman. Each of the Committees reports in detail about their roles and activities in this governance report.

The Audit Committee, chaired by Lynette Lackey, oversaw the change of our Auditor from Deloitte LLP to BDO LLP during the course of 2021 and Deloitte have been retained to provide taxation advice to the Group.

We made no changes to the Board in personnel terms during the year, but the Nomination Committee – which I continue to chair – regularly reviews the skill sets required to ensure robust governance over the Company. For example, as our marketplace evolves and existing assets continue to be aggressively sought-after by many investors, it is likely that development will play an increased role in our future returns.

The Sustainability Committee completed its first full year of operation. The Board as a whole fully understands and endorses the importance of ESG to our existing investors, potential shareholders and other stakeholders, including occupiers. We discuss ESG in more detail elsewhere, but our experience is that the great majority of our stakeholders are continually elevating the importance of ESG. Our strategy continues to focus on creating a resilient portfolio, reducing our footprint, being able to measure our progress and reinforce that with independent validation, and supporting our occupiers. During 2021, we engaged a number of occupiers in a survey on their views and approaches to ESG, which has been particularly useful in terms of understanding our customers and responding to their needs. This is a cornerstone of what we do.

More generally, the Board continues to take a keen interest in stakeholder views and we ensure we have robust reporting from Tilstone on their day-to-day interactions with stakeholders. Members of the Board are also available to hold discussions with shareholders as necessary. More information on the Group's stakeholder engagement can be found in the strategic report on pages 21 to 23.

Neil Kirton
Chairman

23 May 2022

Board of Directors

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

Neil Kirton
Non-Executive Chairman

Date of appointment
1 August 2017

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

Other current appointments
Neil is also a non-executive director of Ingenta plc.

Past appointments
Until December 2021, Neil was a managing director and co-regional head, EMEA, Forensic Investigations and Intelligence at Kroll. 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.

Aimée Pitman
Non-Executive Director

Date of appointment
1 August 2017

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

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

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

Lynette Lackey
Non-Executive Director

Date of appointment
15 November 2018

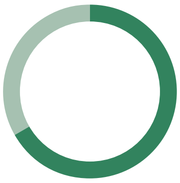
Skills and experience
Lynette is a chartered accountant and experienced non-executive director. She has considerable knowledge of financial matters and of the real estate sector.

Other current appointments
Lynette is also a Non Executive Director of Centaurea Investment Limited and a member of council at the London Chamber of Commerce & Industry. She is also a partner in her business advisory firm one5two LLP focused on growing businesses.

Past appointments
Lynette was until recently a non-executive director of Places for People Group and chair of its regulated board. She was previously the Senior Independent Director and chair of the Group audit and risk committee of the Group board. Lynette was a partner of BDO LLP for ten years, where she was responsible for a portfolio of real estate investor and developer clients. She is a former partner in Greenside Real Estate Solutions, as well as the chair of the Association of Women in Property. She also served on the boards and as Chair of the Audit and Risk committees of the London Chamber of Commerce & Industry and Land Aid Charitable Trust.

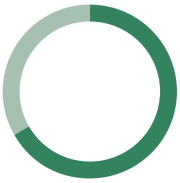
Structure of the Board:

Board structure



- Independent 4
- Non-independent 2

Gender split



- Male 4
- Female 2

Key to Committees:

- Audit Committee
- Management Engagement Committee
- Nomination Committee
- Sustainability Committee

Martin Meech
Non-Executive Director

Date of appointment
1 August 2017

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

Other current appointments
Martin was recently appointed as senior advisor to the Dominvs Group's Board.

Past appointments
Prior to his retirement in December 2021, Martin was the group property director of Travis Perkins plc, the largest supplier of building materials in the UK, and chief executive officer of Travis Perkins (Properties) Ltd. He oversaw the group's freehold portfolio, with a market value in excess of £700 million.

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

Simon Hope
Non-Executive Director

Date of appointment
24 July 2017

Skills and experience
Simon, a qualified surveyor, has 35 years' experience in the real estate sector, gained during his career at Savills.

Other current appointments
Simon leads the real estate investment teams at Savills and has sat on the UK board since 2021. As chairman of Savills Fund Management he chaired Grosvenor Hill Ventures until 2006 and helped to establish the Charities Fund Property Board, which has a current fund value of approximately £1.16 billion and is the first Common Investment Fund available to all charities in England and Wales that directly invests in UK commercial property. Simon is the Non-Executive Chairman of Tilstone and represents Tilstone on the Board. He is also the founder and Vice-Chairman of Ironstone Asset Management Limited, the Investment Advisor to Life Science REIT plc.

Past appointments
Simon was on the Savills Group and plc boards from 1999 to 2021. As part of Savills Investment Management, he was chair of Savills UK Limited's proprietary trading arm, Grosvenor Hill Ventures Limited.

Stephen Barrow
Non-Executive Director

Date of appointment
24 July 2017

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

Other current appointments
Stephen is a member of the advisory board of Glia Ecosystems Limited and a non-employee partner of Absolute Return Partners, where he manages his own portfolio. Stephen is Chairman of Ironstone Asset Management Limited, the Investment Advisor to Life Science REIT plc, a UK listed company which invests in a diversified portfolio of properties across the UK which typically provide benefit to the life science sector.

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

Martin Meech: (Audit, Management Engagement, Sustainability)

Simon Hope: (Non-independent)

Stephen Barrow: (Non-independent)

Investment Advisor

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

Simon Hope
Non-Executive Director

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 73.

Andrew Bird
Managing Director

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

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

Paul Makin

Investment Director

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

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

Peter Greenslade

Finance Director

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

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

Corporate governance statement

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

Statement of compliance

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

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

During the year ended 31 March 2022, the Company has complied with the AIC Code throughout the year, except where the Board has concluded that adherence or compliance with any particular principle or provision would not have been appropriate to the Company's circumstances, in which case the reasons are fully explained in this statement.

The Board of Directors

Under the leadership of the Chairman, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It establishes the purpose, values and strategic aims of the whole Group and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Group 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 Group's investment policy and strategy and have the overall responsibility for the Group's activities, including the control and supervision of the Investment Manager and Investment Advisor.

The Board consists entirely of six Non-Executive Directors, with no individual having unfettered powers of decision. The Directors hold, or have held, senior positions in industry and commerce and possess a wide range of relevant business and financial expertise and brief biographies, including details of their significant commitments, can be found on pages 72 and 73. During the year, the Board was satisfied that all the Directors were able to commit sufficient time to the Group's affairs and discharge their responsibilities effectively having given due consideration to the Directors' external appointments.

Each Director was appointed for an initial three-year term, subject to re-election annually at each AGM (see page 79). 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 Company Secretary and will be available at the AGM. The Directors are not entitled to any compensation for loss of office. The Directors were advised on appointment of the expected time required to fulfil their roles and have confirmed that they remain able to make that commitment. All material changes in any Director's commitments outside the Group are required to be, and have been, disclosed prior to the acceptance of any such appointment

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

Structure of the Board during the year

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

1. Chair of the Nomination Committee.
2. Chair of the Sustainability Committee.
3. Chair of the Audit Committee.
4. Chair of the Management Engagement Committee.

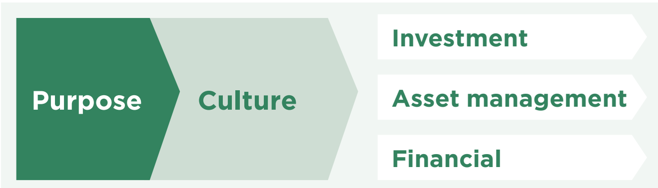
Chairman and Senior Independent Director

The independent Non-Executive Chairman, Neil Kirton, is deemed 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 roles 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 Group's purpose is to own and manage warehouses in economically vibrant urban areas across the UK, providing the space its occupiers need for their businesses to thrive.

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Group. 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 to enable them to discharge their responsibilities.

The Board of Directors continued

Purpose and culture continued

The Board believes that it has a responsibility to set and demonstrate high standards of ethics and behaviour. We are strongly committed to an ethos and culture that balances both our shareholders' need and desire for financial returns and the process and environment within which we achieve those returns. This obligation begins with your Board of Directors but extends into our engagement with Tilstone. Both parties operate with complete mutuality of trust and transparency embedded in the relationship.

As an externally managed Group, we expect all of our external service providers, including Tilstone, to fully endorse these values and exercise commercial judgement with due and full consideration of the impact of those decisions on their employees, our customers, the communities in which we operate, and our wider stakeholder base.

Annually, the Management Engagement Committee analyses and systematically reviews all our service providers, including Tilstone – a review which includes an understanding of their policies, procedures and actions around behaviour, ethics and culture and consideration of their own engagement with other third-party service providers. This includes assessing their approach to significant ethical issues such as modern slavery. The Company's Modern Slavery Statement, reviewed by the Board each May, is available from its website **www.warehousereit.co.uk**.

The Group has policies and procedures to assist with maintaining a culture of good governance including those relating to delegated authorities, diversity and related parties. The Board assesses and monitors compliance with these policies regularly through Board meetings.

Engaging with our stakeholders

Details of how we engaged with our key stakeholders during the year ended 31 March 2022 are set out in the strategic report.

See more on pages 21 to 25

Board operation

The Directors meet at regular Board meetings, held at least four times a year, with additional meetings arranged as necessary. The table below sets out the Directors' attendance at both regular and ad-hoc Board and Committee meetings during the year ended 31 March 2022, against the number of meetings each Board member was eligible to attend:

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

1. Absent as the relevant meeting was scheduled at short notice. Notice was provided and apologies given to the Chair of the respective meeting.

As noted above, additional ad-hoc Board meetings were held during the period to discuss strategic matters and approve the release of the Annual and Half-year results.

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 performance of the Board, its Committees and its individual Directors and to implement actions to improve the Board's focus and effectiveness which contribute to the Group's success. This year's evaluation involved an internal performance evaluation by way of questionnaires completed by the Non-Executive Directors and evaluated independently of the Board. The questionnaire was designed to assess the strengths and effectiveness of the Board and its Committees. 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. Each of the Directors completed a questionnaire which was then used to hold constructive discussions led by the Chairman.

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

The key conclusions were that the Board considers that it has performed effectively and that it demonstrates a good balance of skills, performance and knowledge and has a particularly strong working relationship with the Investment Advisor. There were no significant concerns that arose in the evaluation. During the remainder of the year, 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. Whilst the Board recognises it could be more diverse, it does not consider it is in the best interests of shareholders to force diversity by imposing fixed criteria or quotas. The Board will continue to make appointments based on merit, having regard to a number of factors including gender, ethnicity, skills and experience. The Board will continue to monitor and encourage diversity as part of its ongoing succession planning.

Independence of Directors

The Board has reviewed the independence of each Director and the Board as a whole. Most 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 and an employee of Savills (one of the Company's Property Managers); he is therefore considered to be a non-independent Director. Stephen Barrow is also on the Tilstone Board of Directors and is therefore considered to be a non-independent Director. Both Simon Hope and Stephen Barrow have cross-directorships in Tilstone Partners Limited and are both LLP members of Tilstone Investments LLP, Tilstone Halifax LLP and Somersham Coventry LLP.

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

Election/re-election of Directors

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

Beyond these requirements, and in line with corporate governance best practice, the Board has determined that all Directors will seek annual re-election at the Company's AGMs. All Directors will therefore stand for re-election at the forthcoming AGM. The Board considers that, during the year ended 31 March 2022, 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.

Corporate governance statement continued

Board responsibilities and relationship with the Investment Advisor

The Board's main roles are to lead the Group and ensure its long-term sustainable success, generating value for shareholders and contributing to wider society, and to approve the Group'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 20% or more of gross asset value ("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**.

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. A quarterly report from the Investment Manager is presented at each scheduled Board meeting.

May 2021

- Updates from Management Engagement Committee, Nomination Committee and Audit Committee Chairs
- Approval of preliminary results for the year ended 31 March 2021 and fourth interim dividend for the 2021 financial year
- Review of going concern and long-term viability statements
- Approval of Annual Report and Financial Statements for the year ended 31 March 2021
- Review of Directors' performance evaluation for the year ended 31 March 2021
- Annual review of Modern Slavery Statement
- Review of sustainability policy

July 2021

- Approval of first interim dividend for the 2022 financial year
- Approval of the Notice of Annual General Meeting
- Review of Directors' fees

September 2021

- Savills Market Research presentation
- Annual General Meeting

The Company has sub-contracted its day-to-day functions to service providers, each engaged under separate legal agreements. For example, portfolio management and risk management of the Group's assets has been delegated to the Investment Manager. The Investment Advisor provides recommendations to the Investment Manager's investment committee. These recommendations cover acquisitions and sales of Group assets (where this would be in line with the Company's objectives and investment policy) and recommendations on where the Group 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 Company Secretary. The Company Secretary and Investment Advisor regularly provide financial information, together with briefing notes and papers in relation to changes in the Group'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.

Conflicts of interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Group's interests. The Board has a formal system to consider such conflicts, with the Directors who have no interest in the matter deciding whether to authorise the conflict and any conditions to attach to such authorisation.

The Board also receives and reviews a quarterly share register analysis, as well as a report from the Company Secretary including regulatory and governance updates. In addition to these regular agenda items, the Board dealt with the following matters during the year:

November 2021

- Approval of Sustainability Committee terms of reference
- Update from Sustainability Committee and Audit Committee Chairs
- Approval of Half-yearly Report and second interim dividend for the 2022 financial year
- Lazard engaged to review the structure of the Company's debt

January 2022

- Updates from Audit Committee Chair
- Approval of third interim dividend for the 2022 financial year

March 2022

- Approval of the budget for the financial year to 31 March 2023
- Review of the Company's compliance with the AIC Code
- Annual review of the investment policy
- Annual review of the Board, Committees and Chairman through an independent evaluation
- Consideration of move to Main Market listing

Corporate governance statement continued

Board Committees

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

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

Nomination Committee

During the year, the Nomination Committee comprised of Neil Kirton, Lynette Lackey and Simon Hope. The Chairman of the Board is a member of, and chairs, the Nomination Committee. A majority of the members of the Nomination Committee are independent Non-Executive Directors.

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

Audit Committee

The members of the Audit Committee are Lynette Lackey (Chair), Aimée Pitman and Martin Meech. 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 Chartered Accountant with audit experience in the real estate investor and developer industry.

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

Management Engagement Committee

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

A report from the Chair of the Management Engagement Committee is set out on page 91.

Sustainability Committee

With effect from 1 April 2021, the Sustainability Committee was comprised of Aimée Pitman (Chair), Martin Meech and Stephen Barrow. Representatives of the Investment Advisor also attend the Committee.

A report from the Chair of the Sustainability Committee is set out on page 92.

Company Secretary

The Board has direct access to the advice and services of the Company 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 Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and for ensuring that the Group meets its statutory obligations.

How governance supported the delivery of the Group's strategy during the year ended 31 March 2022

As noted on page 80, approving the strategy and overseeing its implementation is one of the Board's core responsibilities. Set out below are the Board's activities in respect of each element of the strategy set out on pages 26 and 27 of this report. In addition, during the year the Board held a strategy day, which is a key event allowing the Board to examine the strategy and the market context for it. More information can be found in the Chairman's statement on pages 70 and 71.

Strategy	Board governance role	Key activities during the year
Investment strategy	• 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 20% 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 70 and 71 for more information). Read more about the acquisitions in the year in the Investment Advisor's report on page 34.
Asset management strategy	• Overseeing the portfolio • Overseeing the Investment Advisor's asset management activities • Approving disposals which are within the investment policy but have a value of 20% or more of the GAV of the Company's portfolio • Approving any disposals outside the investment policy	During the year, the Board: • reviewed quarterly portfolio updates from the Investment Advisor, including details of occupancy levels, lease events, rental values and rent collection; • monitored the Investment Advisor's and Investment Manager's adherence to the capital expenditure budget, through quarterly reports from the Investment Advisor; and • approved the annual budget (including capital expenditure) for the year to 31 March 2023. Read more about asset management during the year in the Investment Advisor's report on pages 35 to 37.
Financial strategy	• Approving any changes to the Group's capital structure • Approving the Group's gearing policy, dividend policy and treasury policy	During the year, the Board: • monitored the Group's debt levels and reviewed the hedging strategy; and • appointed Lazard to review the Group's current debt structure. Read more about financing activity during the year in the Investment Advisor's report on pages 40.

Corporate governance statement continued

Internal control review

The Board is responsible for the systems of internal controls relating to the Group, including the reliability of the financial reporting process and for reviewing their systems' effectiveness.

The Directors have reviewed and 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 the Group's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

Internal control assessment process

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

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

In arriving at its judgement of what risks the Group faces, the Board has considered the Group's operations mindful 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.

One of the key internal controls which the Group has in place is a corporate risk register, which is maintained by the Investment Advisor, against which the Group monitors the risks identified, the impact of such risks and the controls in place to mitigate them. It also considers and monitors both current and emerging risks to ensure meaningful reporting to the Audit Committee. Other key internal controls, which the Group has in place during the year, include a procedure to monitor the compliance status of the Company to ensure that it can continue to be approved as a REIT; and the Investment Advisor prepares forecasts and management accounts which allow the Board to assess performance. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls. The Audit Committee reviews the risk matrix at least twice in each financial year and at other times as necessary.

The principal and emerging risks that the Board has identified are set out on pages 62 to 67.

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 Group's progress and performance with shareholders. The Investment Advisor, the Company's joint brokers (Peel Hunt LLP and Jefferies International Limited) and Nominated Advisor (Peel Hunt LLP) are in regular contact with the major institutional investors and report the results of meetings and the views of those shareholders to the Board. The Chairman and the other Directors are available to attend these meetings with shareholders if required.

All shareholders are encouraged to attend, either in person when able to or by proxy, and vote at the AGM, during which the Board and representatives of the Investment Advisor are available to discuss issues affecting the Group 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 Company Secretary at the address on the inside back cover. The Company always responds to letters from shareholders.

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

Nomination Committee report

> The Nomination Committee is responsible for maintaining a balance of skills, experience and perspectives on the Board.

Neil Kirton
Chair of the Nomination Committee

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 Group's website.

Activities

The Nomination Committee met once during the year ended 31 March 2022 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 72 and 73. 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 Group'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 Group.

Diversity

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

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

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

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

Neil Kirton

Chair of the Nomination Committee

23 May 2022

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 Group's financial statements and review its financial reporting process and accounting policies;
- keep under review the effectiveness of the Group'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 Group'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 Group'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 Group's Auditor, BDO 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 Group's website.

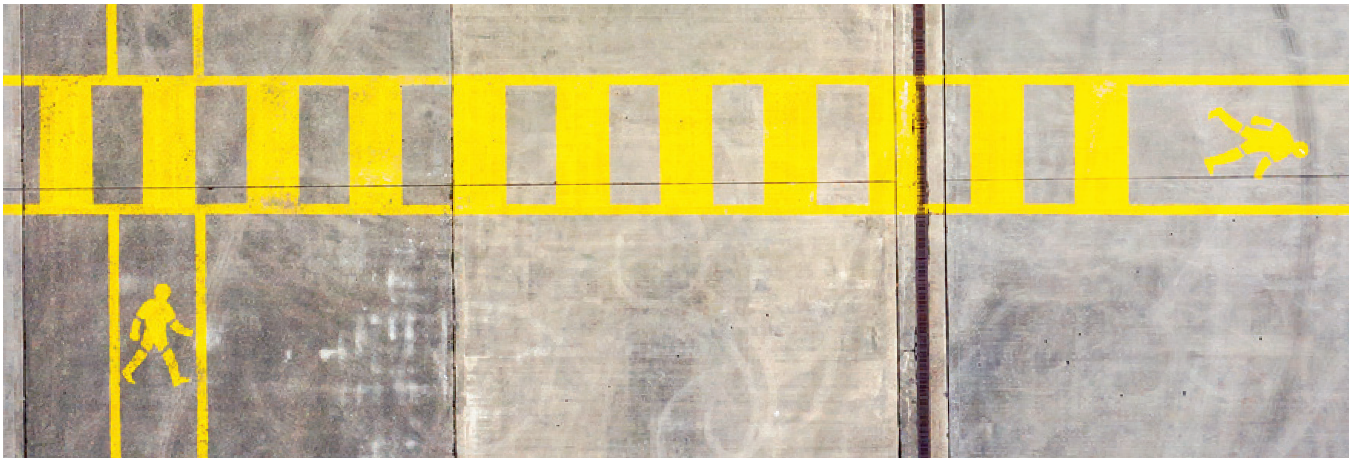
Activities

The Audit Committee met three times during the year ended 31 March 2022 and once following the year end. At the meetings, the Committee has:

- reviewed the internal controls and risk management systems of the Group and its third-party service providers;
- agreed the audit plan with the Group's new Auditor, BDO LLP, including the principal areas of focus, and agreed the audit fee;
- received and discussed with the former Auditor, Deloitte LLP, 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 at each meeting. During the year ended 31 March 2022, the risk rating for the impact of the Covid-19 pandemic on significant rent arrears, performance of the Investment Advisor and irrecoverable bad debts were downgraded and are no longer considered a principal risk. The risk ratings for two principal risks, namely interest rate changes and poor portfolio returns, increased slightly during the year. No additional principal risks were identified.

The Audit Committee reviewed the requirement for an internal audit function and concluded that this would provide minimal added comfort at considerable extra cost to the Group. 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 Group'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 2022.

Significant issues

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

Valuation of property assets	The Audit Committee considered and discussed the valuation of the Group's investment properties as at 31 March 2022. 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 2022.
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 Group's compliance status and considered each of the requirements for the maintenance of REIT status throughout the year ended 31 March 2022.
Going concern and long-term viability of the Company	The Audit Committee considered the Group's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments and any outstanding loan covenants. Consequently, the financial statements have been prepared on a going concern basis. The Audit Committee also considered the longer-term viability statement within the Annual Report, for the three-year period to May 2025, and the underlying factors and assumptions which contributed to the Committee deciding that three years was an appropriate length of time to consider the Group's long-term viability. The Group's going concern and viability statement, as well as full details of the assessment carried out by the Directors, can be found on pages 68 and 69.

Audit Committee report continued

Significant issues continued

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 Group's position and performance, business model and strategy.

Audit fees and non-audit services

An audit fee of £148,000 has been agreed in respect of the audit for the year ended 31 March 2022. This incorporates a fee of £130,000 for auditing the Annual Report and consolidated financial statements for the period and £18,000 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, BDO commenced accounting services in connection with the move to the Main Market, however, no fees have been incurred during the financial year ended 31 March 2022 (2021: £220,600 paid to the former Auditor, Deloitte LLP, for non-audit services).

Auditor independence and objectivity

The Audit Committee has considered the Auditor's independence and objectivity. The Audit Committee will pre-approve all non-audit services prior to any work commencing and considers safeguards in place, such as the use of separate teams to mitigate the risk of any self-review.

The Audit Committee also receives an annual assurance from the Auditor that its independence is not compromised by the provision of any non-audit services.

The Audit Committee is satisfied that the Auditor's objectivity and independence is not impaired by performing non-audit services and that the Auditor has fulfilled its obligations to the Group and its shareholders.

Re-appointment of the Auditor

BDO LLP was appointed as Auditor to the Company with effect from 1 April 2021 and Richard Levy has been the Group engagement partner since that time. Following a review of the service provided by BDO LLP during the year and a review of value for money, the Audit Committee has recommended to the Board the re-appointment of BDO LLP as Auditor to the Company. An ordinary resolution for BDO's re-appointment will be put to shareholders at this year's AGM.

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.

Lynette Lackey
Chair of the Audit Committee

23 May 2022

Management Engagement Committee report

The Management Engagement Committee ensures that third-party appointments are conducted in shareholders' best interests.

Martin Meech
Chair of the Management Engagement Committee

I am pleased to present the Management Engagement Committee report on behalf of the Board and to provide details on how the Committee discharged its responsibilities throughout the year ended 31 March 2022.

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 Group, 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 Group's website.

Activities

The Committee met once during the year ended 31 March 2022 and once following the year end. At these meetings, the Committee has:

- considered the performance of the Investment Advisor against its obligations under the Investment Management Agreement during the year. The Committee's recommendation regarding the continuing appointment of the Investment Advisor is set out on page 98. In reaching its recommendation to the Board, the Committee's deliberations included consideration of the basis of the investment management fee and the execution of the Group's investment strategy by the Investment Advisor during the year;
- reviewed the ongoing performance and the continuing appointment of the Group's other key service providers. The Committee has concluded that the services provided to the Group 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 (including both the investment policy and Investment Management Agreement), Administrator and Depositary to meet legal and regulatory requirements, particularly the AIFMD, and concluded that these remain adequate.

Martin Meech
Chair of the Management Engagement Committee

23 May 2022

Sustainability Committee report

> The Sustainability Committee is responsible for creating a resilient portfolio, reducing our footprint, supporting our occupiers and ensuring responsible business foundations.

Aimée Pitman
Chair of the Sustainability Committee

Role of the Sustainability Committee

The Committee's primary responsibilities are to:

- oversee the formulation and implementation of the Group's ESG strategy, review updates on any regulatory changes affecting the strategy and make recommendations to the Board regarding changes to strategy;
- receive assurances from service providers, suppliers and contractors on their own ESG policies;
- review the Group's efficacy in relation to its ESG reporting; and
- review ESG-related risks to the Group and make recommendations to the Audit Committee regarding inclusion in the Group's risk management practices.

Governance

The Board is responsible for approving the Group's sustainability strategy, long-term goals and actively monitoring portfolio performance. In conjunction with the Investment Advisor, the Sustainability Committee oversees the management of the Group's climate-related risks and opportunities.

Risk management

With a growing focus on sustainability, the Board has recognised the importance of identifying the impact of climate change to the Group's business. During the year, the Committee identified the key risks with input from our consultant, JLL, via a materiality assessment. The key risks have been added to the Group's risk register so they are monitored as part of our wider risk management process.

The Board and Investment Advisor are continually developing their understanding of the potential physical impact of climate change and the wider implications associated with increased regulation, occupier requirements and increased focus on sustainable assets.

Activities undertaken during the year

The Committee was established during the year to 31 March 2022 and met three times to undertake the following activities:

- to review and approve the Committee's terms of reference and the Committee's composition;
- to review the Group's ESG budget, strategy, current activities and future commitments; and
- to appoint JLL as a service provider to advise on the Group's current ESG position.

Our ESG commitments

The Group's commitment to ESG is to ensure its assets are attractive to occupiers in the long term. The Board is committed to evaluation of a net zero carbon pathway by reviewing current developments and refurbishment standards versus green building certificates standards, as well as reducing EPC risk. The Board engages with its key occupiers to understand occupier net zero carbon goals.

Aimée Pitman
Chair of the Sustainability Committee

23 May 2022

Directors' remuneration report

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

Statement from the Chairman

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

Following a review of Directors' remuneration during the year, and in recognition of the increased time commitment over the period since the last review of Directors' fees, the Board resolved to increase Directors' remuneration by 7.5%. As a result, fees are set at a level of £48,375 per annum (2021: £45,000) for the Chairman and £37,625 (2021: £35,000) per annum for the independent Non-Executive Directors. No fees are payable to Stephen Barrow or Simon Hope as non-independent Non-Executive Directors.

Directors' remuneration policy

A resolution to approve the Directors' remuneration policy was proposed and passed at the Company's first AGM in 2018. As a binding vote on the policy is necessary every three years, an ordinary resolution to approve the policy was also put to shareholders at the 2021 AGM. There were no changes made to the policy, which is set out below, in advance of the shareholder vote in 2021.

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.

Directors' remuneration report continued

Directors' remuneration policy continued

The Board has set two levels of fees: £48,375 per annum for the Chairman and £37,625 per annum for the independent Non-Executive Directors. No additional fees are payable for membership of the Board's Committees or for appointment as a Director to any Group subsidiary. 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 2022 received the following emoluments:

	Year ended 31 March 2022		Year ended 31 March 2021	
	Fees £'000	**Total £'000**	Fees £'000	Total £'000
Neil Kirton	**47.5**	**47.5**	45	45
Aimée Pitman	**36.9**	**36.9**	35	35
Lynette Lackey	**36.9**	**36.9**	35	35
Martin Meech	**36.9**	**36.9**	35	35
Simon Hope	**—**	**—**	—	—
Stephen Barrow	**—**	**—**	—	—
	158.2	**158.2**	150	150

Directors' beneficial and family interests

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

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

	As at 31 March 2022 Number of shares	As at 31 March 2021 Number of shares
Neil Kirton[1]	**390,909**	390,909
Aimée Pitman[2]	**689,543**	590,537
Lynette Lackey	**51,603**	51,603
Martin Meech[3]	**290,909**	290,909
Simon Hope[4]	**12,407,697**	12,407,697
Stephen Barrow[5]	**10,103,050**	10,103,050

1. 190,909 of these shares are held by Mr Kirton's spouse.
2. 312,783 of these shares are held by Ms Pitman's spouse, whilst 23,487 are held by her children.
3. 190,909 of these shares are held by Mr Meech's spouse.
4. 3,551,971 of these shares are held by Mr Hope's spouse, whilst 391,899 are held by his children.
5. 4,481,525 of these shares are held by Mr Barrow's spouse and 350,000 are held by his child.

Between 31 March 2022 and the date of this report, there have been the following changes to the above holdings:

	As at 23 May 2022 Number of shares
Aimée Pitman[6]	**689,993**

6. 313,233 of these shares are held by Ms Pitman's spouse, whilst 23,487 are held by her children.

Voting at Annual General Meeting

The Directors' remuneration report for the year ended 31 March 2021 and the Directors' remuneration policy were approved by shareholders at the AGM held on 13 September 2021. The votes cast by proxy were as follows:

	Directors' remuneration report (2021 AGM voting figures)		Directors' remuneration policy (2021 AGM voting figures)	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	203,551,908	99.97	203,532,620	99.96
Against	66,636	0.03	77,848	0.04
At Chairman's discretion	3,102	—	3,102	—
Total votes cast	203,621,646	100.00	203,613,570	100.00
Number of votes withheld	100,042		108,118	

Approval

The Directors' remuneration report was approved by the Board on 23 May 2022.

Neil Kirton
Chairman

23 May 2022

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

Corporate governance

The corporate governance statement on pages 70 and 71 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 72 and 73.

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 13 September 2021, the Directors were granted: (i) the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £2,832,410 (being 66% of the issued ordinary share capital at the date of the notice) by way of a rights issue; and (ii) in any other case, the authority to allot ordinary shares up to an aggregate nominal amount of £1,416,205 (being 33% of the issued ordinary share capital at the date of the notice). The Directors were also granted the authority to disapply pre-emption rights in respect of the allotment of shares or treasury shares up to 5% of the issued ordinary share capital at the date of the notice and a further 5% of the issued ordinary share capital where the allotment and issue of such shares is for the sole purpose of financing (or refinancing) an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles.

These existing authorities will expire at the Company's AGM to be held in September 2022 where resolutions for their renewal will be proposed.

Purchase of own shares

At the AGM held on 13 September 2021, the Company was authorised to purchase up to 42,486,165 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 2022 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 2022 and the date of this report, there were 424,861,650 ordinary shares of £0.01 each in issue, none of which are held in treasury.

Results and dividends

A summary of the Group's performance during the period and the outlook for the forthcoming year is set out in the strategic report on pages 39 and 40.

Dividends totalling 6.4 pence per ordinary share have been paid or declared in respect of the year ended 31 March 2022, further details of which can be found in the Investment Advisor's report on page 39.

No final dividend is being proposed.

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

Substantial shareholdings

As at 31 March 2022, the following held voting rights greater than 3% in the Company:

	Number of ordinary shares held	% of total voting rights at 31 March 2022
Investec Wealth & Investment	**67,508,146**	**15.89**
Smith & Williamson Wealth Management	**26,166,716**	**6.16**
CCLA Investment Management	**19,284,707**	**4.54**
Hargreaves Lansdown	**17,301,133**	**4.07**
Rathbone Investment Management	**14,867,186**	**3.50**
Charles Stanley	**13,354,252**	**3.14**

There have been no significant changes to these holdings between 31 March 2022 and the date of this report.

Management arrangements

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

The Investment Advisor is an appointed representative in respect of the Investment Manager. As an appointed representative, Tilstone is responsible for working with and advising the Group and the Investment Manager in respect of sourcing investment opportunities which meet the Group's investment policy. As an appointed representative of Investment Manager, 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 Group'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 Group'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.

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

Directors' report continued

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

Savills

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

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

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

Aston Rose

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

Administration Agreement

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

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

Company Secretarial Agreement

Link Company Matters Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act 2006, under an agreement dated 22 August 2017. The Company Secretary is entitled to a fee of £64,223 per annum (exclusive of VAT) in respect of the Company and £833 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 AIFMD (AIFMD 23(1)(d) and (f)). It is authorised to act as a Depositary by the FCA. The Depositary's duties under the Depositary Agreement are owed to the Company as a whole and not directly to shareholders, whether individually or in groups. The investments of the Company are not of a kind required to be held in custody by the Depositary.

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

Auditor

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

BDO LLP has expressed its willingness to continue as Auditor of the Company and resolutions for its re-election 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 24 to the financial statements.

Annual General Meeting

The Company's fifth AGM will be held on 12 September 2022. The Notice of the AGM will be circulated to shareholders separately.

Link Company Matters Limited
Company Secretary

23 May 2022

Company Number 10880317

Statement of Directors' responsibilities

in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable UK law and regulations.

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 UK adopted international accounting standards. 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 and Company 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 UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

Neil Kirton
Chairman

23 May 2022

Independent Auditor's report

to the members of Warehouse REIT plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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 of Warehouse REIT Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the consolidated statements of comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statement of cash flows, the consolidated and Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Independence

We remain 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 FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- using our knowledge of the Group and its market sector together with the current general economic environment to assess the Directors' identification of the inherent risks to the Group's business and how these might impact the Group's ability to remain a going concern for the going concern period, being the period to 31 May 2023, which is at least 12 months from when the financial statements are authorised for issue;
- obtaining an understanding of the Directors' process for assessing going concern including an understanding of the key assumptions used;
- obtaining management's going concern assessment and:
  - assessing the Group's forecast cash flows with reference to historic performance and challenging the Directors' forecast assumptions in comparison to the current performance of the Group;
  - testing the inputs into the forecasts for reasonableness based on historic activity and corroboration to contractual agreements;
  - agreeing the Group's available borrowing facilities and the related terms and covenants to loan agreements;
- obtaining forecast covenant calculations to check for any potential future covenant breaches. We also considered the covenant compliance headroom for sensitivity to both future changes in property valuations and the Group's future financial performance;

Independent Auditor's report continued
to the members of Warehouse REIT plc

Opinion on the financial statements continued
Conclusions relating to going concern continued

- considering board minutes, and evidence obtained through the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the impact the going concern assessment;
- analysing the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected; and the appropriateness of the Directors' mitigating actions;
- considering the property acquisitions to which the Group is currently committed and the timeframe for completion, evaluating the options being worked on by the Group to finance these acquisitions (including the debt refinancing exercise being undertaken), and assessing the Group's ability to successfully raise the finance required; and
- reviewing the disclosures in the financial statements relating to going concern to check that the disclosure is consistent with the circumstances.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview		
Coverage	100% of Group profit before tax 100% of Group revenue 100% of Group total assets	
Key audit matters		**2022**
	Valuation of investment properties	✔
	Revenue Recognition – rental income	✔
Materiality	**Group financial statements as a whole** £10.5 million based on 1% of total assets	

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates in one segment, investment property, structured through a number of subsidiary entities and therefore we treated the Group as one significant component. The Group audit engagement team performed all the work necessary to issue the Group and Parent Company audit opinion, including undertaking all of the audit work on the risks of material misstatement identified in the key audit matters section below.

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, including 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investment properties As detailed in note 13 to the consolidated financial statements, the Group owns a portfolio of investment properties which are carried at their fair value. The Group's accounting policy for these properties is described in note 13 to the consolidated financial statements. The key judgements and estimates in arriving at the fair values are set out in notes 2.2, 13 and 23 to the consolidated financial statements.	The Group has an investment property portfolio of warehouses and light industrial assets located across the United Kingdom. This includes completed investment property which is let, or available to let and is valued using the income capitalisation method; and development property and land which is valued using the comparable method supported, where appropriate, by a residual development appraisal (which estimates the gross development value of the completed project less estimated costs to completion and an appropriate developer's margin). The valuation of investment property requires significant judgement and estimates by the Directors and their independent valuer and is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the Group financial statements. There is also a risk that management may influence the judgements and estimates in respect of property valuations in order to achieve property valuations and other performance targets to meet market expectations. The valuation of investment properties was therefore considered to be a key audit matter.	Our audit procedures included the following: **Experience of the valuer and relevance of its work** We assessed the valuer's competence and capabilities and read their terms of engagement with the Group, to identify any matters that could have affected their independence and objectivity or imposed scope limitations upon them. With the assistance of the real estate specialist within our team, we read the valuation reports and assessed whether the valuations had been prepared in accordance with applicable valuation guidelines and IFRS 13 Fair Value Measurement and they were appropriate for determining the carrying value in the Group's financial statements. **Data provided to the valuer** We inspected that the data provided to the valuer by the Investment Advisor was consistent with the information provided to, and tested by, us. This data included inputs such as current rent and lease term, which we have agreed on a sample basis to executed lease agreements. **Assumptions and estimates used by the valuer** We developed yield expectations for each property using available independent industry data, reports and details of relevant comparable transactions in the market around the year-end date. We compared the key valuation assumptions against our independently formed market expectations (by reference to market data based on the location and specifics of each property) and challenged the external valuers where significant variances from these expectations were identified. We corroborated their responses to supporting documentation where appropriate. The key valuation assumptions were the equivalent yields. Additionally for development property and land, the key valuation assumptions included land value comparables, construction and other development costs and a developer's margin. With the assistance of the real estate specialists within our team, we met with the Group's external valuers to discuss and challenge the valuation methodology and key assumptions and considered if there were any indicators of undue management influence on the valuations. **Key observations** We did not identify any matters to suggest that the valuation of the Group's investment properties is inappropriate.

Opinion on the financial statements continued

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition – rental income Refer to note 3 for details of the Group's revenue, including the accounting policy.	The Group has multiple tenants across its property portfolio. Rental income is recognised on a straight-line basis over the lease term for the Group's properties based upon rental agreements that are in place. Management judgement is required to determine the term over which incentives should be recognised. There is a risk that rental income is not supported by underlying tenancy agreements or is inappropriately recognised as a result of errors in recording lease details in the tenancy schedules or inappropriate judgements being applied by management. For these reasons we consider the recognition of revenue from rental income to be a key audit matter.	We obtained the tenancy schedule and the Investment Advisor's analysis of revenue recognised for each property and performed the following: • For a sample of tenants we reviewed the underlying leases to confirm the accuracy of the tenancy schedule inputs. We also agreed one rental receipt for each of those tenants to bank statement. • We developed an expectation of revenue to be recognised in respect of each property based on the tenancy schedule and compared this to the Investment Advisor's analysis of the rental income recognised, corroborating explanations provided by the Investment Advisor in respect of variances identified. • We obtained the Investment Advisor's schedule of lease incentive adjustments, including rent free periods and other rent concessions, and, for a sample, we recalculated the adjustment and agreed the inputs to the underlying lease documentation. We considered the completeness of the schedule based on information included in the tenancy schedule and the underlying lease information obtained. Where applicable we assessed the Investment Advisor's judgements against past and current tenant behaviour in respect of the lease term over which the incentives are recognised. **Key observations:** We did not identify any indicators to suggest that revenue has been recognised inappropriately.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements	Parent company financial statements
	2022	2022
Materiality	**£10.5 million**	**£3.7 million**
Basis for determining materiality	**1% of total assets**	**1% of total assets**
Rationale for the benchmark applied	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Group and the Parent Company.	
Performance materiality	**£7.35 million**	**£2.59 million**
Basis for determining performance materiality	Overall performance materiality for the Group and Parent Company has been set at 70% of materiality. This was on the basis of our risk assessment, together with our assessment of the Group's and Parent Company's overall control environment.	

Specific materiality

We also determined that for any items that could affect the calculation of Group's European Public Real Estate ("EPRA") earnings, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. We consider EPRA earnings to be a key performance measure of the Group. EPRA earnings excludes the impact of the net surplus on revaluation of investment properties, profit on disposal of investment properties and changes in the fair value of interest rate derivatives. As a result, we determined materiality for these items based on 5% of EPRA earnings, amounting to £1.38 million for the Group. We further applied a performance materiality level of 70% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £525,000 for items audited to financial statement materiality, and £70,000 for items audited to specific materiality. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

As the Group has voluntarily adopted the AIC Code of Corporate Governance 2019 we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the AIC Code of Corporate Governance specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate governance statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 68); and • The Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page pages 68 to 69).
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 100; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 84); • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (set out on page 84); and • The section describing the work of the Audit Committee (set out on page pages 88 to 90).

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • 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; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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.

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.

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

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

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.
- We considered the Group's compliance with laws and regulations that have a direct impact on the financial statements including UK company law, the applicable accounting framework, tax legislation (including the UK REIT regime requirements) and the relevant listing Rules, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and accounting policies to identify instances of management bias, and agreeing to underlying supporting documentation where necessary. We reviewed minutes of Board meetings held during and subsequent to the year for any indicators of non-compliance and made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.
- We considered the valuation of the investment property portfolio, revenue recognition and management override of internal controls to be significant risks to the audit. Our responses to the valuation of investment properties and revenue recognition are set out in the key audit matters section above. We addressed the risk of management override of internal controls by testing a sample of journal entries processed during the year, agreeing to supporting documentation and evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

23 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 March 2022

Continuing operations	Notes	Year ended 31 March 2022 £'000	Restated Year ended 31 March 2021 £'000
Gross property income	3	**48,714**	35,758
Service charge income	3	**2,682**	3,070
Service charge expense	4	**(3,011)**	(3,435)
Net property income		**48,385**	35,393
Property operating expenses	4	**(4,789)**	(4,247)
Gross profit		**43,596**	31,146
Administration expenses	4	**(8,244)**	(6,324)
Operating profit before gains on investment properties		**35,352**	24,822
Fair value gains on investment properties	13	**163,685**	105,023
Realised loss on disposal of investment properties	13	**—**	(504)
Operating profit		**199,037**	129,341
Finance income	7	**321**	26
Finance expenses	8	**(8,154)**	(6,257)
Profit before tax		**191,204**	123,110
Taxation	9	**—**	—
Total comprehensive income for the period		**191,204**	123,110
Earnings per share (basic and diluted) (pence)	12	**45.0**	35.2

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

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

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

Consolidated statement of financial position

As at 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Assets			
Non-current assets			
Investment property	13	**1,026,066**	807,063
Interest rate derivatives		**337**	16
		1,026,403	807,079
Current assets			
Cash and cash equivalents	14	**16,706**	27,185
Trade and other receivables	15	**9,849**	5,977
		26,555	33,162
Total assets		**1,052,958**	840,241
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(268,216)**	(219,099)
Other payables and accrued expenses	18	**(16,550)**	(17,050)
Head lease liability	17	**(14,200)**	(14,259)
		(298,966)	(250,408)
Current liabilities			
Other payables and accrued expenses	18	**(6,855)**	(7,573)
Deferred income	18	**(7,487)**	(7,531)
Head lease liability	17	**(696)**	(638)
		(15,038)	(15,742)
Total liabilities		**(314,004)**	(266,150)
Net assets		**738,954**	574,091
Equity			
Share capital	19	**4,249**	4,249
Share premium	20	**275,648**	275,648
Retained earnings	21	**459,057**	294,194
Total equity		**738,954**	574,091
Number of shares in issue (thousands)		**424,862**	424,862
Net asset value per share (basic and diluted) (pence)	22	**173.9**	135.1

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 23 May 2022 and signed on its behalf by:

Neil Kirton
Chairman

Company number: 10880317

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

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2020		2,403	74,028	186,688	263,119
Total comprehensive income		—	—	123,110	123,110
Ordinary shares issued	19, 20	1,846	205,965	—	207,811
Share issue costs	20	—	(4,345)	—	(4,345)
Dividends paid	11	—	—	(15,604)	(15,604)
Balance at 31 March 2021		**4,249**	**275,648**	**294,194**	**574,091**
Total comprehensive income		**—**	**—**	**191,204**	**191,204**
Ordinary shares issued	19, 20	**—**	**—**	**—**	**—**
Share issue costs	20	**—**	**—**	**—**	**—**
Dividends paid	11	**—**	**—**	**(26,341)**	**(26,341)**
Balance at 31 March 2022		**4,249**	**275,648**	**459,057**	**738,954**

In the prior period the capital reduction reserve and retained earnings were presented separately. As both amounts represent distributable profits available to the members of the plc, the Directors have made the decision to present them together as retained earnings.

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

Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Cash flows from operating activities			
Operating profit		**199,037**	129,341
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	**(163,685)**	(105,023)
Realised loss on disposal of investment properties	13	**—**	504
Head lease asset depreciation	4	**181**	134
Operating cash flows before movements in working capital		**35,533**	24,956
Increase in other receivables and prepayments		**(6,318)**	(4,173)
(Increase)/decrease in other payables and accrued expenses		**(970)**	3,415
Net cash flow generated from operating activities		**28,245**	24,198
Cash flows from investing activities			
Acquisition of investment properties		**(45,178)**	(224,803)
Capital expenditure		**(7,536)**	(1,041)
Development expenditure		**(1,133)**	(1,368)
Disposal of investment properties		**—**	15,945
Net cash used in investing activities		**(53,847)**	(211,267)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19, 20	**—**	198,834
Share issuance costs paid	19	**—**	(4,345)
Bank loans drawn down	16	**49,000**	73,300
Bank loans repaid	16	**—**	(37,800)
Interest received	7	**—**	26
Loan interest and other finance expenses paid		**(6,087)**	(4,577)
Loan issue costs paid		**(392)**	(315)
Head lease payments		**(1,057)**	(748)
Dividends paid in the period	11	**(26,341)**	(15,604)
Net cash flow generated from financing activities		**15,123**	208,771
Net increase in cash and cash equivalents		**(10,479)**	21,702
Cash and cash equivalents at start of the period		**27,185**	5,483
Cash and cash equivalents at end of the period	14	**16,706**	27,185

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

Notes to the consolidated financial statements

For the year ended 31 March 2022

1. General information

Warehouse REIT plc is a closed-ended Real Estate Investment Trust ("REIT") with an indefinite life 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 2022 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 23 May 2022. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 1 to 69.

2. Basis of preparation

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

2.1 Going concern

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.

Accordingly, based on this information, and in light of mitigating actions available and the reasonable expectation that the Group refinancing will be available when required, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period at least 12 months from the date of approval of the Annual Report and Financial Statements (see going concern for details on pages 68 and 69).

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.

2.2 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 2021, which have been considered and applied as follows:

Interest Rate Benchmark Reform – Phase 2 (Amendments to various standards: IFRS 9 Financial Instruments, IAS 39 Financial Instruments; Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases). The amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The Group's borrowings have transitioned from the London Interbank Offer Rate ("LIBOR") benchmark to the Sterling Overnight Index Average ("SONIA") benchmark. There have been negligible costs involved in the borrowing facility transition and the respective hedge instrument amendments. Within Phase 2, a practical expedient was offered under B5.4.5 of IFRS 9, whereby updating the effective interest rate was possible without the needed for the Group to recognise an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

Conceptual Framework for Financial Reporting

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

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transaction.

2.3 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 independent 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, and land values per acre for development properties. The valuers have considered the impact of climate change and that this has not had a material impact on the valuation at the current time. See notes 13 and 23 for further details.

2.4 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 2022. 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.

Notes to the consolidated financial statements continued

For the year ended 31 March 2022

2. Basis of preparation continued

2.4 Summary of significant accounting policies continued

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 in and provision of UK urban warehouses.

2.5 Restatement of financial statements

Following a review of the Group's accounting policy for recognition of service charge income, it has been identified that the nature of the arrangements with the Property Managers and occupiers is such that the Group is acting as the principal in respect of the provision of services. Service charge income should therefore be accounted for gross in the consolidated statement of comprehensive income. This income had previously been netted off related expenditure. The comparatives have been restated to gross up income and expenditure by £3.1 million. There is no impact on reported profit for the year ended 31 March 2021 or net assets at that date.

3. Property income

	Year ended 31 March 2022 £'000	Restated Year ended 31 March 2021 £'000
Rental income	**44,020**	34,225
Insurance recharged	**1,507**	930
Dilapidation income	**3,187**	603
Gross property income	**48,714**	35,758
Service charge income	**2,682**	3,070
Total property income	**51,396**	38,828

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 property 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. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, once the rental uplifts are agreed.

Occupier 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 occupier has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the occupier will exercise that option.

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

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

Service charge income is recognised when the related recoverable expenses are incurred. The Group acts as the principal in service charge transactions as it directly controls the delivery of the services at the point at which they are provided to the occupier.

4. Property operating and administration expenses

	Year ended 31 March 2022 £'000	Restated Year ended 31 March 2021 £'000
Service charge expenses	**3,011**	3,435
Premises expenses	**2,313**	2,326
Insurance	**1,558**	1,047
Rates	**490**	339
Utilities	**87**	136
Loss allowance on trade receivables	**341**	399
Property operating expenses	**4,789**	4,247
Investment Advisor fees	**6,484**	4,393
Directors' remuneration	**175**	150
Head lease asset depreciation	**181**	134
Other administration expenses	**1,404**	1,647
Administration expenses	**8,244**	6,324
Total	**16,044**	14,006

Details of how the Investment Advisory fees are calculated are disclosed in note 27.

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.

Property expenses are costs incurred by the Group that are not directly recoverable from an occupier, as well as professional fees relating to the letting of our estates.

5. Directors' remuneration

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Neil Kirton	**47**	45
Lynette Lackey	**37**	35
Martin Meech	**37**	35
Aimée Pitman	**37**	35
Total	**158**	150

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

Notes to the consolidated financial statements continued

For the year ended 31 March 2022

6. Auditor's remuneration

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Audit fee	**148**	152
Total	**148**	152

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 2022 £'000	Year ended 31 March 2021 £'000
Group year-end Annual Report and Financial Statements	**130**	122
Subsidiary accounts	**18**	30
Total	**148**	152

Non-audit fees are comprised of the following:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Tax advice	**—**	163
Services provided as reporting accountant on equity raise	**—**	45
Services provided as reporting accountant on postponed equity raise	**—**	13
Total	**—**	221

The Group's Auditor for the year ended 31 March 2022 was BDO LLP (31 March 2021: Deloitte LLP).

7. Finance income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Income from cash and short-term deposits	**—**	26
Change in fair value of interest rate derivatives	**321**	—
Total	**321**	26

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 2022 £'000	Year ended 31 March 2021 £'000
Loan interest	**5,816**	4,512
Head lease interest	**1,030**	1,016
Loan arrangement fees amortised	**898**	721
Loan arrangement fees expensed	**392**	—
Bank charges	**18**	2
	8,154	6,251
Change in fair value of interest rate derivatives	**—**	6
Total	**8,154**	6,257

Accounting policy

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are amortised as part of the cost of the asset. 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 or in finance income depending on the fair value movement during the year.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Corporation tax on residual income	**—**	—
Total	**—**	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax	**191,204**	123,110
Corporation tax at 19.0% (2021: 19.0%)	**36,329**	23,392
Change in value of investment properties	**(31,092)**	(19,860)
Tax-exempt property rental business	**(5,237)**	(3,532)
Total	**—**	—

Accounting policy

Corporation tax is recognised in the consolidated statement of comprehensive income except where in certain circumstances corporation tax may be recognised in other comprehensive income.

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per the REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period, if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

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 2022 are as follows:

	31 March 2022 £'000	31 March 2021 £'000
Within one year	**42,364**	40,530
Between one and two years	**35,838**	35,046
Between two and three years	**27,002**	29,182
Between three and four years	**21,154**	21,625
Between four and five years	**17,058**	17,059
More than five years	**58,219**	62,818
Total	**201,635**	206,260

11. Dividends

For the year ended 31 March 2022	**Pence per share**	**£'000**
Third interim dividend for year ended 31 March 2021 paid on 1 April 2021	**1.55**	**6,585**
Fourth interim dividend for year ended 31 March 2021 paid on 30 June 2021	**1.55**	**6,586**
First interim dividend for year ended 31 March 2022 paid on 1 October 2021	**1.55**	**6,585**
Second interim dividend for year ended 31 March 2022 paid on 30 December 2021	**1.55**	**6,585**
Total dividends paid during the year	**6.2**	**26,341**
Paid as:		
Property income distributions	**6.2**	**26,341**
Non-property income distributions	**—**	**—**
Total	**6.2**	**26,341**

For the year ended 31 March 2021	Pence per share	£'000
Fourth interim dividend for year ended 31 March 2020 paid on 3 July 2020	1.60	3,844
First interim dividend for year ended 31 March 2021 paid on 2 October 2020	1.55	5,880
Second interim dividend for year ended 31 March 2021 paid on 31 December 2020	1.55	5,880
Total dividends paid during the year	4.70	15,604
Paid as:		
Property income distributions	4.70	15,604
Non-property income distributions	—	—
Total	4.70	15,604

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

A third interim property income dividend for the year ended 31 March 2022 of 1.55 pence per share was declared on 4 February 2022 and paid on 1 April 2022.

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 2022 £'000	Year ended 31 March 2021 £'000
IFRS earnings	**191,204**	123,110
EPRA earnings adjustments:		
Loss on disposal of investment properties	**—**	504
Fair value gains on investment properties	**(163,685)**	(105,023)
Changes in fair value of interest rate derivatives	**(321)**	6
EPRA earnings	**27,198**	18,597
Group-specific earnings adjustments:		
None	**—**	—
Adjusted earnings	**27,198**	18,597

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Basic IFRS EPS	**45.0**	35.2
Diluted IFRS EPS	**45.0**	35.2
EPRA EPS	**6.4**	5.3
Adjusted EPS	**6.4**	5.3

	Year ended 31 March 2022 Number of shares	Year ended 31 March 2021 Number of shares
Weighted average number of shares in issue (thousands)	**424,862**	349,648

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 2021	**751,930**	**40,870**	**792,800**
Acquisition of properties	**30,027**	**13,364**	**43,391**
Capital expenditure	**6,467**	**1,103**	**7,570**
Movement in rent incentives	**4,545**	**(6)**	**4,539**
Fair value gains on revaluation of investment property	**120,066**	**43,619**	**163,685**
Total portfolio valuation per valuer's report	**913,035**	**98,950**	**1,011,985**
Adjustment for head lease obligations	**14,081**	**—**	**14,081**
Carrying value at 31 March 2022	**927,116**	**98,950**	**1,026,066**

13. UK investment property continued

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2020	433,550	16,970	450,520
Acquisition of properties	229,272	17,293	246,565
Capital expenditure	1,938	625	2,563
Disposal of properties	(16,455)	—	(16,455)
Movement in rent incentives	4,584	—	4,584
Fair value gains on revaluation of investment property	99,041	5,982	105,023
Total portfolio valuation per valuer's report	751,930	40,870	792,800
Adjustment for head lease obligations	14,263	—	14,263
Carrying value at 31 March 2021	766,193	40,870	807,063

Included within the carrying value of investment properties as at 31 March 2022 is £9.1 million (31 March 2020: £4.6 million) in respect to rent incentives as a result of the IFRS treatment of leases with rent-free periods, which require recognition on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property which revaluations are measured.

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 18 for further details.

Realised loss on disposal of investment properties

	31 March 2022 £'000	31 March 2021 £'000
Net proceeds from disposals of investment property during the year	**—**	15,951
Carrying value of disposals	**—**	(16,455)
Realised loss on disposal of investment properties	**—**	(504)

Accounting policy

Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment properties are recognised upon legal completion of the contract, where costs are reliably measured and future economic benefits that are associated with the property flow to the entity. Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met.

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed and they have the potential to be fully income generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 March 2022 or the year ended 31 March 2021.

Subsequent to initial recognition, investment property is stated at fair value (see note 23). 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.

Movements in rent incentives are presented within the total portfolio valuation.

Where an investment property is held under a leasehold interest, the headlease is initially recognised as an asset at cost plus the present value of minimum ground rent payments and is subsequently measured at fair value. The corresponding rental liability to the head leaseholder is included in the balance sheet as a finance lease obligation (see note 17).

14. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Unrestricted cash and cash equivalents	**10,787**	21,260
Restricted cash and cash equivalents	**5,919**	5,925
Total	**16,706**	27,185

Restricted cash comprises £5.9 million (2021: £5.9 million) of cash held by the Company's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 1 April 2022 as disclosed in note 11.

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.

15. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Rent and insurance receivables	**5,445**	4,193
Payments in advance of property completion	**2,090**	22
Occupier deposits	**535**	593
Prepayments	**198**	193
Other receivables	**1,581**	976
Total	**9,849**	5,977

The rent and insurance receivables balance represents gross receivables of £6,2 million (31 March 2021: £5.1 million), net of a provision for doubtful debts of £0.8 million (31 March 2021: £0.9 million).

Payments in advance of property completion represent the deposits paid to vendors upon exchange of purchase contracts.

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 applies the IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

16. Interest-bearing loans and borrowings

	31 March 2022 £'000	31 March 2021 £'000
At the beginning of the year	**222,000**	186,500
Drawn in the year	**49,000**	73,300
Repaid in the year	**—**	(37,800)
Interest-bearing loans and borrowings	**271,000**	222,000
Unamortised fees at the beginning of the year	**(2,901)**	(3,310)
Loan arrangement fees paid in the year	**(781)**	(363)
Amortisation charge for the year	**898**	772
Unamortised loan arrangement fees	**(2,784)**	(2,901)
Loan balance less unamortised loan arrangement fees	**268,216**	219,099

During the year, the Company transitioned all of its borrowings subject to a variable rate of interest from LIBOR to SONIA. SONIA is an overnight rate, whereas LIBOR was a term rate. SONIA is close to a risk-free measure of borrowing costs. It is compounded over a lending period to produce a backward-looking term interest rate.

From 1 January 2022, all borrowings under these agreements will attract a margin of 2.0%–2.2% per annum above SONIA, plus a credit adjustment spread equal to 11.93 bps. It is expected that this change in risk-free rate will not lead to a material change in overall borrowing costs.

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and comprises an RCF of £138.0 million and a term loan of £182.0 million. The facility will expire on 22 January 2025 with an option to extend the duration by a further two years, subject to lender consent. The facilities are secured on all properties within the portfolio.

As at 31 March 2022, there is £49.0 million (31 March 2021: £23.0 million) available to draw.

The loan principal is repayable in January 2025, however the facility has an option to extend for a further two years.

The debt facility includes 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 the loan.

17. 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 2022 £'000	31 March 2021 £'000
Current liabilities		
Within one year	**696**	638
Non-current liabilities		
After one year but not more than five years	**2,931**	3,268
Later than five years	**11,269**	10,991
	14,200	14,259
Total head lease obligations	**14,896**	14,897

	31 March 2022 £'000	31 March 2021 £'000
Head lease liability – opening balance	**14,897**	8,807
Cash flows		
Non-cash movements	**(1,057)**	(748)
Interest	**1,030**	1,016
Additions	**—**	6,037
Disposals	**—**	(242)
Head lease accrual	**26**	27
Head lease obligations – closing balance	**14,896**	14,897

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

	31 March 2022 £'000	31 March 2021 £'000
Current liabilities		
Within one year	**1,053**	1,031
Non-current liabilities		
After one year but not more than five years	**4,211**	4,211
Later than five years	**85,526**	86,578
Total	**90,790**	91,820

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 property-specific incremental borrowing rate.

18. Other liabilities – other payables and accrued expenses, provisions and deferred income

	31 March 2022 £'000	31 March 2021 £'000
Administration expenses payable	**2,576**	1,979
Capital expenses payable	**2,042**	2,363
Loan interest payable	**1,444**	915
Property operating expenses payable	**465**	1,580
Other expenses payable	**328**	736
Total other payables and accrued expenses – current	**6,855**	7,573

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

	31 March 2022 £'000	31 March 2021 £'000
Capital expenses payable	**16,550**	17,050
Total other payables and accrued expenses – non-current	**16,550**	17,050

During the year ended 31 March 2021, the Group had exchanged contracts to acquire land for £15.0 million. The first two instalments were paid for a total of £1.5 million in the year ended 31 March 2021 with a further £1.0 million paid on 26 August 2021. Of the £12.5 million outstanding, £500,000 is due in September 2022 and is included with current capital expenses payable.

In addition, capital expenses payable includes deferred consideration of £4.5 million in relation to a property acquired during the year ended 31 March 2020. The deferred consideration is due in September 2023, or earlier if the property is sold before that date. The consideration is secured on a second ranking charge over the asset. The impact of discounting the deferred consideration balances would not be material.

	31 March 2022 £'000	31 March 2021 £'000
Total deferred income	**7,487**	7,531

Accounting policy

Deferred consideration is discounted where the impact is material to the financial statements.

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.

19. Share capital

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

Ordinary shares of £0.01 each	31 March 2022 Number	£'000	31 March 2021 Number	£'000
Authorised, issued and fully paid:				
At the start of the period	**424,861,650**	**4,249**	240,254,043	2,403
Shares issued	**—**	**—**	177,025,308	1,770
In specie share issue	**—**	**—**	7,582,299	76
Balance at the end of the period	**424,861,650**	**4,249**	424,861,650	4,249

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.

20. Share premium

Share premium comprises the following amounts:

	31 March 2022 £'000	31 March 2021 £'000
At the start of the period	**275,648**	74,028
Shares issued	**—**	197,064
In specie share issue	**—**	8,901
Share issue costs	**—**	(4,345)
Share premium	**275,648**	275,648

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares net of direct issue costs.

21. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 March 2022 £'000	31 March 2021 £'000
Capital reduction reserve	**161,149**	161,149
Total unrealised gains on investment properties	**289,378**	125,693
Total unrealised gain/(loss) on interest rate caps	**196**	(125)
Total realised profits	**76,554**	49,356
Dividends paid from revenue profits	**(68,220)**	(41,879)
Retained earnings	**489,057**	294,194

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date.

Unrealised gains on the revaluation of investment properties and interest rate caps contained within this reserve are not distributable until any gains crystallise on the sale of the investment property, interest rate caps and the capital reduction reserve is a distributable reserve established upon cancellation of the share premium of the Company on 17 November 2017.

22. 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 2022 £'000	31 March 2021 £'000
IFRS net assets attributable to ordinary shareholders	**738,954**	574,091
IFRS net assets for calculation of NAV	**738,954**	574,091
Adjustment to net assets:		
Fair value of interest rate derivatives	**(337)**	(16)
EPRA NTA	**738,617**	574,075

	31 March 2022 £'000 Pence	31 March 2021 £'000 Pence
IFRS basic and diluted NAV per share (pence)	**173.9**	135.1
EPRA NTA per share (pence)	**173.8**	135.1

	31 March 2022 Number of shares	31 March 2021 Number of shares
Number of shares in issue (thousands)	**424,862**	424,862

23. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying value of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The loans are at variable interest rates of 2.0% to 2.2% above SONIA.

Six-monthly valuations of investment property are performed by CBRE, accredited independent 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 every six months.

The valuation of the Group's investment property at fair value is determined by the independent external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards).

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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.

23. Fair value continued

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 2022			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	**—**	**—**	**1,011,985**	**1,011,985**
Interest rate derivatives	**—**	**337**	**—**	**337**
Total	**—**	**337**	**1,011,985**	**1,012,322**

	31 March 2021			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	792,800	792,800
Interest rate derivatives	—	16	—	16
Total	—	16	792,800	792,816

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

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

The following table analyses:

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

31 March 2022	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**£913,035**	**Income capitalisation**	**ERV** **Equivalent yield**	**£3.00 per sq ft-£17.50 per sq ft** **3.5%-13.23%**
Development property and land	**£98,950**	**Comparable method/ residual method**	**Sales rate per acre**	**£300,000-£1,750,000**
	£1,011,985			

31 March 2021	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£751,930	Income capitalisation	ERV Equivalent yield	£2.44 per sq ft-£10.91 per sq ft 4.1%-15.0%
Development property and land	£40,870	Comparable method/ residual method	Sales rate per acre	£220,000-£710,000
	£792,800			

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 equivalent yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV 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 2022

Completed investment property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 5%	**45,652**	**(45,652)**
Change in net equivalent yields of 25 basis points	**(48,513)**	**43,630**

Development property and land	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in sales rate per acre of 5%	**4,751**	**(4,751)**

As at 31 March 2021

Completed investment property	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	31,963	(42,684)
Change in net equivalent yields of 25 basis points	(37,655)	30,232

Development property and land	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in sales rate per acre of 5%	1,954	(1,954)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £163,685,000 (31 March 2021: £105,023,000) 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.

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

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

Notes to the consolidated financial statements continued

For the year ended 31 March 2022

24. 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

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

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.

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.

Changes in interest rates may have an impact on consolidated earnings over the longer term. The table below provides indicative sensitivity data.

	2022		2021	
Effect on profit before tax:	**Increase in interest rates by 1% £'000**	**Decrease in interest rates by 1% £'000**	Increase in interest rates by 1% £'000	Decrease in interest rates by 1% £'000
Increase/(decrease)	**(2,498)**	**2,498**	(1,850)	1,850

Credit risk

Credit risk is the risk that a counterparty or occupier 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 occupier, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Manager monitors the occupier arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

Credit risk is not considered material.

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

	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	**10,787**	21,260
Restricted cash	**5,919**	5,925
Trade and other receivables[1]	**7,561**	5,784
Total	**24,267**	32,969

1. Excludes prepayments and payments in advance of property completion.

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:

		2022		2021	
	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	**10,787**	**10,787**	21,260	21,260
Restricted cash	n/a	**5,919**	**5,919**	5,925	5,925
Trade and other receivables[1]	n/a	**7,561**	**7,561**	5,784	5,784
Other payables and accrued expenses[2]	n/a	**(23,209)**	**(23,209)**	(24,271)	(24,271)
Head lease liabilities	n/a	**(14,896)**	**(14,896)**	(14,897)	(14,897)
Interest-bearing loans and borrowings	n/a	**(268,216)**	**(268,216)**	(219,099)	(219,099)
Held at fair value					
Interest rate derivatives (assets)	2	**337**	**337**	16	16

1. Excludes prepayments and payments in advance of property completion.
2. Excludes VAT liability and capital expenses payable.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2022	**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	**—**	**5,329**	**7,098**	**276,776**	**—**	**289,203**
Other payables and accrued expenses	**6,159**	**500**	**4,875**	**11,675**	**—**	**23,209**
Head lease obligations	**263**	**790**	**1,052**	**3,159**	**85,526**	**90,790**
Total	**6,422**	**6,619**	**13,025**	**291,610**	**85,526**	**403,202**

Year ended 31 March 2021	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	—	3,440	4,565	231,418	—	239,423
Other payables and accrued expenses	6,221	1,000	500	16,550	—	24,271
Head lease obligations	258	773	1,052	3,159	86,578	91,820
Total	6,479	5,213	6,117	251,127	86,578	355,514

Notes to the consolidated financial statements continued

For the year ended 31 March 2022

25. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Tilstone Holdings Limited	UK	63,872 ordinary shares	100%
Tilstone Warehouse Holdco Limited	UK	94,400 ordinary shares	100%
Tilstone Property Holdings Limited	UK	9,102 ordinary shares	100%
Tilstone Industrial Warehouse Limited[1]	UK	23,600 ordinary shares	100%
Tilstone Retail Warehouse Limited[1]	UK	20,000 ordinary shares	100%
Tilstone Industrial Limited[1]	UK	20,000 ordinary shares	100%
Tilstone Retail Limited[1]	UK	200 ordinary shares	100%
Tilstone Trade Limited[1]	UK	20,004 ordinary shares	100%
Tilstone Basingstoke Limited[1]	UK	1,000 ordinary shares	100%
Tilstone Glasgow Limited[1]	UK	1 ordinary share	100%
Tilstone Radway Limited[1]	UK	100 ordinary shares	100%
Tilstone Oxford Limited[1]	UK	1,000 ordinary shares	100%
Tilstone Liverpool Limited[1]	UK	100 ordinary shares	100%
Warehouse 1234 Limited[1]	UK	100 ordinary shares	100%
Tilstone Chesterfield Limited[1]	UK	15,000,001 ordinary shares	100%

1. Indirect subsidiaries.

The registered office of all subsidiaries is located at Beaufort House, 51 New North Road, Exeter EX4 4EP.

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

Accounting policy

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Under the definition of a business (Amendments to IFRS 3 Business Combinations), to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The optional 'concentration test' is also applied; where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where an acquisition is considered to be a business combination, the consolidated financial statements incorporate the results of business combinations using the acquisition method.

In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Any excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill.

Where the fair value of identifiable assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration, the difference is treated as a gain on bargain purchase and credited to the Group profit or loss.

The results of acquired operations are included in the Group profit or loss from the date on which control is obtained until the date on which control ceases.

Where such acquisitions are not judged to be the 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 upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

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 remeasured 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.

26. 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%.

The Group is subject to banking covenants in regard to its debt facility and these include a prescribed methodology for interest cover and market value covenants that are measured at a Group level.

27. 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 (including social security costs) for the period totalled £175,000 (31 March 2021: £150,000) and at 31 March 2022, a balance of £nil (31 March 2021: £nil) was outstanding. Further information is given in note 5 and in the Directors' remuneration report on pages 93 to 95.

Greenstone Property Holdings Limited ("Greenstone") now trading as Tilstone Oxford Limited

On 16 November 2020, the Group acquired Greenstone a property company previously controlled by a member of the Group's key management personnel for £41.2 million. In March 2021 a further £0.4 million was settled in cash upon agreement of Greenstone's completion balance sheet and in January 2022 a final payment was made for £0.3 million for the early letting of a unit and as provided in the completion balance sheet.

Investment Advisor

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

For its services to the Company, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Company up to £500 million and at a lower rate of 0.9% thereafter. Refer to page 97 of the Directors' report for further information.

During the year, the Group incurred £6,484,000 (31 March 2021: £4,393,000) in respect of investment management fees. As at 31 March 2022, £1,715,000 (31 March 2021: £1,319,000) was outstanding. During the year the Directors who served during the year received £1.5 million in dividend payments (31 March 2021: £0.7 million).

28. Ultimate controlling party

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

29. Notes to the statement of cash flows

Reconciliation of changes in liabilities to cash flows generated from financing activities

	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2021	**219,099**	**14,897**	**233,996**
Changes from financing cash flows:			
Bank loans drawn down	**49,000**	**—**	**49,000**
Bank loans repaid	**—**	**—**	**—**
Loan arrangement fees paid in the year	**(781)**	**—**	**(781)**
Head lease payments	**—**	**(1,057)**	**(1,058)**
Total changes from financing cash flows	**48,219**	**(1,057)**	**47,161**
Amortisation charge for the year	**898**	**—**	**898**
Head lease interest	**—**	**1,030**	**1,030**
Additions	**—**	**—**	**—**
Disposals	**—**	**—**	**—**
Accrued head lease expense	**—**	**26**	**27**
Balance as at 31 March 2022	**268,216**	**14,896**	**283,112**

	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2020	183,190	8,807	191,997
Changes from financing cash flows:			
Bank loans drawn down	73,300	—	73,300
Bank loans repaid	(37,800)	—	(37,800)
Loan arrangement fees paid in the year	(363)	—	(363)
Head lease payments	—	(748)	(748)
Total changes from financing cash flows	35,137	(748)	34,389
Amortisation charge for the year	772	—	772
Head lease interest	—	1,016	1,016
Additions	—	6,037	6,037
Disposals	—	(242)	(242)
Accrued head lease expense	—	27	27
Balance as at 31 March 2021	219,099	14,897	233,996

30. Post balance sheet events

A third interim dividend in respect of the year ended 31 March 2022 of 1.55 pence per share was paid to shareholders on 1 April 2022.

A fourth interim dividend in respect of the year ended 31 March 2022 of 1.75 pence per share will be payable on 30 June 2022 to shareholders on the register on 6 June 2022. The ex-dividend date will be 1 June 2022.

In April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes for £62.0 million excluding acquisition costs. During this period, the Group has also completed on the disposal of Pentagon Retail Park, Ballymena for £1.8 million.

In May 2022, the Group extended the RCF by £25.0 million, the tenure and applicable interest rate are unchanged from the existing facility.

31. Capital commitment

In March 2022, the Group exchanged contracts to acquire, via a forward funding agreement, a 170,000 sq ft multi-let industrial development in Thame, Oxfordshire. The developers will deliver the scheme under a fixed-price turn-key contract and the Group's total commitment is £35.0 million.

The accompanying notes on pages 139 and 140 form an integral part of these Company financial statements.

Company statement of financial position

As at 31 March 2022

	Notes	31 March 2022 £'000	Restated 31 March 2021 £'000	Restated 31 March 2020 £'000
Assets				
Non-current assets				
Investment in subsidiary companies	34	**66,477**	66,477	25,913
Amount due from subsidiaries	36	**268,323**	291,443	169,216
		334,800	357,920	195,129
Current assets				
Cash and cash equivalents	35	**5,945**	11,483	63
Amount due from subsidiaries	36	**27,000**	26,000	15,000
Trade and other receivables	36	**1,053**	717	474
		33,998	38,200	15,537
Total assets		**368,798**	396,120	210,666
Liabilities				
Current liabilities				
Other payables and accrued expenses	37	**(2,353)**	(1,819)	(2,221)
Total liabilities		**(2,353)**	(1,819)	(2,221)
Net assets		**366,445**	394,301	208,445
Equity				
Share capital		**4,249**	4,249	2,403
Share premium		**275,648**	275,648	74,028
Retained earnings		**86,548**	114,404	132,014
Total equity		**366,445**	394,301	208,445
Number of shares in issue (thousands)		**424,862**	424,862	240,254
Net asset value per share (basic and diluted) (pence)		**86.3**	92.8	86.8

The Company reported a loss for the year ended 31 March 2022 of £1,515,000 (year ended 31 March 2021: loss of £2,006,000).

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 23 May 2022 and signed on its behalf by:

Neil Kirton
Chairman

Company number: 10880317

The accompanying notes on pages 139 and 140 form an integral part of these Company financial statements.

Company statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2020	2,403	74,028	132,014	208,445
Total comprehensive expense	—	—	(2,006)	(2,006)
Ordinary shares issued	1,846	205,965	—	207,811
Share issue costs	—	(4,345)	—	(4,345)
Dividends paid	—	—	(15,604)	(15,604)
Balance at 31 March 2021	**4,249**	**275,648**	**114,404**	**394,301**
Total comprehensive expense	**—**	**—**	**(1,515)**	**(1,515)**
Ordinary shares issued	**—**	**—**	**—**	**—**
Share issue costs	**—**	**—**	**—**	**—**
Dividends paid	**—**	**—**	**(26,341)**	**(26,341)**
Balance at 31 March 2022	**4,249**	**275,648**	**86,548**	**366,445**

In the prior period the capital reduction reserve and retained earnings were presented separately. As both amounts represent distributable profits available to the members of the plc, the Directors have made the decision to present them together as retained earnings.

The accompanying notes on pages 139 and 140 form an integral part of these Company financial statements.

Company statement of cash flows

For the year ended 31 March 2022

	Year ended 31 March 2022 £'000	Restated Year ended 31 March 2021 £'000
Cash flows from operating activities		
Operating loss	**(1,515)**	(1,359)
Adjustments to reconcile profit for the period to net cash flows:		
Increase in other receivables and prepayments	**(336)**	(724)
Increase in amounts due from subsidiary companies	**(6,432)**	(4,439)
Increase in other payables	**535**	263
Net cash flow used in operating activities	**(7,748)**	(6,259)
Cash flows from investing activities		
Transferred from subsidiary companies	**34,252**	58,864
Transferred (to) subsidiary companies	**(5,701)**	(178,859)
Investment in subsidiaries	**—**	(41,233)
Net cash flow generated from/(utilised in) investing activities	**28,551**	(161,228)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**—**	198,834
Share issuance costs paid	**—**	(4,345)
Interest received	**—**	22
Finance expenses	**—**	—
Dividends paid in the period	**(26,341)**	(15,604)
Net cash flow (utilised in)/generated from financing activities	**(26,341)**	178,907
Net (decrease)/increase in cash and cash equivalents	**(5,538)**	11,420
Cash and cash equivalents at the start of the period	**11,483**	63
Cash and cash equivalents at the end of the period	**5,945**	11,483

Notes to the company financial statements

For the year ended 31 March 2022

32. 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.

33. Basis of preparation

These financial statements are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The financial statements of the Company follow the accounting policies laid out on pages 112 to 133.

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.

Restatement of financial statements

Following a review of the nature of the intercompany receivables, and the requirements of IAS 1 with respect to the classification of assets, these balances have been classified as non-current assets as it is not expected that they will be settled within 12 months of the balance sheet date. Comparative amounts of £291.4 million and £169.2 million have been reclassified as this was also the expectations at 31 March 2021 and 1 April 2020 respectively.

Following a review of the statement of cash flows, it has been identified that transfers to and from subsidiary undertakings in the comparative period were previously classified as net financing cash flows. As these transactions relate to assets in the Company statement of financial position they should have been classified as investing cash flows and payments and receipts shown separately. On further investigation it was also identified that the amount included non-cash transactions relating to operating activities of £4.4 million. The comparatives have been restated to reclassify £4.4 million of non cash movements to the operating loss to operating cash flows reconciliation, and the remaining £120 million cash outflow as investing, being £58.9 million received from subsidiaries and £178.9 million paid to subsidiaries.

34. Investment in subsidiary companies

	31 March 2022 £'000	31 March 2021 £'000
Investment in subsidiary companies		
Total carrying value	**66,477**	66,477
Total	**66,477**	66,477

	31 March 2022 £'000	31 March 2021 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	**21,017**	21,017
Tilstone Warehouse Holdco Limited	**4,227**	4,227
Tilstone Property Holdings Limited	**41,233**	41,233
	66,477	66,477

34. Investment in subsidiary companies continued

Accounting policy

Investments in subsidiary companies are included in the statement of financial position at cost less impairment.

At each reporting date an assessment is made as to whether there is an indicator of impairment. Where there is an indication that the investment may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value of identifiable assets, liabilities and contingent liabilities and value in use.

Impairment charges are included in Company profit or loss.

35. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	**26**	5,558
Restricted cash	**5,919**	5,925
Total	**5,945**	11,483

Restricted cash comprises £5.9 million (2021: £5.9 million) of cash held by the Company's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 1 April 2022, as disclosed in note 11.

36. Trade and other receivables

	31 March 2022 £'000	Restated 31 March 2021 £'000	Restated 31 March 2020 £'000
Prepayments	**37**	47	159
Other receivables	**1,016**	670	315
Amount due from subsidiaries	**27,000**	26,000	15,000
Current receivables	**28,053**	26,717	15,474
Amount due from subsidiaries	**268,323**	291,443	169,216
Non-current receivables	**268,323**	291,443	169,216

Loans due from subsidiary companies are unsecured, interest free and repayable on demand. The Directors have reviewed the Company cash flow forecast and presented the amount expected to fall due within 12 months as current. The Directors do not expect any further amounts to be paid within 12 months and as such the remaining balance has been classified as non-current assets. The prior period comparative has also been amended to reflect this expectation.

The amounts due from subsidiaries are not considered to carry any material credit risk, being from related parties that remain trading in their normal capacity.

37. Other payables and accrued expenses

	31 March 2022 £'000	31 March 2021 £'000
Other expenses payable	**2,353**	1,819
Total	**2,353**	1,819

Unaudited supplementary notes not part of the consolidated financial information

For the year ended 31 March 2022

The Group is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed and defined performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards.

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

EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Table 1: EPRA performance measures summary

	Notes	2022	2021
EPRA EPS (pence)	Table 2	**6.4**	5.3
EPRA cost ratio (including direct vacancy cost)	Table 6	**27.1%**	29.5%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**24.3%**	26.6%
EPRA NDV per share (pence)	Table 3	**173.9**	135.1
EPRA NRV per share (pence)	Table 3	**190.0**	147.8
EPRA NTA per share (pence)	Table 3	**173.8**	135.1
EPRA NIY	Table 4	**4.0%**	4.7%
EPRA 'topped-up' net initial yield	Table 4	**4.4%**	5.2%
EPRA vacancy rate	Table 5	**6.3%**	4.4%

Unaudited supplementary notes not part of the consolidated financial information continued

For the year ended 31 March 2022

Table 2: EPRA income statement

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Total property income	3	**51,396**	38,828
Less: service charge income		**(2,682)**	(3,070)
Less: dilapidation income		**(3,187)**	(603)
Less: insurance recharged		**(1,507)**	(930)
Rental income		**44,020**	34,225
Property operating expenses	4	**(4,789)**	(4,247)
Service charge expenses	4	**(3,011)**	(3,435)
Add back: service charge income		**2,682**	3,070
Add back: dilapidation income		**3,187**	603
Add back: insurance recharged		**1,507**	930
Gross profit		**43,596**	31,146
Administration expenses	4	**(8,244)**	(6,324)
Adjusted operating profit before interest and tax		**35,352**	24,822
Finance income	7	**321**	26
Finance expenses	8	**(8,154)**	(6,257)
Less change in fair value of interest rate derivatives		**(321)**	6
Adjusted profit before tax		**27,198**	18,597
Tax on adjusted profit		**—**	—
Adjusted earnings		**27,198**	18,597
Weighted average number of shares in issue (thousands)		**424,862**	349,648
Adjusted EPS (pence)		**6.4**	5.3

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Adjusted earnings	**27,198**	18,597
EPRA earnings	**27,198**	18,597
Weighted average number of shares in issue (thousands)	**424,862**	349,648
EPRA EPS (pence)	**6.4**	5.3

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

Table 3: EPRA balance sheet and net asset value performance measures

In line with the European Public Real Estate Association ("EPRA") published Best Practice Recommendations ("BPR") for financial disclosures by public real estate companies, the Group presents three measures of net asset value: EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). EPRA NTA is considered to be the most relevant measure for Warehouse REIT's operating activities.

As at 31 March 2022	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	**1,011,985**	**1,011,985**	**1,011,985**
Net borrowings[2]	**(254,294)**	**(254,294)**	**(254,294)**
Other net liabilities	**(18,737)**	**(18,737)**	**(18,737)**
IFRS NAV	**738,954**	**738,954**	**738,954**
Exclude: fair value of interest rate derivatives	**—**	**(337)**	**(337)**
Include: real estate transfer tax[3]	**—**	**68,815**	**—**
NAV used in per share calculations	**738,954**	**807,432**	**738,617**
Number of shares in issue (thousands)	**424,862**	**424,862**	**424,862**
NAV per share (pence)	**173.9**	**190.0**	**173.8**

As at 31 March 2021	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties[1]	792,800	792,800	792,800
Net borrowings[2]	(194,815)	(194,815)	(194,815)
Other net liabilities	(23,894)	(23,894)	(23,894)
IFRS NAV	574,091	574,091	574,091
Exclude: fair value of interest rate derivatives	—	(16)	(16)
Include: real estate transfer tax[3]	—	53,910	—
NAV used in per share calculations	574,091	627,985	574,075
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	135.1	147.8	135.1

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £271,000,000 (31 March 2021: £222,000,000) net of cash of £16,706,000 (31 March 2021: £27,185,000).
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

EPRA NDV details the full extent of liabilities and resulting shareholder value if Company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax.

EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NRV highlights the value of net assets on a long-term basis and reflects what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included.

Unaudited supplementary notes not part of the consolidated financial information continued

For the year ended 31 March 2022

Table 4: EPRA net initial yield

	31 March 2022 £'000	31 March 2021 £'000
Total properties per external valuer's report	**1,011,985**	792,800
Less development property and land	**(98,950)**	(40,870)
Net valuation of completed investment property	**913,035**	751,930
Add estimated purchasers' costs[4]	**62,086**	51,131
Gross valuation of completed property including estimated purchasers' costs (A)	**975,121**	803,061
Gross passing rents[5] (annualised)	**40,605**	38,574
Less irrecoverable property costs[5]	**(1,478)**	(1,121)
Net annualised rents (B)	**39,127**	37,453
Add notional rent on expiry of rent-free periods or other lease incentives[6]	**3,376**	4,454
'Topped-up' net annualised rents (C)	**42,503**	41,907
EPRA NIY (B/A)	**4.0%**	4.7%
EPRA 'topped-up' net initial yield (C/A)	**4.4%**	5.2%

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 three months.

EPRA NIY represents annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. It is a comparable measure for portfolio valuations designed to make it easier for investors to judge themselves how the valuation of portfolio X compares with portfolio Y.

EPRA 'topped-up' NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

NIY as stated in the Investment Advisor's report calculates net initial yield on topped-up annualised rents but does not deduct non-recoverable property costs.

Table 5: EPRA vacancy rate

	31 March 2022 £'000	31 March 2021 £'000
Annualised ERV of vacant premises (D)	**3,241**	2,054
Annualised ERV for the investment portfolio (E)	**51,479**	47,151
EPRA vacancy rate (D/E)	**6.3%**	4.4%

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 2022 £'000	Year ended 31 March 2021 £'000
Property operating expenses	**4,789**	4,247
Service charge expenses	**3,011**	3,435
Add back: service charge income	**(2,682)**	(3,070)
Add back: insurance recharged	**(1,507)**	(930)
Net property operating expenses	**3,611**	3,682
Administration expenses	**8,244**	6,324
Less ground rents[7]	**(181)**	(134)
Total cost including direct vacancy cost (F)	**11,674**	9,872
Direct vacancy cost	**(1,224)**	(980)
Total cost excluding direct vacancy cost (G)	**10,450**	8,892
Rental income	**44,020**	34,225
Less ground rents paid	**(1,058)**	(748)
Gross rental income less ground rents (H)	**42,962**	33,477
Less direct vacancy cost	**(1,224)**	(980)
Net rental income	**41,738**	32,497
Total cost ratio including direct vacancy cost (F/H)	**27.1%**	29.5%
Total cost ratio excluding direct vacancy cost (G/H)	**24.3%**	26.6%

	31 March 2022 £'000	31 March 2021 £'000
Total cost including direct vacancy cost (F)	**11,674**	9,872
EPRA total cost (I)	**11,674**	9,872
Direct vacancy cost	**(1,224)**	(980)
EPRA total cost excluding direct vacancy cost (J)	**10,450**	8,892
EPRA cost ratio including direct vacancy cost (I/H)	**27.1%**	29.5%
EPRA cost ratio excluding direct vacancy cost (J/H)	**24.3%**	26.6%

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 less ground rents. 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 2022 or the year ended 31 March 2021.

Unaudited supplementary notes not part of the consolidated financial information continued

For the year ended 31 March 2022

Table 7: Lease data

As at 31 March 2022	Year 1 £'000	Year 2 £'000	Years 3-10 £'000	Year 10+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	**2,725**	**5,380**	**28,818**	**4,873**	**(1,191)**	**40,605**
ERV of leases expiring in:	**10,529**	**6,018**	**30,600**	**5,523**	**(1,191)**	**51,479**
Passing rent subject to review in:	**5,960**	**5,176**	**25,828**	**4,832**	**(1,191)**	**40,605**
ERV subject to review in:	**10,529**	**6,018**	**30,600**	**5,523**	**(1,191)**	**51,479**

WAULT to expiry is 5.6 years and to break is 4.5 years.

As at 31 March 2021	Year 1 £'000	Year 2 £'000	Years 3-10 £'000	Year 10+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	5,327	2,450	26,064	5,859	(1,126)	38,574
ERV of leases expiring in:	7,754	2,597	31,115	6,876	(1,191)	47,151
Passing rent subject to review in:	7,036	4,664	23,496	4,504	(1,126)	38,574
ERV subject to review in:	9,467	5,066	28,507	5,302	(1,191)	47,151

WAULT to expiry is 5.8 years and to break is 4.7 years.

Table 8: EPRA capital expenditure

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Acquisitions[8]	**43,391**	246,565
Development spend[9]	**1,103**	625
Completed investment properties:[10]		
No incremental lettable space – like-for-like portfolio	**6,467**	1,493
No incremental lettable space – other	**—**	82
Occupier incentives	**—**	363
Total capital expenditure	**50,961**	249,128
Conversion from accruals to cash basis	**2,886**	(21,916)
Total capital expenditure on a cash basis	**53,847**	227,212

8. Acquisitions include £30,027,000 completed investment property and £13,364,000 development property and land (2021: £229,272,000 and £17,293,000 respectively).
9. Expenditure on development property and land.
10. Expenditure on completed investment properties.

Table 9: EPRA like-for-like rental income

	Note	31 March 2022 £'000	31 March 2021 £'000	% Change
EPRA like-for-like rental income[11]		**28,891**	27,817	3.9%
Other[12]		**(38)**	—	
Adjusted like-for-like rental income		**28,853**	27,817	3.7%
Development lettings		**483**	591	
Properties acquired		**14,684**	5,334	
Properties sold		**—**	483	
Rental income		**44,020**	34,225	
Service charge income		**2,682**	3,070	
Dilapidation income		**3,187**	603	
Insurance recharged		**1,507**	930	
Total property income	2	**51,396**	38,828	

11. Like-for-like portfolio valuation as at 31 March 2022: £586.2 million (31 March 2021: £493.5 million).
12. Includes rent surrender premiums, back rent and other items.

Table 10: Loan to value ("LTV") ratio

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

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest-bearing loans and borrowings	16	**271,000**	222,000
Cash	14	**(16,706)**	(27,185)
Net borrowings (A)		**254,294**	194,815
Total portfolio valuation per valuer's report (B)	13	**1,011,985**	792,800
LTV ratio (A/B)		**25.1%**	24.6%

Unaudited supplementary notes not part of the consolidated financial information continued

For the year ended 31 March 2022

Table 11: Total accounting return

The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period.

	Note	**Year ended 31 March 2022 Pence per share**	Year ended 31 March 2021 Pence per share
Opening EPRA NTA (A)		**135.1**	109.5
Movement (B)		**38.7**	25.6
Closing EPRA NTA	22	**173.8**	135.1
Dividends per share (C)	11	**6.2**	4.7
Total accounting return (B+C) / A		**33.2%**	27.7%

Table 12: Interest cover

Adjusted operating profit before gains on investment properties, interest and tax divided by the underlying net interest expense.

	Note	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Adjusted operating profit before gains on investment properties (A)		**35,352**	24,822
Loan interest (B)	8	**5,816**	4,512
Interest cover (A/B)		**607.8%**	550.1%

Table 13: Ongoing charges ratio

Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies.

	Note	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Administration expenses	4	**8,244**	6,324
Less head lease asset depreciation		**(181)**	(134)
Annualised ongoing charges (A)		**8,063**	6,190
Opening NAV as at 1 April		**574,091**	263,118
NAV as at 30 September		**647,366**	450,699
Closing NAV as at 31 March		**738,954**	574,091
Average undiluted NAV during the period (B)		**653,470**	429,303
Ongoing charges ratio (A/B)		**1.2%**	1.5%

Property portfolio

As at 31 March 2022

Estate	Town	Postcode	Area (sq ft)
Murcar Industrial Estate	Aberdeen	AB23 8JW	126,000
North Seaton Industrial Estate	Ashington	NE63 0YH	21,000
Pentagon Retail Park	Ballymena	BT43 5LU	18,000
Tramway Industrial Estate	Banbury	OX16 5TU	151,000
Daneshill Industrial Estate	Basingstoke	RG24 8PD	113,000
Viables Business Park	Basingstoke	RG22 4BS	49,000
Gateway Park	Birmingham	B26 3QD	220,000
Chittening Industrial Estate Avonmouth	Bristol	BS11 0YB	199,000
Kendal House	Burgess Hill	RH15 9NF	27,000
Units 1 & 2 Rossendale Industrial Estate	Burnley	BB11 5SY	39,000
Falcon Business Park	Burton on Trent	DE14 1SG	30,000
Dales Manor Business Park	Cambridge South	CB22 3FG	130,000
Newport Road	Cardiff	CF23 9AE	49,000
Crown Street	Carlisle	CA2 5AB	26,000
Kingsditch Trading Estate	Cheltenham	GL51 9PL	40,000
Barlborough Links	Chesterfield	S43 4PZ	501,000
Matrix Park	Chorley	PR7 7NA	47,000
Austin Drive	Coventry	CV6 7NS	33,000
Daimler Green	Coventry	CV6 3LT	139,000
Radway 16	Crewe	CW2 5PR	21,000
Deeside Industrial Estate	Deeside	CH5 2NS	60,000
Delta Court Industrial Estate	Doncaster	DN9 3GN	58,000
Shaw Lane Industrial Estate	Doncaster	DN2 4SQ	66,000
Stonebridge Cross Business Park	Droitwich Spa	WR9 0LW	48,000
Peartree Industrial Park	Dudley	DY2 0QU	21,000
Cairn Court	East Kilbride	G74 4NB	87,000
Festival Drive	Ebbw Vale	NP23 8XF	54,000
23 South Gyle Crescent	Edinburgh	EH12 9EB	48,000
South Fort Trade Park	Edinburgh	EH6 5PE	26,000
Thornton Road Industrial Estate	Ellesmere Port	CH65 5EP	32,000
Air Cargo Centre	Glasgow	PA3 2AY	149,000
Glasgow Airport Business Park	Glasgow	PA3 2SJ	53,000
Queenslie Park	Glasgow	G33 4DZ	395,000
Gloucester Business Park	Gloucester	GL3 4AQ	188,000
Roman Way Industrial Estate	Godmanchester	PE29 2LN	53,000

Property portfolio continued

As at 31 March 2022

Estate	Town	Postcode	Area (sq ft)
Great Grimsby Business Park	Grimsby	DN37 9TW	139,000
Pellon Lane Retail Park	Halifax	HX1 5RA	20,000
Temple House	Harlow	CM20 2EY	177,000
Ikon Trading Estate	Hartlebury	DY10 4EU	160,000
New England Industrial Estate Pindar Road	Hoddesdon	EN11 0BZ	22,000
Nightingale Road Industrial Estate	Horsham	RH12 2NW	22,000
Farthing Road Industrial Estate	Ipswich	IP1 5AP	101,000
Ransomes Europark	Ipswich	IP3 9RR	30,000
Europa Trading Estate	Kearsley, Manchester	M26 1GG	40,000
Ashmead Industrial Estate	Keynsham	BS31 1TU	38,000
Knowsley Business Park	Knowsley	L34 9GT	301,000
Haines Park	Leeds	LS7 1QQ	13,000
Roseville Business Park	Leeds	LS8 5DR	29,000
1 Sussex Avenue	Leeds	LS10 2LF	30,000
Meridian Business Park	Leicester	LE19 1UX	114,000
Stadium Industrial Estate	Luton	LU4 0JF	66,000
Linkway Industrial Estate	Middleton	M24 2AE	48,000
Midpoint 18	Middlewich	CW10 0HS	598,000
Granby Industrial Estate	Milton Keynes	MK1 1NL	147,000
Howley Park Industrial Estate	Morley, Leeds	LS27 0BN	62,000
Lynx Business Park	Newmarket	CB8 7NY	42,000
Celtic Business Park	Newport (Wales)	NP19 4QZ	48,000
Wern Industrial Estate	Newport (Wales)	NP10 9FQ	23,000
Carisbrooke Retail Park	Newport (Isle of Wight)	PO30 5LG	54,000
Brackmills Industrial Estate	Northampton	NN4 7PN	335,000
St James Mill Business Park	Northampton	NN5 5JF	42,000
Evolution 27	Nottingham	NG15 0DJ	217,000
Oldbury Point	Oldbury	B69 4HT	96,000
Maxwell Road Industrial Estate	Peterborough	PE2 7JE	128,000
Parkway Industrial Estate	Plymouth	PL6 8LH	66,000
Lincoln Park	Preston	PR5 8NA	33,000
Swift Valley Industrial Estate	Rugby	CV21 1TN	39,000
Webb Ellis Business Park	Rugby	CV21 2NP	45,000
Jensen Court	Runcorn	WA7 1PJ	60,000
Portland Business Park	Sheffield	S13 8HS	59,000

Estate	Town	Postcode	Area (sq ft)
Smeed Dean Centre	Sittingbourne	ME10 3EW	34,000
Pikelaw Place	Skelmersdale	WN8 9PP	124,000
Boulevard Industrial Park	Speke	L24 9PL	390,000
Priestly Court, Staffordshire Technology Park	Stafford	ST18 0LQ	10,000
Walton Road Industrial Estate	Stone	ST15 0LT	57,000
Groundwell Industrial Estate	Swindon	SN25 5AW	91,000
Tewkesbury Business Park	Tewkesbury	GL20 8JF	114,000
Exeter Way	Theale	RG7 4PL	92,000
Cleton Business Park	Tipton	DY4 7TR	38,000
Birkenshaw Retail Park	Uddingston, Nr Glasgow	G71 5PR	67,000
Wakefield 41 Industrial Estate	Wakefield	WF2 0XW	53,000
Leanne Business Centre	Wareham	BH20 4DY	13,000
Ryan Business Park	Wareham	BH20 4DY	31,000
Warrington South Industrial Estate	Warrington	WA4 4TQ	106,000
Gawsworth Court	Warrington	WA3 6NJ	95,000
1 Kingsland Grange	Warrington	WA1 4SR	71,000
Milner Street	Warrington	WA5 1AD	42,000
Glover Industrial Estate	Washington	NE37 3ES	19,000
Halebank Industrial Estate	Widnes	WA8 8TZ	49,000
Winsford Industrial Estate	Winsford	CW7 3PL	77,000
Witan Park Industrial Estate	Witney	OX28 4YQ	112,000

Shareholder information

The Company was incorporated on 24 July 2017. This Annual Report and Financial Statements covers the period from 1 April 2021 to 31 March 2022.

The Company's ordinary shares were admitted to trading on AIM on 20 September 2017 following IPO and the Group's operations therefore commenced on this date.

Capital structure

The Company's share capital consists of ordinary shares of £0.01 each. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each ordinary share held. Shareholders are entitled to receive such dividends as the Directors resolve to pay out of the assets attributable to ordinary shares. Holders of ordinary shares are entitled to participate in the assets of the Company attributable to the ordinary shares in a winding up of the Company. The ordinary shares are not redeemable.

As at the date of this report, there were 424,861,650 ordinary shares in issue, none of which are held in treasury.

Investment objective

The Company's investment objective is to provide shareholders with an attractive level of income together with the potential for income and capital growth by investing in a diversified portfolio of UK commercial property warehouse assets.

Investment policy

The Company may acquire property interests either directly or through corporate structures (whether onshore UK or offshore) and also through joint venture or other shared ownership or co-investment arrangements.

The Company invests and manages its portfolio with an objective of spreading risk and, in doing so, maintains the following investment restrictions:

- the Company will only invest, directly or indirectly, in warehouse assets located in the UK;
- no individual warehouse property will represent more than 20% of the last published GAV of the Company at the time of investment;
- the Company will target a portfolio with no one occupier accounting for more than 15% of the gross contracted rents of the Company at the time of purchase. In any event, no more than 20% of the gross assets of the Company will be exposed to the creditworthiness of any one occupier 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 Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. You can also email enquiries@linkgroup.co.uk.

Changes of address and mandate details can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: Link Group, Shareholder Services, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Electronic communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Report, Half-yearly Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company.

If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on the inside back cover. Please have your investor code to hand.

Share capital and net asset value information

Ordinary 1p shares	424,861,650
SEDOL Number	BD2NCM3
ISIN Number	GB00BD2NCM38

Sources of further information

Copies of the Company's Annual and Half-yearly Reports are available from the Company 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 2022

Announcement of final results

June 2022

Payment of fourth interim dividend

September 2022

Annual General Meeting

Half-year end

November 2022

Announcement of half-yearly results

March 2023

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 which ultimately underpins our dividend payments

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

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIFMD
The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook

AIM
A market operated by the London Stock Exchange

APM
An Alternative Performance Measure is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these APMs, the Directors considered the key objectives and expectations of typical investors

Company
Warehouse REIT plc

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 less ground rents 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 NDV/EPRA NRV/EPRA NTA per share
The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net disposal value ("EPRA NDV")
The net asset value measure detailing the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax

EPRA net initial yield ("EPRA NIY")
The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA net reinstatement value ("EPRA NRV")
The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets ("EPRA NTA")
The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

EPRA 'topped-up' net initial yield
The annualised passing rent generated by the portfolio, topped up for contracted uplifts, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA vacancy rate
Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS
Earnings per share

Equivalent yield
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

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

FCA
Financial Conduct Authority

GAV
Gross asset value

Group
Warehouse REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS earnings per share ("EPS")
IFRS earnings after tax for the year divided by the weighted average number of shares in issue during the year

IFRS NAV per share
IFRS net asset value divided by the number of shares outstanding at the balance sheet date

Interest cover
Adjusted operating profit before gains on investment properties, interest and tax divided by the underlying net interest expense

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

Glossary continued

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

Main Market
The premium segment of the London Stock Exchange's Main Market

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

Ongoing charges ratio
Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies

Passing rent
Gross annual rental income currently receivable on a property as at the balance sheet date less any ground rents payable under head leases

Property income distribution ("PID")
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax-exempt shareholders). REITs also pay out normal dividends called non-PIDs

RCF
Revolving credit facility

Real Estate Investment Trust ("REIT")
A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

RPI
Retail price index

SONIA
Sterling Overnight Index Average

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

Total cost ratio
EPRA cost ratio excluding one-off costs calculated both including and excluding vacant property costs

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

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