WAREHOUSE REIT

THE WAREHOUSE PROVIDER OF CHOICE

Annual Report and
Financial Statements 2019

Welcome to **Warehouse REIT**

Warehouse REIT plc owns and manages a diversified portfolio of warehouse assets in UK urban areas.

This is a compelling market. The structural rise in e-commerce and investment in "last-mile" delivery contribute to high tenant demand, while limited vacant space and our active asset management lead to growing rents. Capturing this value allows us to offer our shareholders an attractive dividend and the prospect of capital and further dividend growth.

Our portfolio of well-located assets is let to occupiers ranging from pure e-commerce to traditional light industrial. As we expand, our vision is for Warehouse REIT to become the warehouse provider of choice across the UK.

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

WHAT'S INSIDE

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FINANCIAL HIGHLIGHTS[1]

Year to 31 March 2019

Revenue
£m

22.0

31 March 2018[2]: £6.6m

IFRS profit before tax
£m

22.8

31 March 2018[2]: £8.4m

IFRS EPS
p

13.7

31 March 2018[2]: 5.0p

EPRA EPS
p

5.1

31 March 2018[2]: 1.9p

Adjusted EPS[3]
p

6.4

31 March 2018[2]: 2.0p

Dividends per share[4]
p

6.0

31 March 2018[2]: 2.5p

Total accounting return[5]
%

13.3

31 March 2018[2]: 4.6%

Total costs ratio
%

29.4

31 March 2018[2]: 34.5%

- Paid or declared dividends totalling 6.0 pence per share, in line with our target for the year and 1.1 times covered by adjusted earnings
- Portfolio valued at £307.4 million at 31 March 2019, representing an increase of 8.9% on the aggregate purchase price and a 4.3% like-for-like increase on the valuation at 31 March 2018
- EPRA net asset value ("NAV") per share of 109.7 pence, up 7.4% (31 March 2018: 102.1 pence)
- Total accounting return of 13.3%, ahead of our IPO target of at least 10% per annum
- Profit on disposal of investment properties of £3.5 million
- Bank debt of £127.0 million at the year end, resulting in a loan to value ratio of 39.7% (31 March 2018: 40.5%), within the target range

1. The Group uses a number of Alternative Performance Measures ("APMs") which are not defined or specified within IFRS. The Directors use these measures in order to assess the performance of the Group, in line with market practice. EPRA earnings per share ("EPS") is set out in note 12. EPRA NAV is set out in note 23. Further EPRA measures, including loan to value ratio presented above, are set out in a supplementary note following the financial statements. A glossary of terms is shown at the end of this report.
2. Period from 1 August 2017 to 31 March 2018, which represents 6.5 months of activity following the commencement of trading on 20 September 2017.
3. Adjusted EPS is based on IFRS earnings excluding unrealised fair value gains on investment properties, profit on disposal of investment properties and one-off costs, which were a property and acquisition provision for the year ended 31 March 2019 and a termination fee on debt refinancing for the period ended 31 March 2018, as set out in note 12.
4. Dividends paid and declared in relation to the financial year. Dividends paid during the year also totalled 6.0 pence (period to 31 March 2018: 1.0 pence per share).
5. Total accounting return based on increase in EPRA NAV per share of 7.6 pence per share plus dividend paid per share of 6.0 pence as a percentage of opening EPRA NAV of 102.1 pence per share.

FINANCIAL HIGHLIGHTS[1] continued

As at 31 March 2019

Portfolio valuation
£m

307.4

31 March 2018: £291.0m

IFRS NAV
£m

182.3

31 March 2018: £169.5m

Loan to value ratio
%

39.7

31 March 2018: 40.5%

IFRS NAV per share
p

109.8

31 March 2018: 102.1p

EPRA NAV per share
p

109.7

31 March 2018: 102.1p

OPERATIONAL HIGHLIGHTS

As at 31 March 2019

Contracted rent
£m
21.6
31 March 2018: £21.3m

Passing rent
£m
20.6
31 March 2018: £20.4m

WAULT to expiry
years
4.6
31 March 2018: 4.1 years

WAULT to first break
years
3.1
31 March 2018: 2.8 years

EPRA net initial yield
%
6.1
31 March 2018: 6.2%

Occupancy
%
92.0
31 March 2018: 93.1%

- Tenant demand remains strong despite current political and economic uncertainties, while supply of space remains constrained, with capital values generally below replacement cost
- Strong asset management performance has contributed to robust rental growth
  - Completed 62 lettings of vacant space, generating rent of £2.1 million per annum, 13.0% ahead of 31 March 2018 estimated rental value ("ERV")
  - Renewed 46 leases, securing income of £1.5 million and a 14.6% increase in contracted rents
  - Capital expenditure of £2.1 million in the year, with rents responding positively to investment
  - Disposed of four assets for £19.0 million, reflecting an aggregate net initial yield ("NIY") of 5.1% and a 27% premium to 31 March 2018 book values
  - Occupancy marginally dropped to 92.0% from 93.1% at 31 March 2018. Excluding units under offer to let and units undergoing refurbishment, occupancy was 94.9% at 31 March 2019
  - Successfully reinvested the disposal proceeds at attractive yields, acquiring four assets for a total of £16.7 million, reflecting a NIY of 6.9% and adding a further 250,700 sq ft of space to the portfolio
- Obtained planning permission for a major mixed-use development at Queenslie Business Park, Glasgow, for an additional 250,000 sq ft of warehouse and ancillary uses. The scheme has a gross development value of £25.0 million

Post year end highlights

- Successfully raised gross proceeds of £76.5 million through a placing, open offer and offer for subscription, with strong support from existing and new shareholders
- Acquired four assets for a total consideration of £45.0 million, at a blended NIY of 6.6%, contributing an additional 568,600 sq ft of warehouse space

AT A GLANCE

We have built a high-quality portfolio of urban warehouses, with tenants ranging from local businesses to household names. Our assets are in economically vibrant areas around the UK, close to large conurbations and key transport infrastructure.

Key statistics at 31 March 2019

91
assets

869
units

607
tenants

4.6
million sq ft

92.0%
occupancy

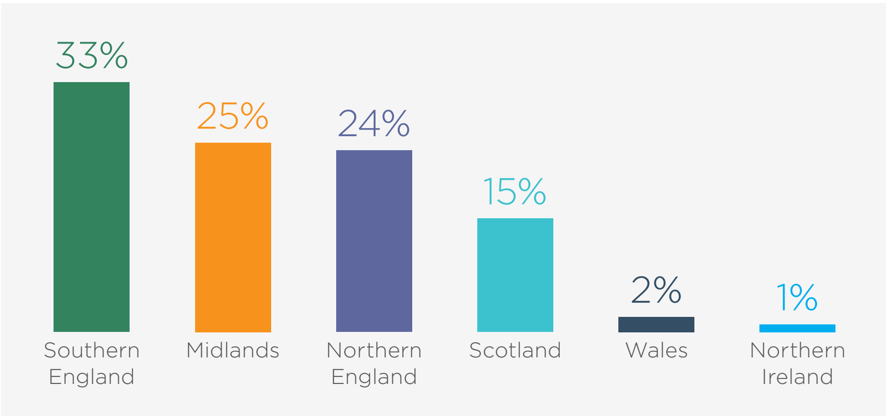
£21.6m
contracted rent roll

£24.9m
ERV

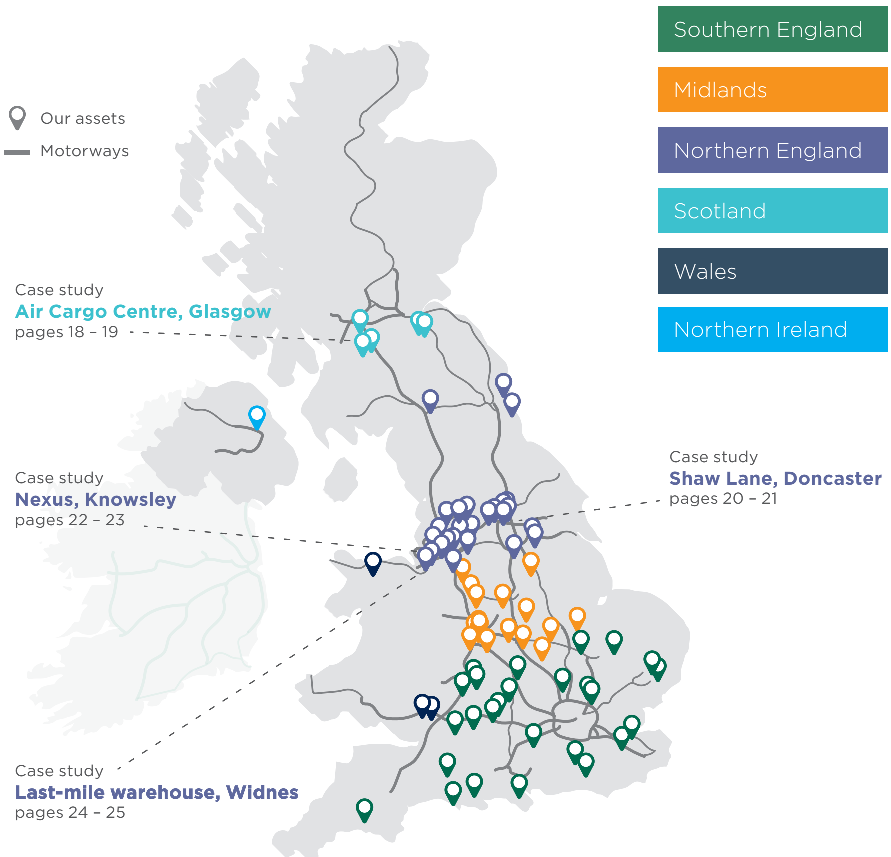
96.7%
of assets less than two miles from a town centre or major transport infrastructure point

3.0%
largest tenant contribution to rent roll

Portfolio rental value split by region



Location of assets



INVESTMENT CASE

We operate in a compelling market and have significant opportunities for value creation.

Strong occupier demand

Urban warehouses are critical to a wide range of businesses, from small manufacturers to major multi-national businesses. The rapid growth in e-commerce is a key driver of demand for space, increasing competition for available units.

Constrained supply

Despite strong demand there is little supply of space, as capital values in the small and medium sized warehouse sector are generally well below replacement cost, making it uneconomic to develop new assets.

Growing income

Strong demand, constrained supply and active asset management are feeding through to robust rental growth. At the same time, our well-diversified portfolio, by tenant base, average lease length and geographical exposure, reduces risk and gives us a sustainable income stream.

Top management

We have an experienced Board and a highly knowledgeable Investment Advisor, with a deep understanding of the sector and a wide-ranging network of industry contacts.

Attractive pipeline

We see good opportunities to acquire further assets at below their replacement value, while further diversifying our income and strengthening the portfolio's sustainability, quality and growth prospects.

Progressive dividends and strong returns

Robust revenues and low costs allow us to reward shareholders through attractive and progressive dividends. These dividends, along with capital growth, contribute to a total return target of at least 10% per annum.

TOP 10 ASSETS AT A GLANCE

Key statistics at 31 March 2019

1.6
million sq ft

264
units

£7.3m
contracted rent roll

£8.2m
ERV

£105.1m
valuation

7.4%
NIY

8.1%
NRY

Queenslie Industrial Estate, Glasgow
348,400 sq ft
63 units
£1,391,000 contracted rent p.a.

Ikon Trading Estate, Hartlebury
160,400 sq ft
27 units
£631,000 contracted rent p.a.

Nexus, Knowsley
184,800 sq ft
12 units
£985,000 contracted rent p.a.

Witan Park Industrial Estate, Witney
112,200 sq ft
5 units
£603,000 contracted rent p.a.

Southern England
Midlands
Northern England
Scotland

Tramway Industrial Estate, Banbury
150,500 sq ft
9 units
£808,000 contracted rent p.a.

Daneshill Industrial Estate, Basingstoke
113,300 sq ft
1 unit
£559,000 contracted rent p.a.

Air Cargo Centre, Glasgow
149,500 sq ft
8 units
£788,000 contracted rent p.a.

Stadium Industrial Estate, Luton
66,200 sq ft
5 units
£407,000 contracted rent p.a.

Radway Green Business Park, Crewe
241,900 sq ft
128 units
£741,000 contracted rent p.a.

Gawsworth Court, Warrington
94,900 sq ft
6 units
£364,000 contracted rent p.a.

Refer to full portfolio listing on pages 110 to 112.

CHAIRMAN'S STATEMENT

During the year, our focus was on staying true to the commitments we set out at IPO. We continue to successfully deploy capital and to add value through active asset management.

Dear fellow shareholder

I am pleased to report to you on Warehouse REIT's first full year as a public company.

Overview

Our focus during the year was to stay true to the commitments we set out at our IPO in September 2017. We continue to deploy capital in strategic locations in our chosen real estate asset class, which is the urban warehouse or 'last-mile' segment. This allows us to secure a high-quality and growing rental stream and to apply the considerable experience and asset management skills of our Investment Advisor, Tilstone Partners Limited ("Tilstone"), to enhance the value and income of the assets we acquire. The market dynamics remain favourable and we continue to be able to acquire assets at below their replacement value.

At IPO, we targeted a dividend of 5.5 pence per share for the year ended 31 March 2019. Our rapid progress since then enabled us to increase our target for this year to 6.0 pence per share, which we successfully achieved. The dividend was 1.1 times covered by adjusted earnings and contributed to our total accounting return for the year of 13.3%. We will continue to target further dividend increases as we expand the portfolio. More information on dividends can be found in the Investment Advisor's report on pages 26 to 31.

Tilstone has continued to deliver excellent service to the Company and shown its ability to extract value from the portfolio acquired at IPO. A key example was our announcement in October 2018 that Tilstone had secured planning permission for 250,000 sq ft of warehouse space on 16 acres at the Queenslie Business Park in Glasgow. This project has an estimated gross development value of £25.0 million. We also completed the sale of four assets, for a total of £19.0 million and a 27% premium to book value. These were assets where Tilstone had either completed its asset management programme or successfully lengthened the income stream.

We invested the bulk of the disposal proceeds in four assets with a blended NIY of 6.9%, well above the NIY of 5.1% achieved for the assets sold.

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

Tilstone's rigorous approach to understanding tenants and their needs, has helped us to retain a high proportion of tenants whose leases have expired or reached a break. We also achieved rental levels averaging 13.0% ahead of ERV for new leases, reflecting strong occupier demand for limited space and the benefits of our targeted capital expenditure. This activity has helped to extend the portfolio WAULT from 4.1 years at 31 March 2018 to 4.6 years at 31 March 2019.

Financial results

The EPRA NAV per share at 31 March 2019 was 109.7 pence, up 7.4% (31 March 2018: 102.1 pence). This represents good progress, after accounting for the dividends paid and some one-off costs relating to a tenant default and a terminated acquisition.

At the year end, the Group had £127.0 million of debt (31 March 2018: £124.5 million) and a loan to value ("LTV") ratio of 39.7% (31 March 2018: 40.5%). This is within our longer-term target range of 30-40% and well below the 50% limit in our investment policy.

Governance

I was delighted that after a rigorous process conducted by a leading executive search firm, we appointed Lynette Lackey to the Board on 15 November 2018. Lynette has considerable board-level experience and knowledge of the real estate sector. She is a chartered accountant and was a partner of BDO LLP, where she was responsible for a portfolio of real estate investor and developer clients. She is also a former partner in Greenside Real Estate Solutions and chairs the regulated board at Places for People Group. Lynette now chairs our Audit Committee and is already making a considerable contribution to the Board.

During the year, the Board conducted a thorough review of the risk register, which resulted in some modest adjustments to our assessment of risk. Our view is that the current political and economic uncertainty means we must focus carefully on the level and duration of vacancies across the portfolio. The Board is pleased that Tilstone continues to invest in its asset management team, growing the headcount to ensure sufficient capacity to maintain strong tenant relationships as we grow.

The Board's other key activities included a strategy day, chaired by Non-Executive Director Aimée Pitman, and our first formal review of the Board's effectiveness. More information on both can be found in my introduction to corporate governance on page 39.

Financing

On a final note, we were delighted to receive the support of many existing shareholders and a number of significant new investors, when we successfully issued new shares to raise a further £76.5 million of equity in April. We gave much thought to the timing of this fundraising. I believe that amidst all the current uncertainties, we were absolutely right to trigger the issue as our financial year was concluding, when we could see a quality pipeline of investable assets. Investors showed significant appetite to meet the Company and the subsequent participation of many in the fundraising is a testament to investor appetite for our asset class and the growing appreciation of Tilstone's asset management skills. These new equity funds, and further support from our debt providers, will give us approximately £120.0 million to invest, at a targeted LTV of below 40%.

The Board is very encouraged by the depth and quality of the share register. Collectively, the Board members invested around £1.0 million of their own or their immediate family's monies in the most recent raise. The Board's equity ownership gives us considerable alignment with our fellow shareholders. The Tilstone team also participated in the raise and together own £19.6 million of Warehouse REIT shares.

Outlook

Since IPO, we have consistently demonstrated our ability to buy well and create further value through active asset management. One of our priorities for the year ahead is to invest our firepower in assets which will be accretive to both earnings and the quality of the portfolio. We have started well, with £45.0 million invested in four assets since the year end and an identified pipeline that stands at £76.3 million. Securing lease renewals and new lettings will also remain a focus.

The market outlook is favourable for the year ending 31 March 2020 and beyond. Demand for space is strong, with e-commerce continuing to grow and UK employment at record levels. Supply of small to medium sized warehouses will remain constrained, with build costs making it uneconomic to develop new space across much of the country. The Board is therefore confident in the outlook for the Group and I look forward to reporting on further progress.

Neil Kirton
Chairman

20 May 2019

MARKET OVERVIEW

The urban warehouse market has a number of characteristics that make it highly attractive for asset owners, such as Warehouse REIT.

Our market

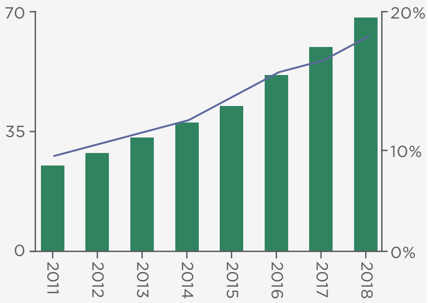
Warehouse REIT primarily owns and manages assets in tier 3 of the UK logistics delivery chain (see box opposite). Our warehouses are simple buildings, with a steel or concrete frame, metal or similar cladding and a minimum eaves height of five metres. The buildings have outdoor servicing and yard space and typically cover less than 50% of the total site area. These features make the space highly flexible, allowing it to meet the needs of a wide range of occupiers.

Our warehouses often sit together on estates let to multiple tenants. This reduces tenant risk for us, while increasing opportunities for asset management. Higher rents on new lettings also provide evidence at rent reviews across the estate, raising the rental tone of all the units.

While demand continues to come from a diverse occupier base, the growth in e-commerce has been a particular feature of our market in recent years. Many businesses, and in particular retailers and third-party logistics companies, need warehouse space to fulfil online orders, increasing demand for tier 3 space. This means that with little new space being developed, rents are rising for all types of occupier and tenants are signing longer leases to secure the space they need.

Strong occupier demand

Online sales growth (£bn)



Internet sales – £bn (LHS)
Internet as % of total retail sales (RHS)

Source: ONS

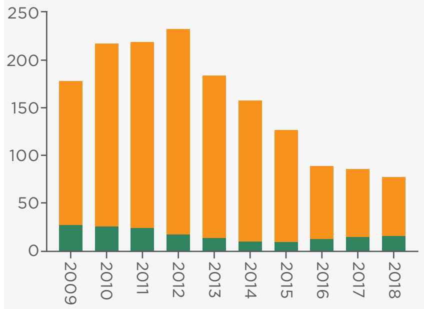
The relentless growth in e-commerce continues, with a corresponding impact on demand for tier 3 space. The UK online retail sector grew by 12.4% in the year to March 2019 and this strong growth is expected to continue, with e-commerce sales set to rise by 38.1% between 2018 and 2022 (source: eMarketer). Online sales accounted for 18.6% of UK retail sales in March 2019 and are predicted to reach 26.8% by 2022.

How we are responding:

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

Constrained supply

UK availability by grade (sq ft)



Grade A   Second hand

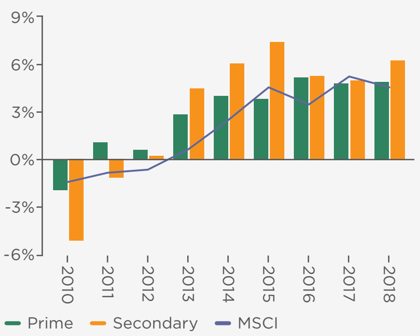
Source: Lambert Smith Hampton

UK-wide supply for small units (<10,000 sq ft) and medium units (10,000 to 49,999 sq ft) fell for the sixth consecutive year in 2018, to a new low of 77.7 million sq ft (source: Lambert Smith Hampton). Available second hand space fell by 14% during the year. The small to medium segment has the most acute supply shortage of all size bands, particularly in key logistics locations such as the East and West Midlands.

How we are responding:

With tenants keen to secure space, we are offering longer leases, with 10 years (with or without breaks) becoming common, compared with the previous five-year leases (with or without three-year breaks). Incentives are also reducing, from a previous 12-18 months rent-free period for a 10-year lease to 6-12 months now.

Rising rents



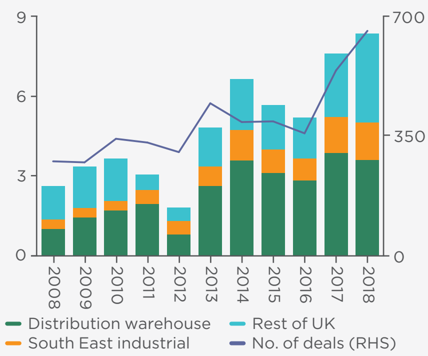
Source: Lambert Smith Hampton, MSCI

With strong demand and constrained supply, rental growth across the industrial market remains robust. Rents are increasing more quickly for secondary space, of the type we own. This reflects growth from a lower base, the opportunity to enhance rents through refurbishing assets and the fact that prime stock comes to market at higher rental levels, giving less scope for growth.

How we are responding:

We use targeted capital expenditure to make vacant assets attractive to potential tenants, enabling us to consistently capture rental growth ahead of ERV. The WAULT across the portfolio of 4.6 years also creates regular opportunities to achieve rental increases at lease renewal.

Attractive investment market



Source: Lambert Smith Hampton, Property Data, Property Archive

2018 saw record investment in industrial and logistics assets. However, Brexit-related uncertainty has made many investors cautious in the first few months of 2019, particularly towards shorter-leased assets. This has created a buying opportunity for us. While the overall number of assets for sale has declined, a greater proportion now meet our pricing criteria, so the range of potential purchases has increased.

How we are responding:

We look to time our investments so that they are accretive to shareholders. The capital raise we completed in April 2019, along with a suitable level of additional debt, will enable us to take advantage of current market conditions.

The logistics delivery chain

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

Tier 1 – national 'Big Box' warehouses

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

Tier 2 – regional distribution centres ("RDCs")

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

Tier 3 – urban warehouses

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

BUSINESS MODEL

We create value for our shareholders and other stakeholders through a deep understanding of our tenants and their needs, and by drawing on strong networks and relationships.

INPUTS

We use the following resources to create value for our stakeholders:

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

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

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.

Financial assets
We finance our business using shareholders' equity and an appropriate level of bank debt.

HOW WE CREATE VALUE

Identify assets to acquire
We are highly selective when acquiring assets and draw on Tilstone's extensive networks, often assisted by Savills, to help us source investments. This is an important advantage for us, as it can enable us to acquire assets off-market, potentially on more attractive terms.

Review and approve transactions
Tilstone conducts thorough due diligence on potential acquisitions, including inspecting each property, ensuring the assets comply with our investment policy (see page 31) and, typically, meeting the tenants.

Monitor and manage investments
Tilstone continually reviews the property portfolio, focusing on occupancy, lease events, rental values and rent collection, and visits each asset at least bi-annually. These visits are key to our 'space intelligence', which involves understanding the assets and our tenants' current and future needs, and underpins our asset management.

Create value through asset management
Before we bid to acquire an asset, Tilstone develops a detailed business plan, including a range of asset management outcomes. We use targeted capital expenditure to support lease renewal and drive rental growth.

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.

Before we make an investment decision, we consider the level, quality and diversity of existing income from the assets, as well as the current supply and demand for space in the local market.

See our objectives and strategy on pages 14 and 15.

A report, which includes cash flow and return forecasts, is always submitted to the investment committee of Tilstone as the Investment Advisor, in the first instance. Tilstone negotiates terms with the vendor as part of this process. Following Tilstone's recommendation, G10 Capital Limited ("G10"), our Investment Manager, reviews the investment proposal and considers it for approval. The acquisition is completed in conjunction with an established law firm.

Tilstone also monitors the market, often with the support of Savills' extensive research function, so we can take advantage of potential investment and occupier opportunities. Day-to-day property management is outsourced to Savills and Aston Rose.

Tilstone's contacts are important for letting vacant space, while close tenant relationships ensure that most renew their leases, underpinning our income and rental growth.

We also explore other value-creation opportunities, for example by repositioning assets to higher-value uses or by redeveloping surplus land.

See page 28.

Once we have completed our asset management plan for that property, we will consider a disposal. We also look to dispose of assets that are non-core to the portfolio and will sell assets where future performance is forecast to be flat.

See page 26.

OUTPUTS

The value we create for our stakeholders:

Tenants
Our warehouses enable our tenants to run and grow their businesses effectively.

Shareholders
Shareholders benefit from progressive dividends, supported by a secure and growing rental stream, and from rising capital values, which contribute to growth in our NAV.

Debt providers
Our bank is able to lend against attractive assets, which provide a high level of security.

Communities
Our buildings help our tenants to create jobs in their communities, supporting the local economy.

OUR OBJECTIVES AND STRATEGY

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

Our strategy

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

1

Investment strategy

Stock selection is key to outperformance. Our investment strategy includes:

Location

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

Optionality

We look for buildings with a range of different uses which offer long-term flexibility, such as the ability to sub-divide larger units, and which have the potential to change permitted use.

Buildings

We look through the lens of the occupier, to ensure the buildings match their current and future requirements. We predominantly buy multi-let warehouse estates, which spread risk compared with single-let assets and offer more asset management opportunities. Rental increases can also be reflected across the remainder of the estate. Most buildings we buy are less than 100,000 sq ft, with a typical unit size of 5,000 to 25,000 sq ft, but we will consider larger units that meet our criteria.

2

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.

Outsourcing day-to-day property management to Savills and Aston Rose allows Tilstone's asset management team to focus on strategic conversations with tenants and to drive lease renewals and new lettings, which contribute to rental and NAV growth.

3

Financial strategy

We fund the business through shareholders' equity and bank debt. We look to raise equity at times when we can make investments that are accretive to shareholders. Our strategy for debt financing is to maintain a prudent level of debt, with a target LTV of 30-40% in the longer term. We look to hedge the interest on a proportion of our debt, to provide certainty over our financing costs.

Our objectives

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

Dividends 6.0 pence	A total dividend of 6.0 pence per share.	**Outcome in 2018/19** Achieved. Four quarterly dividends declared totalling 6.0 pence.	
Total accounting return 10% per annum	At least 10% per annum, through a combination of dividends and growth in NAV.	**Outcome in 2018/19** Achieved. The total accounting return for the year was 13.3%.	

For the year ending 31 March 2020, our dividend target is to pay dividends totalling at least 6.0 pence per share. Thereafter, we will adopt a progressive dividend policy, in line with anticipated growth in earnings. As a REIT, we are required to distribute at least 90% of our property income.

PROGRESS IN THE YEAR ENDED 31 MARCH 2019

During the year we acquired:

- Burntbroom Court, Glasgow, for £2.4 million, offering 47,400 sq ft of space next to our existing Queenslie site;
- a 49,000 sq ft warehouse let to Amazon in Widnes, Cheshire, for £2.8 million;
- Glasgow Airport's Air Cargo Centre, totalling 149,500 sq ft, for £11.1 million; and
- a 4,900 sq ft unit in Cheltenham, adjoining our existing holding, for £0.4 million.

Post year end

Since the year end, we have acquired four assets contributing an additional 568,600 sq ft of warehouse space for a total of £45.0 million reflecting a blended NIY of 6.6%.

See page 30 for more information.

During the year we:

- invested £2.1 million, or 0.69% of GAV, in capital expenditure largely in line with the long-term target of 0.75% per year;
- completed 62 new lettings, at rents 13.0% ahead of ERV;
- completed 46 lease renewals, with a 14.6% increase in headline rents;
- disposed of four assets for a total of £19.0 million, reflecting a 27% premium to book value; and
- obtained planning permission for a major mixed-use development at Queenslie, Glasgow.

Post year end

Since the year end we:

- completed a surrender at Witan Park, Witney on 70,600 sq ft. Refurbishment project underway to the value of £1.2 million to enhance the units for re-letting; and
- completed 13 lettings or renewals at rents 6.5% ahead of ERV.

During the year we:

- maintained the LTV within our target range, at 39.7%;
- took out two interest rate caps, covering £60.0 million of our debt facilities; and
- raised disposal proceeds of £19.0 million (see above) before reinvesting £16.7 million to acquire four new assets.

Post year end

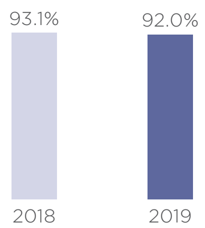
Since the year end, we have successfully issued equity, raising gross proceeds of £76.5 million.

See page 30 for more information.

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

Why is this important?

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

How we performed

Occupancy marginally declined from 93.1% at 31 March 2018 to 92.0% at 31 March 2019. Excluding units under offer to let and units undergoing refurbishment, occupancy was 94.9% at 31 March 2019.

Like-for-like rental income growth

Description

The increase in the 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 properties undergoing refurbishment.

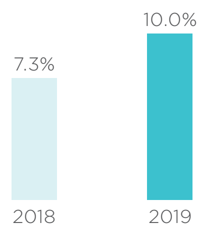
Why is this important?

Shows our ability to grow average rents over time.

How we performed

Like-for-like rents increased by 2.1%, reflecting strong rental growth on new lettings and at rent reviews (see below).

Rental increases agreed versus valuer's ERV



Description

Rent achieved on new lettings and renewals relative to the ERV as assessed by the external valuer, expressed as a percentage above the ERV at the start of the period.

Why is this important?

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

How we performed

Average rents achieved on new lettings and at rent reviews were 10.0% ahead of ERV, showing the strength of occupier demand for good quality assets and the benefits of our targeted capital expenditure.

Like-for-like valuation increase

Description

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

Why is this important?

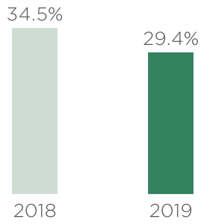
Shows our ability to add value through asset management and to drive increased capital values by capturing rental growth.

How we performed

The valuation of properties increased by 4.3% on a like-for-like basis, primarily as a result of the portfolio's income growth.

We have added four KPIs this year: like-for-like rental growth and rental increases agreed versus valuer's ERV, replacing the previously reported average rent per sq ft, as well as like-for-like valuation increase and total costs ratio. These are important measures we use to assess our performance and value creation.

Total costs ratio

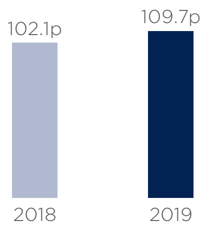


Description
The sum of property expenses and administration expenses (excluding non-recurring items) as a percentage of gross rental income.

Why is this important?
Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.

How we performed
The total costs ratio decreased from 34.5% for the period to 31 March 2018 to 29.4% for the year ended 31 March 2019. This was the result of cost control and the scale benefits resulting from growth.

EPRA NAV

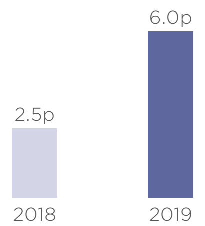


Description
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses.

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

How we performed
EPRA NAV increased from 102.1 pence per share at 31 March 2018 to 109.7 pence per share at 31 March 2019, primarily due to the increase in the portfolio's valuation.

Dividends per share

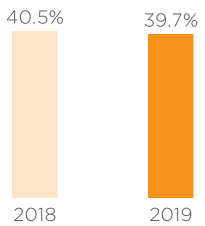


Description
The total amount of dividends paid or declared in respect of the financial year divided by the number of shares in issue in the period.

Why is this important?
Shows our ability to generate secure and growing income, which underpins progressive dividend payments to shareholders.

How we performed
The total dividend in respect of the year was 6.0 pence per share, in line with our target.

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 loan to value ratio decreased to 39.7% at 31 March 2019 in line with the longer-term target range of 30-40%.

CASE STUDY

AIR CARGO CENTRE, GLASGOW

What is it?

We bought the Air Cargo Centre at Glasgow International Airport in January 2019 for £11.1 million. It comprises two purpose-built warehouses, containing eight units let to five occupiers, servicing airport activities and the wider logistics market. The WAULT was 6.3 years on acquisition, or 4.1 years to first break. Average rents are less than £5.50 per sq ft and as low as £5.06 per sq ft on some units.

Why did we buy it?

The price was attractive, with a NIY of 6.7% and a reversionary yield in excess of 7%. The modern units are in an excellent location for both national and international operators.

What have we done since purchase?

Since acquisition, we have agreed a lease extension on 15,100 sq ft for a further five years at £5.75 per sq ft and agreed a short-term letting on one vacant unit at £8.00 per sq ft, taking the occupancy from 79.3% on acquisition to 91.6% at 31 March 2019.

What is the future?

With recent nearby lettings in the region of £7.00 per sq ft, we have significant near-term opportunities to drive rental growth. There is also potential to buy the freehold, with the asset currently held through a ground lease expiring in 2148.

Comment

"This was an exciting acquisition for Warehouse REIT, highlighting its focus on buying well-located warehouses close to important infrastructure hubs. Airport-related warehouses are in short supply and yet we were able to acquire it for the Group at less than the cost of replacement. Assets such as the Air Cargo Centre are scarce commodities and we believe the rental growth will outperform the wider market."

Andrew Bird
Managing Director, Tilstone

Key statistics

Valuation: £11.1 million
31 March 2019

Size: 149,500 sq ft
31 March 2019

Occupancy: 91.6%

Rent per sq ft: £5.27
31 March 2019

Contracted rent: £788,000
31 March 2019

Key tenants: Nippon Express (UK) Ltd, PJH Group Ltd, Alpha LSG Ltd


avec

CASE STUDY

SHAW LANE, DONCASTER

What is it?

Shaw Lane is an industrial estate of six units, totalling 65,600 sq ft. It occupies a strong location, just five minutes' drive from junction 4 of the M18, which provides direct links to the A1(M). We acquired the property at IPO and since then we have used our asset management expertise to enhance both income and value.

What have we done since purchase?

We invested £650,000 of capital expenditure on three units which were all vacated and re-let within the year. The new lettings were 17.1% ahead of the previous rent and ahead of ERV. Contracted income for the estate as a whole is up 11.8%, while the valuation has risen by 27.2%. We recovered just over half of the invested capital from the outgoing tenants as dilapidations receipts.

What is the future?

These lettings have set a new rental tone for the estate, which will provide evidence for rental growth on the remaining assets at review. Securing renewals will enable us to extend the WAULT for this asset.

Comment

"Shaw Lane is a great example of our ability to use targeted capital expenditure to support re-lettings ahead of programme and rental growth, which in turn drive higher capital values. This is a well-located estate and we see good potential for further income growth."

Paul Makin
Investment Director, Tilstone

Key statistics

Valuation:
£4.6 million
31 March 2019

Valuation:
£3.6 million
At IPO

Occupancy:
100%

Contracted rent:
£344,000
31 March 2019

Contracted rent:
£303,000
At IPO

Key tenants:
Turners Garage Ltd, Ultrimax Coatings Ltd, Redwood Global Ltd


FH61 FND

CASE STUDY

NEXUS, KNOWSLEY

What is it?

We acquired the Nexus industrial estate shortly after IPO in September 2017. The estate comprises 11 units totalling 184,800 sq ft, together with 4.2 acres of development land. It has strong transport links and is situated on junction 4 of the M57 motorway.

What have we done since purchase?

Since we bought Nexus, we have let the one vacant unit at a rent 5.4% ahead of the March 2018 ERV and agreed a new 15-year lease, with a break at year 10, on 42% of the industrial space. We have also submitted a planning pre-application for 30,000 sq ft of industrial space on two acres of the development land, along with a petrol and electric charging station and a drive-through on the remaining 2.2 acres.

What is the future?

We intend to capitalise on planning for the development land, which offers a significant valuation uplift, while extending the WAULT and capturing rental growth through renewals and lease re-gears.

Comment

"A key part of our approach to value creation is to bring forward planning for unutilised land around our assets. We look forward to moving ahead with our proposals for this site over the coming months."

Paul Makin
Investment Director, Tilstone

Key statistics

Valuation:
£9.5 million
31 March 2019

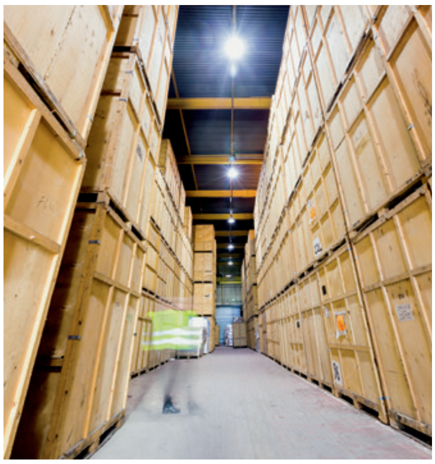
Valuation:
£8.6 million
31 March 2018

Occupancy:
100%

Contracted rent:
£985,000
31 March 2019

Contracted rent:
£916,000
31 March 2018

Key tenants:
Tuff X Processed Glass Ltd, Delphi (UK) Holdings Ltd, The Quality Moving Group Ltd




TECKNET

CASE STUDY

LAST-MILE WAREHOUSE, WIDNES

What is it?

We acquired this modern, purpose-built and newly refurbished warehouse in October 2018, for £2.8 million. It offers 49,000 sq ft of space and has excellent motorway access to Liverpool and Manchester airports, the Port of Liverpool and the M62/M6 interchange. The warehouse is let to a major e-commerce retailer on a newly agreed five-year lease, to serve its last-mile distribution needs.

Why did we buy it?

The NIY was a highly attractive 7.3% and we judged the rent of £4.42 sq ft to be reversionary, against pricing for similar space around Liverpool Airport and Warrington.

What is the future?

We are seeking to remove the planning restriction preventing 24-hour access and to extend permitted uses to B1 (business use), B2 (general industrial) and B8 (storage and distribution). We will also look to negotiate the removal of the tenant-only break clause at year three.

Comment

"This warehouse is very well suited to e-commerce business being in an established location, close to urban centres and has strong transport infrastructure. We were pleased to be able to acquire it for the Group at such an attractive NIY, with the North West market seeing record levels of investor and tenant demand."

Andrew Bird
Managing Director, Tilstone

Key statistics

Valuation:
£2.8 million
31 March 2019

NIY:
7.3%
31 March 2019

Occupancy:
100%

Average rent:
£4.42
per sq ft
31 March 2019

Contracted rent:
£216,000
31 March 2019

Tenant:
Amazon UK Services Ltd


1Y6
1Y5
1Y5

INVESTMENT ADVISOR'S REPORT

This was a strong first full year for the Group, during which it continued to successfully acquire attractive new assets and demonstrate its market-leading ability to add value through active asset management.

Asset acquisitions

Effective stock selection remains a key part of the Group's strategy and it continued to make value-enhancing acquisitions during the year, adding four assets to the portfolio as described below. In making these acquisitions, the Group complied with the investment policy set out on page 31.

31 July 2018 Burntbroom Court, Queenslie, Glasgow

Burntbroom Court is on the Queenslie Business Park estate, adjacent to the Group's existing 55-acre site. The nine purpose-built industrial units were acquired for £2.4 million, or £51 per sq ft, and at a NIY of 8.0%. The units have a floor area of 47,400 sq ft and produce income of £207,000 per annum, reflecting an average rent of £4.36 per sq ft. The Group has identified near-term asset management initiatives which should deliver significant rental growth, with a reversionary yield rising to over 9%.

23 October 2018 Distribution warehouse in Widnes, Cheshire

The 49,000 sq ft purpose-built warehouse was acquired for £2.8 million, at a NIY of 7.3%. The warehouse is let to Amazon and is on a self-contained 2.5-acre site, with a fenced yard and secure parking. At acquisition, the asset was let on a new five-year lease with a tenant-only break on the third anniversary. The purchase price of only £56 per sq ft is less than the cost of rebuilding the premises.

31 October 2018 Warehouse in Cheltenham, Gloucestershire

The Group acquired a unit of 4,900 sq ft on the Kingsditch Industrial Estate, for £0.4 million. The Group already owned a number of adjacent assets on the estate and the purchase further consolidates its position.

17 January 2019 Air Cargo Centre, Glasgow Airport

The Group acquired the Air Cargo Centre at Glasgow International Airport for £11.1 million, representing a NIY of 6.7% and a reversionary yield in excess of 7%. The 149,500 sq ft estate is arranged across two detached warehouses which were purpose built in 2000. These house eight units let to five occupiers, with a WAULT on acquisition of 6.3 years (4.1 years to first break). It generates a total net passing rent of £788,000 per annum, equating to less than £5.50 per sq ft.

Asset management

The Group's asset management activities continued to generate very favourable returns during the year, reflecting occupiers' ongoing demand for good quality industrial units in the right locations.

Disposals

The Group will consider selling mature, lower-yielding or non-core assets, so it can redeploy the capital to generate longer-term income and higher total returns. During the year, it disposed of four assets for a total consideration of £19.0 million, and used the proceeds to fund the purchase of the assets described above.

The disposals reflected a blended NIY of 5.1%, compared with the blended NIY of 6.9% for the assets acquired. The sales prices achieved were a 27% premium to 31 March 2018 book values and delivered an ungeared internal rate of return in excess of 50%. The assets sold had an aggregate contracted rent of £1.0 million per annum.

- Connaught Business Centre, Mitcham, sold for £3.9 million, reflecting a NIY of 3.6% and a 36% premium to the 31 March 2018 book value. Since acquiring the property in March 2018, the Group had reduced vacancy and increased rents from less than £14 per sq ft to set a new rental tone of £20 per sq ft.
- Quantum Park, Manchester, sold for £9.0 million, reflecting a NIY of 4.9% and a 33% premium to the 31 March 2018 book value. The warehouse is let to Travis Perkins (with five years remaining before a tenant-only break) and a specialist car repair centre. The property was acquired in December 2017 as part of a portfolio of seven assets. During its ownership, the Group explored occupier intentions and clarified the potential to enhance the asset and increase value, thereby maximising sale proceeds.
- Warwick House, Solihull, sold for £2.9 million, reflecting a 12% premium to the 31 March 2018 book value. Warwick House is a 15,500 sq ft purpose-built 1970s office building, which had a two-year WAULT on disposal and was a non-core asset for the Group. The Group had worked with its planning partners to demonstrate the asset's suitability for both residential and office redevelopment, to broaden demand and maximise the sale proceeds.

- Stukeley Meadows, Huntington, sold for £3.3 million, reflecting a NIY of 5.4% and a 16% premium to the 31 March 2018 book value. Stukeley Meadows is a 30,000 sq ft multi-let industrial estate. Since purchase earlier in the year, the Group had increased the level and longevity of income by securing a new 10-year lease from Howdens, thereby maximising returns from a sale.

Capital expenditure

The Group has a target of investing 0.75% of its GAV in capital expenditure each year. During the year ended 31 March 2019, the Group spent a total of £2.1 million, largely in line with the long-term target.

The Group's capital expenditure falls into two categories. First, it invests in refurbishing vacant units, to prepare them for re-letting. This cost is partially offset by dilapidations received from outgoing tenants and has been a key enabler of achieving rental levels on new lettings ahead of the valuer's ERV (see leasing activity below).

Second, the Group also invests in value enhancing improvements or extensions to units, to support tenants' business growth plans, in exchange for higher rents or extended leases. This has already been achieved, for example, at Nexus, Knowsley with a new 15-year lease concluded in return for improvements to the roof.

Leasing activity

The Group's leasing activity was highly positive during the year, reflecting its strong occupier relationships and its constant work to understand occupier requirement. This 'space intelligence' is a key differentiator for Warehouse REIT.

New lettings

During the year, the Group secured 62 new leases on previously vacant space. Significant new lettings included:

- a 15-year lease, with a break at year 10, for a 60,000 sq ft warehouse at Deeside Industrial Estate, Chester. The competitive rent of £3.50 per sq ft, rising to £5.00 per sq ft over the first four years, will be reviewed by reference to RPI at years five and 10. The average rent over the initial five years represents a 16.2% premium to the 30 September 2018 ERV. This unit became vacant following the previous tenant entering administration (see the financial performance section on page 29 for more information);
- a 15-year lease, with a break at year 10, to the existing tenant at South Gyle Industrial Estate, Edinburgh. This more than doubled the tenant's occupancy on the site to 48,000 sq ft, at a favourable rent of £7 per sq ft, and increased the length of the lease on the occupier's entire holding;
- a 10-year lease, with a break at year five, on two units at Peartree Lane, Dudley. The rental level is 6.5% ahead of the 31 March 2018 ERV;
- an 8,700 sq ft letting to a global health and beauty brand at Stadium Industrial Estate, Luton, on a five-year lease with a break at year three, at £62,900 per annum, 20.8% ahead of the 31 March 2018 ERV;
- a five-year lease, with a break at year three, at Farthing Road, Ipswich. The annual rent of £38,600 per annum is 11.1% ahead of the 31 March 2018 ERV;
- a 10-year lease at Oldbury Point, West Bromwich. The rent of £4.75 per sq ft for the recently refurbished 20,000 sq ft unit compares with the ERV of £3.60 per sq ft when the Group acquired the unit at IPO;
- a five-year lease at Nexus, Knowsley. The headline rent of £4.17 per sq ft is 5.4% ahead of the 31 March 2018 ERV;
- a 10-year lease on 15,800 sq ft at Stadium Industrial Estate, Luton, at £7.50 per sq ft, 25.0% ahead of the ERV at 31 March 2018; and
- a 10-year lease on 16,200 sq ft at Shaw Lane, Doncaster, at £5.50 per sq ft, 11.2% ahead of the ERV at 31 March 2018.

In total, the new leases signed in the period will generate annual rent of £2.1 million, which is 13.0% ahead of ERV. The new lettings demonstrate the shift towards longer leases, with 12 new leases of 10 years or more.

Lease renewals

During the year, the Group successfully retained 72.9% of tenants at lease expiry and 80.9% with a break arising in the year. Of the tenants whose leases expired and did not vacate, 30.2% signed new leases and 69.8% continued to hold over. Occupiers who chose not to renew typically did so because the Group was unable to offer them more space on the same site.

In total, 46 lease renewals were completed in the year. Notable renewals included:

- a 10-year lease, with a break at year five at Vantage Point, Leeds. The new lease reflects a passing rent of £209,100 per annum (£4.34 per sq ft), in line with the previous rent, with a rent review currently underway;
- a 10-year lease, with a break at year five, at Queenslie Business Park, Glasgow. The new rental level is in line with the ERV at 31 March 2018 and reflected a 16.8% increase over the previous passing rent;
- a 15-year lease, with a break at year 10, on 62,400 sq ft at Nexus, Knowsley. The new rental level is 33.3% ahead of ERV at 31 March 2018; and
- a five-year lease on 20,500 sq ft at Road One, Winsford at a rental level 17.5% ahead of ERV at 31 March 2018.

INVESTMENT ADVISOR'S REPORT continued

Asset management continued

Leasing activity continued

Lease renewals continued

The lease renewals secured an average increase of 14.6% above previous passing rent or 6.0% above ERV.

The Group was able to re-let 28.1% of units vacated before the end of the year, securing an average rental increase of 13.0% above previous passing rent or 10.2% above ERV.

Development activity

In October 2018, the Group received outline planning permission for up to 250,000 sq ft of employment-led space on a 16-acre site at the Queenslie Business Park in Glasgow. The units are expected to appeal to a wide variety of occupiers and will include distribution and logistics, industrial, commercial, storage, trade-counter, roadside and hospitality space.

The 16 acres form part of the Group's wider 55-acre holding at Queenslie Business Park, which contains approximately 350,000 sq ft of existing floor space.

Since receiving planning permission, the Group has commenced the task of satisfying pre-commencement planning conditions and begun to work up occupier interest, with a view to securing pre-lets. Construction will take place in a number of phases, with the development set to create value for shareholders over the next two to four years. In line with the Group's investment policy, work will only start when the majority of units being built are pre-let. The Group may also look to further expand its land and property holdings at Queenslie.

The Group's successful letting activity has assisted in increasing rental tone and lengthening WAULT during the year to 4.6 years at 31 March 2019 compared to 4.1 years at 31 March 2018, thereby more than offsetting the natural reduction from the passage of time. The occupancy at 31 March 2019 stood at 92.0%, marginally lower than 93.1% at 31 March 2018, which is lower than the Group's long-term target of around 95% but, rental-enhancing refurbishment can only take place in vacant units. Occupancy excluding units under offer to let and units undergoing refurbishment was 94.9% as at 31 March 2019.

A full portfolio listing can be found on pages 110 to 112.

Portfolio analysis

The table below analyses the Group's portfolio as at 31 March 2019. In total, the portfolio offered 4.6 million sq ft of space and was valued at £307.4 million.

Warehouse sector	Occupancy	Valuation £m	Net initial yield	Reversionary yield	Lease length to expiry Years	Lease length to break Years	Average rent £ per sq ft	Average capital value £ per sq ft
Warehouse storage and distribution	90.6%	218.8	6.3%	7.5%	4.6	3.0	5.02	65
Light manufacture and assembly	96.3%	49.9	7.0%	7.6%	4.4	2.6	4.53	59
Warehouse – trade use	100.0%	12.7	6.7%	7.2%	6.5	5.0	7.02	95
Warehouse – retail use	100.0%	11.2	8.3%	9.0%	5.3	5.3	10.94	124
Workspace/office	84.5%	14.8	7.4%	8.8%	2.8	1.8	10.20	106
Total portfolio	**92.0%**	**307.4**	**6.6%**	**7.6%**	**4.6**	**3.1**	**5.26**	**67**

At the year end, the contracted rent roll was £21.6 million, resulting in a NIY of 6.6%. This compared with an ERV of £24.9 million, giving a reversionary yield of 7.6%. The Group's asset management activity is progressively unlocking this strong reversionary potential. The ERV typically assumes that a unit is re-let in its current condition and does not take account of the potential to increase rents through refurbishment, repositioning or change in permitted planning use.

Financial review

Comparative figures

The Company was admitted to AIM on 20 September 2017, at which point it acquired the seed portfolio and began trading. The period ended 31 March 2018 therefore only includes just over six months of business operations. As a result, it is not meaningful to draw comparisons between the Group's financial performance for the period ended 31 March 2018 and the year ended 31 March 2019, and therefore the discussion below largely considers the Group's financial performance for the year ended 31 March 2019 on a standalone basis.

Performance

Rental income for the year was £20.6 million (period to 31 March 2018: £6.3 million). Total revenue, which includes insurance recharges and dilapidation income, was £22.0 million (period to 31 March 2018: £6.6 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 £9.0 million (period to 31 March 2018: £2.4 million). This includes one-off costs totalling £2.2 million, associated with the terminated acquisition with Hansteen Holdings plc and the default of the tenant at Deeside which entered into administration. Excluding these one-off costs, operating costs were £6.8 million. One-off costs incurred in the period to 31 March 2018 comprised £0.2 million in termination fees relating to the refinancing of the Group's debt facilities.

The EPRA cost ratio including direct costs for the year ended 31 March 2019, which is calculated as costs as a percentage of revenue, was 39.6% (period to 31 March 2018: 34.5%) or 29.4% excluding the one-off costs noted above. The ongoing charges ratio, which is the costs of running the REIT and investment management costs as a percentage of NAV, was 3.1% or 1.9% excluding the one-off costs noted above.

The profit on the sale of the four investment properties disposed of in the year was £3.5 million (period to 31 March 2018: £nil). The Group recognised a gain of £11.2 million on the revaluation of its investment properties at the year end (period to 31 March 2018: £5.2 million).

Net financing costs, which include the interest costs associated with the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging), amounted to £5.0 million for the year (period to 31 March 2018: £0.8 million), excluding the termination fee noted above.

Statutory profit before tax was £22.8 million (period to 31 March 2018: £8.4 million).

As a REIT, the Group's profits and gains from its property investment business are exempt from corporation tax. The corporation tax charge for the year was therefore negligible, at £5,000 (period to 31 March 2018: £nil).

Earnings per share ("EPS") under IFRS was 13.7 pence (period to 31 March 2018: 5.0 pence). EPRA EPS was 5.1 pence (period to 31 March 2018: 1.9 pence). Adjusted EPS, defined as EPRA EPS excluding the one-off costs described above, was 6.4 pence (period to 31 March 2018: 2.0 pence).

EPRA EPS was 5.1 pence (period to 31 March 2018: 1.9 pence). Adjusted EPS, defined as EPRA EPS excluding the one-off costs described above, was 6.4 pence (period to 31 March 2018: 2.0 pence).

Dividends

The table below sets out the interim dividends declared in respect of the year ended 31 March 2019:

Quarter to	Declared	Paid or to be paid	Amount (pence)
30 Jun 2018	24 Aug 2018	28 Sep 2018	1.5
30 Sep 2018	12 Nov 2018	28 Dec 2018	1.5
31 Dec 2018	8 Feb 2019	29 Mar 2019	1.5
31 Mar 2019	20 May 2019	28 Jun 2019	1.5
Total			**6.0**

The Board has declared a fourth interim dividend of 1.5 pence per share for the quarter to 31 March 2019. This will be paid on 28 June 2019 to shareholders on the register at 31 May 2019. The ex-dividend date will be 30 May 2019.

The total dividend in relation to the year was therefore 6.0 pence (period to 31 March 2018: 2.5 pence), in line with target. All four dividends were declared in full as property income dividends.

The total dividend was 1.1 times covered by adjusted EPS (period to 31 March 2018: 0.8 times). The Board considers that adjusted EPS is the most appropriate earnings measure for calculating dividend cover.

The cash cost of the total dividends for the year is £10.0 million (period to 31 March 2018: £4.2 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 2019, in accordance with the RICS Valuation Global Standards (the "Red Book").

The portfolio valuation of £307.4 million (31 March 2018: £291.0 million) reflected the £15.0 million book value of the disposals during the year. It represented an increase of 8.9% on the aggregate purchase price and a 4.3% like-for-like increase on the valuation at 31 March 2018. The valuation increase was driven by both income growth, represented by a 4.0% like-for-like increase in ERV, and yield compression. The EPRA NIY was 6.1% (31 March 2018: 6.2%).

The valuation resulted in an EPRA NAV at 31 March 2019 of 109.7 pence per share, an increase of 7.4% from the EPRA NAV at 31 March 2018 of 102.1 pence per share.

Debt financing and hedging

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

At the year end, the term loan was fully drawn and £97.0 million had been drawn against the RCF, resulting in total debt of £127.0 million (31 March 2018: £124.5 million) and headroom within the facilities of £8.0 million. The Group's LTV ratio at 31 March 2019 was 39.7% (31 March 2018: 40.5%), within the longer-term target range of 30-40% and well below the limit in the investment policy of 50%.

On 28 January 2019, the Group entered into two interest rate caps of £30.0 million each, at rates of 1.50% and 1.75% (excluding lending margin). The caps terminate in November 2022 and November 2023 respectively and had an aggregate cost of £0.6 million. At 31 March 2019, the Group had therefore hedged the interest costs on 44% of its debt. In the medium term, its aim is to hedge 50-60% of its interest costs, reflecting the Group's prudent approach to debt financing.

Post year end activity

On 2 April 2019, the Company raised gross proceeds of £76.5 million through a placing, open offer and offer for subscription. In total, the Company issued 74,254,043 new ordinary shares at 103.0 pence each. Once geared to up to 40%, this gives the Group in excess of £120.0 million to acquire value-accretive assets.

The Group has also made a number of acquisitions since the year end:

- a 53,000 sq ft single-let industrial unit in Wakefield for £4.2 million, reflecting a NIY of 6.3%. The tenant has agreed a new 15-year lease, generating £281,000 per annum, which equates to £5.25 per sq ft. There are CPI-linked rent reviews and tenant-only break options at years five and 10;
- assets in Northampton and Aberdeen, for a combined cost of £37.0 million and a blended NIY of 6.6%. In Northampton, the Group acquired the freehold of two John Lewis distribution units, totalling 336,000 sq ft. John Lewis has the highest available 5A1 covenant rating and has been on site for over 25 years. It has signed new five-year leases, with a headline rent of £1,836,000 per annum across both units;
- in Aberdeen, the Group acquired the long-leasehold 125,000 sq ft Murcar multi-let industrial estate. The estate is 100% let to a range of occupiers, with a WAULT of 8.0 years (5.2 years to break) and total net passing rent of £776,000 per annum; and
- an additional three units adjacent to its existing holding at Tewkesbury Business Park, totalling 54,600 sq ft, for £3.8 million. The units have a WAULT of 7.0 years and reflect a net initial yield of 6.9%.

Enhancing the Investment Advisor's capabilities

Tilstone has continued to invest in its team, with a total headcount of 17, to ensure it can offer the best possible service to the Group. It now employs 10 property professionals, giving complete coverage of the UK. The expanded team will enable Tilstone to maintain its rigorous focus on understanding the needs of the Group's occupiers as the portfolio continues to grow.

Investment Manager

The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive and, as such, is required to have an investment manager who is duly authorised to undertake that role. G10 is the Company's AIFM (the "Investment Manager"), with Tilstone providing advisory services to both G10 and the Company. Having reviewed the structure for providing management services, the Board concluded that the Company is best served by continuing the existing arrangements, allowing Tilstone to focus on value creation, with G10 managing regulatory matters.

Compliance with the investment policy

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

Investment policy	Status	Performance
The Group will only invest in warehouse assets in the UK.	✓	All of the Group's assets are UK-based urban warehouses.
No individual warehouse will represent more than 20% of the Group's last published GAV at the time it invests.	✓	The largest individual warehouse represents 5.0% of GAV.
The Group will target a portfolio with no one tenant accounting for more than 10% of its gross contracted rents at the time of purchase. No more than 20% of its gross assets will be exposed to the creditworthiness of a single tenant at the time of purchase.	✓	The largest tenant accounts for 3.0% of gross contracted rents and 3.8% of gross assets.
The Group will diversify the portfolio across the UK, with a focus on areas with strong underlying investment fundamentals.	✓	The portfolio is well balanced across the UK, as shown in the chart on page 4.
The Group can invest no more than 10% of gross assets in other listed closed-ended investment funds.	✓	The Group held no investments in other funds during the year.
The Group will not speculatively develop properties, except for refurbishing or extending existing assets. Speculative developments are those which have not been at least partially leased, pre-leased or de-risked in a similar way.	✓	Other than refurbishing vacant units, the Group did not undertake any speculative development in the period.
The Group may invest directly, or through forward funding agreements or commitments, in developments (including pre-developed land), where: • the structure provides us with investment risk rather than development risk; • the development is at least partially pre-let, sold or de-risked in a similar way; and • we intend to hold the completed development as an investment asset. The Group's exposure to these developments cannot exceed 15% of gross assets at the time of purchase.	✓	The Group made no investments or financial commitments to pure developments in the period.
The Group views an LTV of between 30% and 40% as optimal over the longer term but can temporarily increase gearing up to a maximum LTV of 50% at the time of an arrangement, to finance value-enhancing opportunities.	✓	The LTV at 31 March 2019 was 39.7%.

The Company's full investment objective and policy are set out on pages 115 and 116.

Tilstone Partners Limited
Investment Advisor

20 May 2019

RISK MANAGEMENT AND PRINCIPAL RISKS

The Board is responsible for identifying, reviewing, managing and mitigating risks.

Risk management process

Effective risk management is key to the successful delivery of our strategy.

The Board has put in place a formal risk framework, which governs our approach to risk management. The framework sets out the mechanisms by which the Board identifies, evaluates and monitors its principal risks and the effectiveness of the controls in place to mitigate them. This includes:

- the Board's approval of a detailed corporate risk register, which identifies and evaluates significant business, financial, operational, compliance and reputational risks; and
- the review of assurance and information about the management of those risks, from both contracted service providers and independent sources.

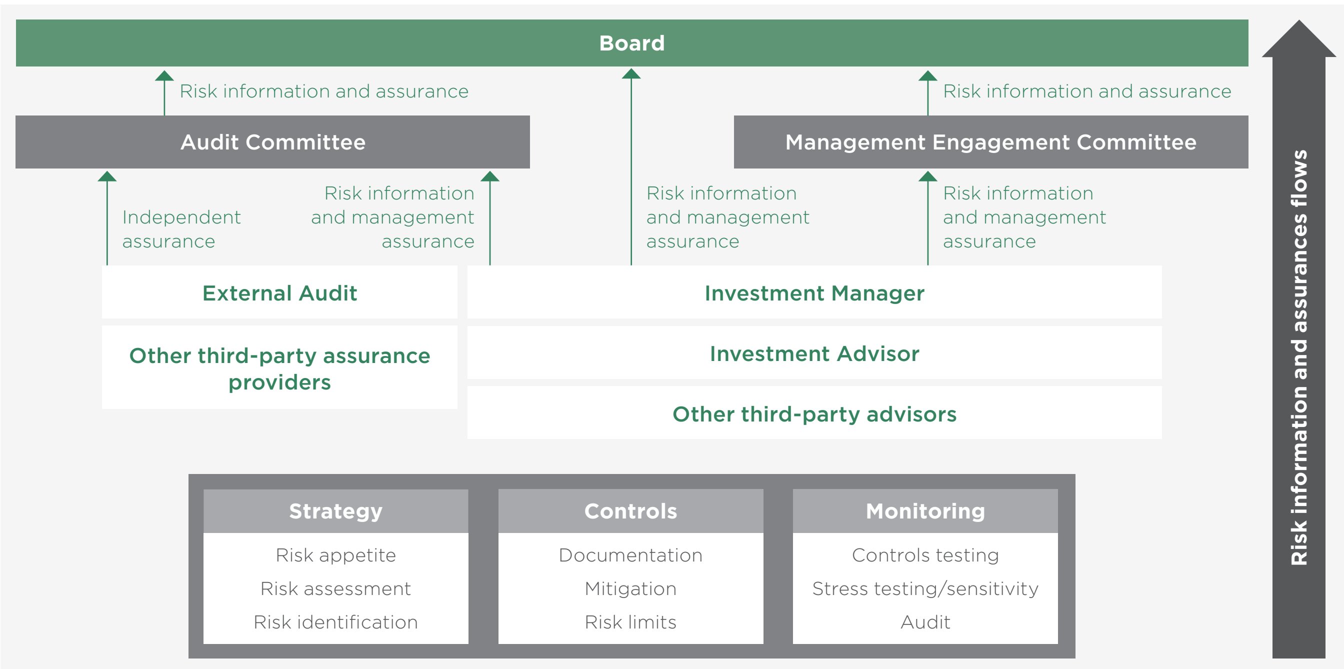
The Board determines the level of risk it will accept in achieving our business objectives. We have no appetite for risk in relation to regulatory compliance or the health, safety and welfare of our tenants and the wider community in which we work. We have a moderate appetite for risk in relation to activities which drive revenues and increase financial returns for our investors.

The Audit Committee has considered the effectiveness of our risk management process, and reviewed the corporate risks and those risks which are considered to be principal risks. The Committee has also reviewed information relating to actions taken and the effectiveness of mitigating controls, prior to advising the Board. The Board then carried out its own assessment and approved the list of principal risks.

The Investment Manager is the appointed AIFM to the Company and, as required under the AIFMD, has established and maintains an effective and suitable risk management policy to allow the identification, monitoring and management of the risks to which the Investment Manager and the Group are exposed.

The Investment Manager and Investment Advisor therefore have a primary role alongside the Audit Committee and the Board in shaping the risk policy of the Group, in addition to responsibility for risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the Group's risk profile.

Risk management framework



The Management Engagement Committee is responsible for monitoring the performance of third parties, including the Investment Manager and Investment Advisor, and would include the quality and effectiveness of the risk management process within their scope.

Further information about our internal control and risk management procedures can be found in the corporate governance statement on pages 44 to 51. Our principal financial risks, our policies for managing them and our policy and practice with regard to financial instruments are summarised in note 25 to the financial statements.

Principal risks

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

The principal risks are captured in the corporate risk register and are reviewed by the Board and Audit Committee during their regular meetings. This includes reviewing:

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

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

The heat map summarises our exposure to our principal risks.

Within our regular risk reviews, we have specifically considered the potential impact of Brexit on the Group. Overall, we consider that the direct, short to medium term impact would be minimal. The UK property market, in particular the industrial/logistics sector, has remained reasonably robust and demand for property remains strong.

The number of assets and the range and volume of tenants give us confidence that Brexit would not have an immediate significant impact on the business. It is part of our risk register, but under the wider risk of a broader economic recession, which is not currently considered to be one of our principal risks.

Our risk areas

Business risks

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

Operational risks

These focus on the Group's core business activities, namely portfolio composition and management, developments, valuation and tenancy management.

Compliance risks

These relate to the regulatory environment in which we operate, including the requirements of the FCA, AIM, FRC and general business regulation.

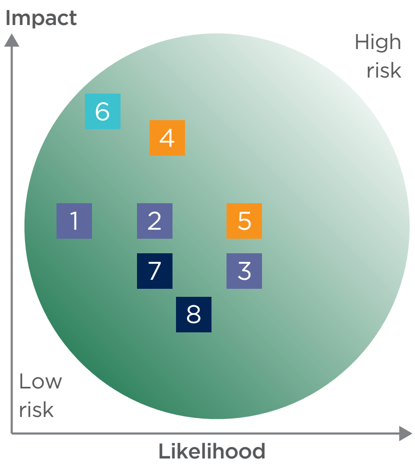
Financial risks

These risks arise from our strategy for funding our business operations, including investors, debt and cash management.

Reputational risks

These are risks that could damage the Group's reputation amongst stakeholders.

We consider risks under these five main headings but recognise that they are often inextricably interlinked.



Business risks

1 Poor performance of the Investment Advisor

2 Poor portfolio returns

3 Interest rate volatility

Operational risks

4 Inappropriate acquisitions

5 Inability to attract investors

Compliance risks

6 Loss of REIT status

Financial risks

7 Breach of loan covenant/policy

8 Significant bad debts

RISK MANAGEMENT AND PRINCIPAL RISKS continued

Business risks

Risk	Potential impact	Mitigation
1 **Poor performance of the Investment Advisor** Change in year: —	If the Investment Advisor does not perform as anticipated, there is potentially a significant risk to our success.	Individuals within the Investment Advisor have significant shareholdings in the Company, which significantly reduces the risk that the Investment Advisor will not fulfil its responsibilities. In addition, there is a comprehensive contract between the Company and the Investment Advisor, setting out the requirements and expectations for each party. The Board and the Investment Advisor frequently liaise, supporting the regular Board meetings and comprehensive formal reporting that has been put in place. The Management Engagement Committee annually carries out a formal service review of the Investment Advisor.
2 **Poor returns on the portfolio** Change in year: —	If our strategy is not delivered effectively, it would be challenging to produce the target returns set out in the Company's prospectus.	The Board uses its expertise and experience to set our investment strategy and seeks external advice, such as independent asset valuations, to underpin its decisions. There are complex controls and detailed due diligence arrangements in place around the acquisition of assets, designed to ensure that investments will produce the expected results. Significant changes in the portfolio, both acquisitions and disposals, require specific Board approval. The Board regularly reviews performance statistics against forecasts and targets.
3 **Significant volatility in interest rates** Change in year: ∨	Changes in interest rates could affect our ability to fund and deliver our strategy. Interest rate changes may also affect overall market stability.	The Investment Advisor maintains detailed forecasts, which are subject to regular scenario testing. These forecasts enable us to react to changes in economic conditions in a planned and appropriate manner. We actively manage our debt position. We also reviewed our hedging strategy during the year and put in place appropriate caps.

Operational risks

Risk	Potential impact	Mitigation
4 **Acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment strategy** Change in year: —	Inappropriate acquisitions could reduce our returns and increase risk.	We have a clearly defined investment strategy, with processes and controls designed to ensure that acquisitions are made only if they comply with it. Robust and documented due diligence processes have been established for all key areas of consideration, including portfolio mix, property type and quality, legal issues, environmental requirements, sector and quality of tenant. Where appropriate, external expertise is sought, for example on environmental issues and property valuations. There is a documented investment acquisition protocol in place. All potential acquisitions are measured against our agreed investment strategy, by the Investment Advisor and the Investment Manager, and significant acquisition decisions must be approved by the Board.
5 **Inability to attract investors** Change in year: —	If we cannot attract additional investors, there would be a potential impact on the share price, and on our ability to raise funds and deliver the strategy.	The quality of our performance is inherent to our ability to attract additional investment. Portfolio performance and results are subject to regular and detailed review by the Board. The Board also regularly reviews the Investment Advisor's performance, both formally and informally. We have a comprehensive investor engagement programme, including regular meetings with analysts and investors, where we set out our activities, performance and plans. The REIT Board receives reports from the engagement programme, and the Chairman and other Directors are involved on a regular basis. The investor base has increased following the recent fundraise.

Compliance risks

Risk	Potential impact	Mitigation
6 **Loss of REIT status** Change in year: ↓	If we breach REIT or AIM rules, there would be a significant impact on investors.	We have a comprehensive governance framework, including the Board and Audit Committee and clearly allocated responsibilities, set out through the matters reserved for the Board, terms of reference for Board Committees, and contracts with the Investment Advisor and other key service providers. The Company's position against key requirements is continuously monitored by the Investment Advisor and regularly reported to the Board. During the year, we have strengthened our controls, with additional monitoring carried out by the Investment Advisor and the Administrator, which includes reconciliation checks between financial, dividend payment and taxation records. The Investment Advisor and Investment Manager have also enhanced their working arrangements and control processes, ensuring there is clear segregation of duties and review of key transactions.

RISK MANAGEMENT AND PRINCIPAL RISKS continued

Financial risks

Risk	Potential impact	Mitigation
7 **Breach of borrowing policy or loan covenants** Change in year	Breaching borrowing policies and/or loan covenants may affect our ability to obtain additional funding, either through investment or financing.	We have a robust framework of controls to ensure that we do not breach our borrowing policy or loan covenants. A formal hedging policy was approved by the Board during the year and the Investment Advisor continually monitors our position against the policy and the loan covenants, and reports on them to the Board. We prepare a quarterly compliance letter for our lenders, which confirms our position over the period. Loan to value ratios are reviewed regularly and investment decisions take these into account. In addition, the successful fundraise carried out in April 2019 generated cash resources which have reduced our overall debt and improved the loan to value ratio, albeit this will change as additional asset investments are made.
8 **Significant rent arrears and irrecoverable debt** Change in year	A significant loss of rental income through bad debts could have a material impact on our ability to meet our financial forecasts.	We have a large and diverse tenant portfolio, which means we do not have a high level of exposure to any specific sector or organisation. The Investment Advisor continually monitors our exposure to larger tenants and undertakes robust due diligence on potential tenants, followed by effective and timely credit control processes to ensure action is taken at the early stage of any arrears and any debt is recovered. We also take rent deposits and rent guarantees, where appropriate, and rents are predominantly paid in advance.

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.

Based on this information, 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. They therefore have adopted the going concern basis in the preparation of the Annual Report and Financial Statements.

Assessment of viability

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

The Directors have conducted their assessment over a three-year period to May 2022, 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 33 to 36 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 the viability assessment.

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

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

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

Current debt and associated covenants are summarised in note 17, with no covenant breaches during the period.

Viability statement

Having considered the forecast cash flows, covenant compliance and the impact of sensitivities in combination, the Directors confirm that 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.

Approval

The strategic report was approved by the Board and signed on its behalf by

Neil Kirton
Chairman

20 May 2019

WHAT'S IN THIS SECTION

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

High standards of corporate governance are a prerequisite for any ambitious listed company.

I believe that high standards of corporate governance are a prerequisite for any ambitious listed company's ability to access and build long-term relationships with investors. During the financial year, your Board continued to exercise its corporate governance responsibilities while increasing its commitment to ensuring that, as a business, we are developing, monitoring and reviewing our own processes in this regard.

Your Board met once every quarter, but this significantly understates the time all the Directors devoted to ensuring we apply appropriate challenge and rigour to the way we allocate capital, so that we can take advantage of opportunities as Tilstone sources them.

Separate from the Board meetings, we also conducted a strategy day attended by all the Board members and a number of Tilstone's senior staff. Chaired by my colleague Aimée Pitman, we reviewed a carefully structured agenda designed to revisit and retest our original proposition to investors at IPO. This included reassessing the dynamics of our chosen asset class and discussions around resourcing, the ongoing availability of quality stock to review and possibly acquire, the political and economic backdrop, and the management of our investor relations effort. We all felt that this was a highly beneficial exercise, conducted against a backdrop of rapid growth since IPO.

We have recently concluded our first review of how your Board operates. We have reviewed each of our Committees (Management Engagement, Nomination and Audit), and also assessed both the Board's performance and my own as your Chairman. Since the Board came together in the run-up to IPO, I have been delighted at the commitment, endeavour and spirit with which the Board has operated, both in its own deliberations and in the ongoing dialogue with Tilstone. As a relatively young PLC, it would be wrong to shy away from the fact that while each individual brings significant relevant experience to the task in hand, everyone learns by working together as a unit with a particular purpose – in this case to ensure that shareholders' money is safeguarded and invested wisely for attractive returns.

As noted in my statement in the strategic report, the Board was pleased to welcome Lynette Lackey as a new Non-Executive Director and Chair of the Audit Committee. More information on the appointment process can be found in the Nomination Committee report on page 52.

In last year's Annual Report, the Board reported on its compliance with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA Code"), with reference also to the AIC Code of Corporate Governance for Investment Companies (the "AIC Code") where it supported our governance framework whilst we worked towards full compliance with the AIC Code. The Board has now decided to report solely against the AIC Code as we believe this provides better information to shareholders.

The Board is also aware of the requirements of the revised AIC Code published in February 2019. Our aim is to comply in full with the new Code and we will develop our response to the new requirements in the coming months, with the first reporting to take place in the Annual Report for the year ending 31 March 2020.

Neil Kirton
Chairman

BOARD OF DIRECTORS

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities. All the Directors are non-executive and the majority are independent of the Investment Advisor.

Neil Kirton

Chairman

Neil has over 25 years of experience working in the securities and investment banking industries in the City of London and is presently a managing director at Kroll, a division of Duff and Phelps, in their Business Intelligence and Investigations Practice and Head of Kroll's London office.

He is also a non-executive director of Ingenta plc. Neil was formerly Global Head of Equity Distribution at ABN AMRO Bank NV and a member of ABN AMRO's Global Equity Directorate. He was Head of UK Equity Sales and Deputy Chief Executive at Hoare Govett, Head of Equities at Bridgewell Securities, Head of Corporate Finance and CEO at Arbuthnot Securities and an executive director of Arbuthnot Banking Group plc.

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

Aimée Pitman

Non-Executive Director

Aimée runs her own strategy consulting business, Pitman & Co. Consulting. She has over 25 years' experience in strategy development across various sectors, most notably real estate, travel and leisure, and financial services. As an independent consultant, she works as a Client Director alongside the partners of Eden McCallum LLP, a London-based consultancy firm, where she co-leads the Travel & Leisure and Property practices. She is also a non-executive advisor of McArthurGlen and a director of Go Native Holdings Limited.

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

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

Lynette Lackey

Non-Executive Director

Lynette is a chartered accountant and experienced non-executive director with considerable knowledge of the real estate sector. Lynette is a non-executive director of Places for People Group and, until 31 March 2019, was senior independent director and chair of the group audit and risk committee of the group board. From 1 April 2019, she has been appointed chair of the regulated board of the group. She is also a non-executive director and chairs various group board committees at The London Chamber of Commerce and Industry and at Land Aid Charitable Trust.

Lynette previously spent 10 years as a partner of BDO LLP, where she was responsible for a portfolio of real estate investor and developer clients. Her experience also includes being a former partner in Greenside Real Estate Solutions as well as the chairman of the Association of Women in Property.

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

Martin Meech

Non-Executive Director

Martin is the group property director of Travis Perkins plc, the largest supplier of building materials in the UK, and chief executive officer of Travis Perkins (Properties) Ltd. In this role, he oversees the group's freehold portfolio, with a market value in excess of £700 million, and is also responsible for group environment.

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

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

Simon Hope

Non-Executive Director (non-independent)

Simon leads the real estate investment teams at Savills. He was on the Savills plc board from 1999 to 2010, and has sat on the Group Executive Board since 2008. His customers have included Lloyds Bank plc, LondonMetric Property plc, Employees' Provident Fund, Barlows plc, State of Michigan Pension Fund and Hansteen Holdings plc. He helped to establish the Charities Fund Property Board in 2001, which has a current fund value of approximately £1.16 billion and is the first Common Investment Fund available to all charities in England and Wales that directly invests in UK commercial property.

As part of Savills Investment Management, Simon was chair of Savills UK Limited's proprietary trading arm, Grosvenor Hill Ventures Limited, during a five-year period up to 2006, when this fund delivered an internal rate of return in excess of 35%. Simon is the non-executive chairman of Tilstone and represents Tilstone on the Board.

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

Stephen Barrow

Non-Executive Director (non-independent)

Stephen is an experienced global equity investor. He is currently a member of the Advisory Board of Glia Ecosystems Limited and a non-employee Partner of Absolute Return Partners in Richmond, where he manages his own portfolio. In his former roles as Chief Investment Officer at IronBridge International and Head of Global Equities at Deutsche Asset Management, Stephen managed over £5 billion of assets for a wide variety of clients, including many large global institutions.

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

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

INVESTMENT ADVISOR

The Board has appointed Tilstone Partners Limited ("Tilstone") to provide day-to-day management advisory services to the Group.

Simon Hope

Non-Executive Chairman

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

Simon's biography can be found on page 41.

Andrew Bird

Managing Director

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

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

Paul Makin

Investment Director

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

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

Peter Greenslade

Finance Director

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

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

CORPORATE GOVERNANCE STATEMENT

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

Statement of compliance

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

During the year ended 31 March 2019, the Company has complied with the QCA Code. As the Company is a member of the Association of Investment Companies ("AIC"), the Directors also applied the AIC Code where it supported the Company's governance framework. The Board had previously reported that it was working towards full compliance with the AIC Code and has now decided to report solely against the AIC Code in this corporate governance statement and in future Annual Reports. It considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"), provides better information to shareholders.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide published in July 2016. A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk.

The Board notes the publication of the revised AIC Code in February 2019, which is applicable to the Company for the financial year ending 31 March 2020. The Board is developing its response to the new requirements and will report further in next year's Annual Report.

The Board of Directors

The Board consists entirely of Non-Executive Directors, with no individual having unfettered powers of decision. The Directors possess a wide range of relevant business and financial expertise and brief biographies, including details of their significant commitments, can be found on pages 40 and 41. The Directors consider that they commit sufficient time to the Company's affairs.

Each Director has been appointed for an initial three-year term, subject to re-election at each AGM (see page 46). The Board has not stipulated a maximum term of any directorship.

None of the Directors has a service contract. Letters of appointment set out the terms of their appointment and copies are available on request from the Secretary and will be available at the AGM. The Directors are not entitled to any compensation for loss of office.

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

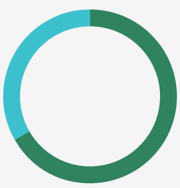
Chairman and Senior Independent Director

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

The Board has appointed Martin Meech as the Senior Independent Director. He provides a channel for any shareholder with concerns regarding the Chairman and leads the independent Directors' annual evaluation of the Chairman.

Structure of the Board

Board structure



- Independent 4
- Non-independent 2

Gender split

- Male 4
- Female 2

Board operation

The Directors meet at regular Board meetings, held at least four times a year, with additional meetings arranged as necessary. The table below sets out the Directors' attendance at scheduled Board and Committee meetings during the year ended 31 March 2019, against the number of meetings each Board member was eligible to attend:

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Neil Kirton	6/6	—	2/2	2/2
Stephen Barrow	6/6	3/3	—	—
Simon Hope	5/6[1]	—	—	1/2[1]
Lynette Lackey[2]	2/2	1/1	—	—
Martin Meech	6/6	3/3	2/2	2/2
Aimée Pitman	5/6[1]	3/3	2/2	—

1. Absent as the relevant meeting was required to be rescheduled. To the extent that meetings were missed, notice was provided and apologies given to the Chair of the respective meeting.
2. Appointed as a Non-Executive Director of the Company on 15 November 2018.

Additional Board meetings were also held during the period in respect of the placing, open offer and offer for subscription completed in April 2019 and the appointment of Lynette. The Board also held a strategy meeting during the period.

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 are aware of the need for regular Board evaluation, so they can monitor and improve the Board's performance. The Board has therefore opted to undertake an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of its Committees. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. Any training needs identified as part of the Board evaluation process are also considered.

The evaluation process was carried out following the year end and was conducted by the Chairman. Martin Meech, as the Senior Independent Director, led the appraisal of the Chairman and discussed the outcome with the Chairman. The key conclusions were that, at this early stage in the Company's life as a public company, the Board and its Committees are functioning well. There were no significant concerns among the Directors about the Board's effectiveness. Continued focus will be given in 2019 to ensuring that the Board develops its expertise in executing its responsibilities, which may include the provision of training where required. The Board will also continue to regularly review the Company's strategy and the competitive landscape.

CORPORATE GOVERNANCE STATEMENT continued

Independence of Directors

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

Simon Hope is the non-executive chairman of the Investment Advisor, an employee of Savills (one of the Company's Property Managers) and a director of several companies owned by Tilstone and is therefore considered to be a non-independent Director. Stephen Barrow is also a director of several companies owned by Tilstone and is therefore considered to be a non-independent Director. Both Simon Hope and Stephen Barrow have cross-directorships in Tilstone Partners Limited and Greenstone Oxford Limited and are both LLP members of Tilstone Investments LLP and Somersham Coventry LLP.

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

Election/re-election of Directors

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

Beyond these requirements, the Board has agreed that all Directors will seek annual re-election at the Company's AGMs.

Lynette Lackey, having been appointed to the Board during the year ended 31 March 2019, will stand for election at the forthcoming AGM. All other Directors will stand for re-election. The Board considers that, during the year ended 31 March 2019, 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 elected/re-elected at the AGM.

Board responsibilities and relationship with the Investment Advisor

The Board's main roles are to lead the Company, create value for shareholders and to approve the Company's strategic objectives. The Board has adopted a schedule of matters reserved for its decision, which is reviewed annually. These specific responsibilities include:

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

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

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

Key Board activities during the year

A report from the Investment Advisor is reviewed at each meeting, which includes relevant matters to highlight since the previous meeting and details of portfolio activity, the pipeline and health and safety matters. The Board also receives and reviews a quarterly share register analysis, as well as a report from the Company Secretary including regulatory and governance updates.

Key Board activities during the year

April 2018

- Review of key strategic developments of the Company at a Board strategy meeting

May 2018

- Updates from Committee Chairs
- Approval of preliminary results for the period ended 31 March 2018 and interim dividend for the quarter to 31 March 2018
- Review of going concern and long-term viability statements
- Review of third-party service providers' data protection arrangements

June 2018

- Approval of Annual Report and Financial Statements for the period ended 31 March 2018 and Notice of AGM
- Investor roadshow feedback

July 2018

- Consideration of potential acquisition of a portfolio of industrial assets and suspension of the Company's shares from trading on AIM

August 2018

- Approval of first interim dividend for the 2019 financial year

September 2018

- Shares restored to trading on AIM following termination of acquisition discussions
- Consideration of AGM matters

November 2018

- Approval of Half-yearly Report and second interim dividend for the 2019 financial year
- Updates from Committee Chairs
- Appointment of new Non-Executive Director – Lynette Lackey
- Annual review of Directors' remuneration
- Review of key strategic developments of the Company
- Investor roadshow feedback

February 2019

- Updates from Committee Chairs
- Update on key corporate governance matters
- Approval of third interim dividend for the 2019 financial year
- Approval of budget for the year to 31 March 2020

March 2019

- Publication of a prospectus in connection with proposed placing, open offer and offer for subscription to raise gross proceeds of up to £100 million
- Consideration of general meeting matters

CORPORATE GOVERNANCE STATEMENT continued

Conflicts of interest

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

Board Committees

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

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

Nomination Committee

The Nomination Committee comprises Neil Kirton, Simon Hope and Martin Meech. The Chairman of the Board is a member of, and chairs, the Nomination Committee. The Board believes it is appropriate for Simon Hope, a non-independent Director, to be a member of the Nomination Committee as he makes a valuable contribution, which enhances the Committee's operation and its interaction with the Board.

A report from the Chair of the Nomination Committee is set out on pages 52 and 53.

Audit Committee

The members of the Audit Committee are Lynette Lackey (Chair), Martin Meech and Aimée Pitman. Lynette assumed the Chair from Martin on her appointment to the Board on 15 November 2018. Stephen Barrow was a member of the Audit Committee until 8 February 2019, when he stepped down. 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 is a qualified accountant with audit experience in the real estate investor and developer industry.

A report from the Chair of the Audit Committee is set out on pages 54 to 56.

Management Engagement Committee

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

A report from the Chair of the Management Engagement Committee is set out on page 57.

Company Secretary

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

How governance supported the delivery of the Company's strategy during the year ended 31 March 2019

Strategy	Board governance role	Key activities during the year
Investment strategy 1	• Overseeing the selection of acquisitions, against the backdrop of current market and economic conditions • Approving acquisitions which are within the investment policy but have a value of 10% or more of the Company's GAV • Approving any acquisitions outside the investment policy	During the year, the Board: • reviewed an acquisition pipeline tracker at each quarterly meeting; • reviewed the details of all acquisitions at its quarterly meetings; and • assessed in detail the ongoing availability of quality stock that could be acquired, at the strategy day held during the year (see the Chairman's introduction to governance on page 39 for more information). Read more about acquisitions in the year in the Investment Advisor's report on pages 26 to 31.
Asset management strategy 2	• Overseeing the portfolio • Overseeing the Investment Advisor's asset management activities • Approving disposals which are within the investment policy but have a value of 10% or more of the GAV of the Company's portfolio • Approving any disposals outside the investment policy	During the year, the Board: • reviewed details of all disposals at its quarterly meetings; • reviewed quarterly portfolio updates from the Investment Advisor, including details of occupancy levels, lease events, rental values and rent collection; • monitored Tilstone's and G10's adherence to the capital expenditure budget, through quarterly reports from the Investment Advisor; and • approved the capital expenditure budget for the year ending 31 March 2020. Read more about asset management during the year in the Investment Advisor's report on pages 26 to 31.
Financial strategy 3	• Approving any changes to the Group's capital structure • Approving the Group's gearing policy, dividend policy and treasury policy	During the year, the Board monitored debt levels and reviewed the hedging strategy, which resulted in taking out two interest rate caps. Post year end, the Board approved the share issuance that completed on 2 April 2019. Read more about financing activity during the year in the Investment Advisor's report on pages 26 to 31.

CORPORATE GOVERNANCE STATEMENT continued

Internal control review

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

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

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

Internal control assessment process

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

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

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

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

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

The principal risks that the Board has identified are set out on pages 33 to 36.

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

Shareholder relations

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

All shareholders are encouraged to attend and vote at the AGM, during which the Board and representatives of the Investment Advisor will be available to discuss issues affecting the Company and answer any questions. Shareholders wishing to communicate directly with the Board or to lodge a question in advance of the AGM should contact the Secretary at the address on page 120. The Company always responds to letters from shareholders.

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

Voting at general meetings

At the AGM on 19 September 2018, the resolution to authorise the Directors to disapply statutory pre-emption rights in relation to the issue of an additional 5% of the issued ordinary share capital for the purposes of financing a transaction was put to a poll, with 23.0% of the votes received in the poll voting against. At the general meeting held on 28 March 2019, 18.5% of the proxy votes received were against the same resolution. The Board understands that these votes against were based on guidance released by various voting bodies including PIRC and ISS.

The Board will be seeking an authority to disapply pre-emption rights over an additional 5% of the issued ordinary share capital to be used for an acquisition or specified capital investment at the 2019 AGM. The Board considers it appropriate to seek this authority from shareholders as this is in line with the Pre-Emption Group's Statement of Principles and standard market practice.

NOMINATION COMMITTEE REPORT

I am pleased to present the Nomination Committee report for the year ended 31 March 2019.

Role of the Nomination Committee

The Committee's primary responsibilities are to:

- keep under review the Board's structure, size and composition, and make recommendations to the Board with regard to any changes required;
- consider and formulate succession plans for Directors;
- identify and nominate candidates to fill any Board vacancies, for the Board's approval;
- 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 election and re-election of Directors at AGMs.

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

Activities

The Nomination Committee met twice during the year ended 31 March 2019 and once between the year end and the date of this report. The main activities of the Nomination Committee are set out below.

Appointment of a new Non-Executive Director

During the year, it was determined that a new Non-Executive Director should be appointed to chair the Audit Committee. Odgers Berndtson, an independent external recruitment firm, was engaged to assist with the search process.

The Nomination Committee evaluated a range of prospective candidates based on their relevant commercial experience, as well as audit experience, and a shortlist was compiled. Those on the shortlist were formally interviewed by a combination of the Chairman, Simon Hope, Aimée Pitman and Martin Meech. A second interview process was conducted with two candidates by the Nomination Committee and relevant personnel at Tilstone. Following this process, the Nomination Committee concluded that Lynette Lackey was a suitable individual for the role, with her audit experience in the real estate investor and developer industry, and recommended her appointment to the Board.

Election/re-election of Directors at the AGM

The Nomination Committee considered the election/re-election of each Director at the forthcoming 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 election/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 Lynette Lackey be put forward for election and all other Directors for re-election at the forthcoming AGM.

Diversity

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 gender diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established:

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

Neil Kirton
Chair of the Nomination Committee

20 May 2019

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee report for the year ended 31 March 2019, having assumed the Chair from Martin Meech on 15 November 2018.

Role of the Audit Committee

The Committee's primary responsibilities are to:

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

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

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

Activities

The Audit Committee met three times during the year ended 31 March 2019 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 Auditor, including the principal areas of focus, and agreed the audit fee;
- received and discussed with the Auditor its report on the results of the audit;
- reviewed the Group's financial statements and discussed the appropriateness of the accounting policies adopted; and
- reviewed the valuation of the Group's investment properties and recommended this to the Board.

The Audit Committee has also reviewed and updated, where appropriate, the corporate risk register. This is done on a six-monthly basis.

The Audit Committee has reviewed whether an internal audit function would be of value and concluded that this would provide minimal added comfort at considerable extra cost to the Company. The Audit Committee receives reports on internal control and compliance from the Investment Advisor and discusses these with the Investment Advisor.

These reports also cover the internal controls of the Company's other key service providers, including the Administrator. No significant matters of concern were identified during the year.

The Audit Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report.

This review takes into account the experience and tenure of the audit partner and team, the nature and level of services provided, and confirmation that the Auditor has complied with independence standards. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 31 March 2019.

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 the valuation of the Group's investment properties as at 31 March 2019. 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 2019.
Maintenance of REIT status	The Audit Committee monitored the Company's compliance status and considered each of the requirements for the maintenance of REIT status.
Going concern and long-term viability of the Company	The Audit Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments and any outstanding loan covenants. Consequently, the financial statements have been prepared on a going concern basis. The Audit Committee also considered the longer-term viability statement within the Annual Report, for the three-year period to May 2022, and the underlying factors and assumptions which contributed to the Committee deciding that three years was an appropriate length of time to consider the Company's long-term viability. The Company's going concern and viability statement can be found on page 37.

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

AUDIT COMMITTEE REPORT continued

Audit fees and non-audit services

An audit fee of £120,000 has been agreed in respect of the audit for the year ended 31 March 2019. This incorporates a fee of £92,000 for auditing the Annual Report and consolidated financial statements for the period and £28,000 for auditing the accounts of the Company's subsidiaries for the period.

The Audit Committee reviews the scope and nature of all proposed non-audit services before engagement, to safeguard auditor independence and objectivity. During the period, the Auditor provided due diligence services in connection with a terminated acquisition of a portfolio of industrial property assets, for a fee of £50,000. The Audit Committee notes that the level of non-audit fees paid during the year constitutes a large proportion of the statutory audit fees for the year. However, the engagement of Deloitte LLP for these due diligence services was considered to be appropriate and cost effective for the Company and did not, in the Audit Committee's view, compromise the Auditor's independence in any way.

Subsequent to the year end, a fee of £95,000 was also incurred by the Company for reporting accountant services in connection with the prospectus issued by the Company on 12 March 2019. The engagement of Deloitte LLP was also considered to be appropriate and cost effective and, as this non-audit fee related to the equity raise in April 2019, it therefore represents a non-recurring cost to be recognised subsequent to the year end. The Audit Committee is satisfied that the Auditor's independence was not compromised by the provision of these services.

Further information on the fees paid to the Auditor is set out in note 6 to the financial statements on page 82.

Auditor independence and objectivity

The Audit Committee has considered the Auditor's independence and objectivity and reviewed the non-audit services which the Auditor provided during the period. The Audit Committee also receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services.

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

Deloitte LLP has been the Auditor to the Company since launch in September 2017. No tender for the audit of the Company has been undertaken. The Audit Committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, and the matters raised during each audit.

Re-appointment of the Auditor

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

Lynette Lackey
Chair of the Audit Committee

20 May 2019

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

I am pleased to present the Management Engagement Committee report for the year ended 31 March 2019.

Role of the Management Engagement Committee

The Committee's primary responsibilities are to:

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

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

Activities

The Committee met twice during the year ended 31 March 2019 and once following the year end. At these meetings, the Committee has:

- considered the performance of the Investment Advisor's 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 64. In reaching its recommendation to the Board, the Committee's deliberations included consideration of the basis of the investment management fee and the execution of the Company's investment strategy by the Investment Advisor during the year;
- reviewed the ongoing performance and the continuing appointment of the Company's other key service providers. The Committee has concluded that the services provided to the Company were satisfactory and that the agreements entered into with them are operating in the best interests of the shareholders; and
- reviewed the systems put in place by the Investment Advisor, Administrator and Depositary to meet legal and regulatory requirements, particularly the AIFMD, and concluded that these remain adequate.

Aimée Pitman
Chair of the Management Engagement Committee

20 May 2019

DIRECTORS' REMUNERATION REPORT

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

Statement from the Chairman

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

Directors' fees were set at a level of £30,000 per annum for the Chairman and £25,000 for the independent Non-Executive Directors until 31 December 2018. Following a review of Directors' fees against those of the Company's peer group, from 1 January 2019, Directors' fees were set at a level of £45,000 per annum for the Chairman and £35,000 per annum for the independent Non-Executive Directors. This increase was agreed as the previous Directors' fees were low compared to other externally managed real estate investment trusts in the peer group and the time required from the Directors to fulfil their role had increased substantially given the growing nature of the business.

No fees are payable to Stephen Barrow or Simon Hope as non-independent Non-Executive Directors.

Directors' remuneration policy

A resolution to approve this remuneration policy was proposed at the AGM held on 19 September 2018. The resolution was passed, and the policy provisions set out below will apply until they are next put to shareholders for renewal of that approval, which will be at intervals of not more than three years or in any year where the remuneration policy changes are proposed. There will be no significant change in the way the current, approved remuneration policy will be implemented in the course of the next financial year.

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

All Directors are non-executive, appointed under the terms of letters of appointment. There are no service contracts in place. The terms of their appointment provide that Directors shall retire and be subject to election at the first AGM after their appointment. Thereafter, at each AGM any Director who has not stood for appointment or re-election at either of the two preceding AGMs is required to retire and offer themself for re-election.

Beyond these requirements, it has been agreed that all Directors will seek annual re-election at the Company's AGMs. 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.

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

The Board has set two levels of fees effective from 1 January 2019: £45,000 per annum for the Chairman and £35,000 per annum for the independent Non-Executive Directors. No additional fees are payable for membership of the Board's Committees. The fee for any new Director appointed to the Board will be determined on the same basis, whilst fees in respect of subsequent periods will be determined following an annual review. The Board would consider any views expressed by shareholders on the fees being paid to Directors.

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

Remuneration report

Directors' fees for the year

The Directors who served in the year to 31 March 2019 received the following emoluments:

	Year ended 31 March 2019		Period ended 31 March 2018	
	Fees £'000	**Total £'000**	Fees £'000	Total £'000
Neil Kirton	**37**	**37**	20	20
Stephen Barrow	**—**	**—**	—	—
Simon Hope	**—**	**—**	—	—
Lynette Lackey[1]	**13**	**13**	—	—
Martin Meech	**30**	**30**	17	17
Aimée Pitman	**30**	**30**	17	17
	110	**110**	54	54

1. Appointed as a Director on 15 November 2018.

Directors' beneficial and family interests

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

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

	As at 31 March 2019 Number of shares	As at 31 March 2018 Number of shares
Neil Kirton	**200,000**	200,000
Stephen Barrow[1]	**6,430,562**	6,430,562
Simon Hope[2]	**6,845,966**	6,845,966
Lynette Lackey[3]	**—**	—
Martin Meech	**100,000**	100,000
Aimée Pitman	**151,000**	75,000

1. 3,215,281 of these shares are held by Mr Barrow's spouse.
2. 3,333,983 of these shares are held by Mr Hope's spouse, whilst 167,000 are held by his children.
3. Appointed as a Director on 15 November 2018.

DIRECTORS' REMUNERATION REPORT continued

Remuneration report continued

Directors' beneficial and family interests continued

Between 31 March 2019 and the date of this report, there have been the following changes to the above holdings:

	As at 20 May 2019 Number of shares
Neil Kirton (Chairman)[1]	**300,000**
Stephen Barrow[2]	**6,820,562**
Simon Hope[3]	**7,137,854**
Lynette Lackey	**25,000**
Martin Meech[4]	**200,000**
Aimée Pitman	**223,814**

1. 100,000 of these shares are held by Mr Kirton's spouse.
2. 3,215,281 of these shares are held by Mr Barrow's spouse.
3. 3,502,071 of these shares are held by Mr Hope's spouse, whilst 257,250 are held by his children.
4. 100,000 of these shares are held by Mr Meech's spouse.

Voting at Annual General Meeting

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

	Directors' remuneration report		Directors' remuneration policy	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	62,022,086	99.43	62,012,251	99.43
Against	184,700	0.30	184,700	0.30
At Chairman's discretion	167,226	0.27	167,226	0.27
Total votes cast	**62,374,012**	**100.00**	**62,364,177**	**100.00**
Number of votes withheld	10,197		20,032	

Approval

The Directors' remuneration report was approved by the Board on 20 May 2019.

On behalf of the Board

Neil Kirton
Chairman

20 May 2019

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2019.

Corporate governance

The corporate governance statement on pages 44 to 51 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 40 and 41.

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

Share capital

As at 31 March 2019, there were 166,000,000 ordinary shares of £0.01 each in issue.

Share issues

At the AGM held on 19 September 2018, the Directors were granted: (i) the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £1,095,600 (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 £547,800 (being 33% of the issued ordinary share capital at the date of the notice). The Directors were also granted the authority to disapply pre-emption rights in respect of the allotment of shares or treasury shares up to 5% of the issued ordinary share capital at the date of the notice (being 8,300,000 ordinary shares) and a further 5% of the issued ordinary share capital where the allotment and issue of such shares is for the sole purpose of financing an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles. No shares have been issued under these authorities.

On 12 March 2019, the Company published a prospectus in relation to a placing, open offer and offer for subscription to raise gross proceeds of up to £100 million. At a general meeting held on 28 March 2019, the Directors were granted the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £1,213,593 pursuant to the issue by the Company of up to 121,359,222 ordinary shares in connection with the placing, open offer and offer for subscription, such authority to expire at the next AGM of the Company.

On 2 April 2019, 74,254,043 ordinary shares of £0.01 each were issued under this authority at a price of £1.03 per share pursuant to the placing, open offer and offer for subscription by the Company. The new ordinary shares commenced trading on AIM on 2 April 2019.

At the general meeting held on 28 March 2019, the Directors were also granted the following general share issuance authorities, which replaced the existing general issuance authorities granted at the AGM on 19 September 2018:

(i) the authority to allot ordinary shares on a non-pre-emptive basis up to an aggregate nominal amount of £1,585,676 (being 66% of the entire issued ordinary share capital immediately following admission of the new shares) by way of a rights issue; and

(ii) in any other case, the authority to allot ordinary shares up to an aggregate nominal amount of £792,838 (being 33% of the entire issued ordinary share capital immediately following admission of the new shares).

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 entire issued ordinary share capital immediately following admission of the new shares (being 12,012,702 ordinary shares) and a further 5% of the entire issued ordinary share capital immediately following admission of the new shares where the allotment and issue of such shares is for the sole purpose of financing an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles.

No shares have been issued under these authorities, which will expire at the Company's AGM to be held in September 2019 where resolutions for their renewal will be proposed.

Purchase of own shares

At the AGM held on 19 September 2018, the Company was authorised to purchase up to 16,600,000 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.

At the general meeting held on 28 March 2019, the Company was also granted the following buyback authority, which replaced the existing authority granted at the AGM in 2018: the authority to purchase up to 24,025,404 of its own shares (being 10% of the Company's entire issued ordinary share capital immediately following admission of the new shares). No ordinary shares have been bought back under this authority, which will expire at the AGM to be held in September 2019 where a resolution for its renewal will be proposed.

DIRECTORS' REPORT continued

Share capital continued

Purchase of own shares continued

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 the date of this report, there were 240,254,043 ordinary shares in issue, none of which are held in treasury.

Lock-in

As set out in the Company's prospectus dated 23 August 2017, and as required by the AIM Rules, the Directors and persons connected with Tilstone were prohibited from disposing of ordinary shares, or interests in ordinary shares, for 12 months from Admission (being 20 September 2017) subject to certain permitted exceptions. In addition, the Directors and such connected persons have agreed, under certain agreements entered into at the time of Admission to AIM, not to dispose of, or enter into an agreement to dispose of, any shares issued to them as consideration for the acquisition of assets at the time of Admission or interests in such shares for a further period of 12 months following the expiration of the above period, subject to certain customary exceptions or unless the Company's Nominated Advisor, Peel Hunt, otherwise consents in writing.

Results and dividends

A summary of the Company's performance during the period and the outlook for the forthcoming year is set out in the strategic report on pages 1 to 37.

Dividends totalling 6.0 pence per ordinary share have been paid or declared in respect of the year ended 31 March 2019, further details of which can be found in the Investment Advisor's report on page 29.

No final dividend is being proposed.

The Company's dividend policy is set out on pages 14 and 15 in the strategic report.

Substantial shareholdings

As at 31 March 2019, the Company had been informed of the following notifiable interests in the voting rights of the Company:

	Number of ordinary shares held	% of total voting rights
Investec Wealth & Investment Limited	44,811,454	26.99
Hawksmoor Investment Management Limited	8,388,470	5.05
Woodford Investment Management Limited	8,300,000	5.00
Premier Fund Managers Limited	8,000,000	4.82

The Company has been informed of the following changes between 31 March 2019 and the date of this report:

	Number of ordinary shares held	% of total voting rights
Investec Wealth & Investment Limited	54,372,046	22.63
Prudential plc group of companies	14,729,369	6.13
Hawksmoor Investment Management Limited	8,181,542	3.41

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, which is authorised by the FCA to act as an alternative investment fund manager, is appointed as the AIFM of the Company under an agreement dated 22 August 2017 (the "Investment Management Agreement"). The Investment Manager is responsible for overall portfolio management, risk management and compliance with the Company's investment policy and the requirements of the AIFMD that apply to the Company, and undertaking all risk management.

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

The Investment Advisor receives an annual fee (payable quarterly in arrears) equal to 1.1% of the NAV of the Company's portfolio on the basis of funds being fully invested up to £500 million and 0.9% thereafter, provided that for the period of six months from the date of Admission this excluded any uninvested cash which represented 5% or more of the NAV of the Company's portfolio. The fee is payable to the Investment Advisor, which pays a quarterly fee of £12,360 to the Investment Manager for the duration of its appointment, in addition to other one-off fees in relation to regulatory reporting services (Annex IV), compliance services and investment committee services. No performance fee or acquisition fee is payable.

DIRECTORS' REPORT continued

Management arrangements continued

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

The Investment Management Agreement is for a five-year term from the date of Admission and is terminable on 24 months' notice in writing by either party, expiring no earlier than the third anniversary of Admission. In addition, it is terminable on 30 days' notice by either party in writing in the event of a material breach or insolvency of the other party. The Company is also entitled to terminate the agreement forthwith by notice in writing in the event that the Investment Manager ceases to be able to fulfil its obligations as a result of a change of the FCA's rules.

Continuing appointment of the Investment Advisor

The Board keeps the performance of the Investment Advisor under continual review. The Management Engagement Committee conducts an annual appraisal of the Investment Advisor's performance and makes a recommendation to the Board about the continuing appointment of the Investment Advisor. It is the opinion of the Directors that the continuing appointment of the Investment Advisor is in the interests of shareholders as a whole. The reasons for this view are that the Investment Advisor has executed the investment strategy according to the Board's expectations and in line with the IPO prospectus, making recommendations for the capital raised at IPO to be invested faster than expected.

Property Management Agreements

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

Savills

Savills acts as Property Manager for approximately two-thirds of the property portfolio pursuant to the terms of agreements entered into in 2016 with Tilstone Industrial Limited, Tilstone Retail Limited and Tilstone Trade Limited.

Under the terms of the Property Management Agreements with Savills, Savills is entitled to a fee of £750 per tenant per annum. This annual fee is 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 £78,000 per annum (exclusive of VAT) subject to an annual RPI increase. The Administration Agreement is terminable upon six months' written notice.

Company Secretarial Agreement

Link Company Matters Limited has been appointed by the Company to provide company secretarial functions required by the Companies Act 2006, under an agreement dated 22 August 2017. The Secretary is entitled to a fee of £55,000 per annum (exclusive of VAT) in respect of the Company and £750 per annum in respect of each UK subsidiary, both subject to an annual RPI increase. The Company Secretarial Agreement was subject to an initial term of 12 months and automatically renews for successive periods of 12 months, unless written notice is given by either party at least three months prior to the end of the then current 12-month period.

Depositary Agreement

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

Under the terms of the Depositary Agreement dated 22 August 2017, the Depositary is entitled to a fee of £20,000 per annum, subject to an annual review on the basis of 0.015% of the most recent valuation of the Group's assets, with a minimum annual fee of £20,000 and a maximum of £35,000. The Depositary Agreement is terminable by the Company on one month's written notice served on the Depositary and by the Depositary on not less than three months' written notice served on the Company.

Auditor

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

Deloitte LLP has expressed its willingness to continue in office as Auditor of the Company and resolutions for its re-appointment and to authorise the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM.

Financial risk management

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

Annual General Meeting

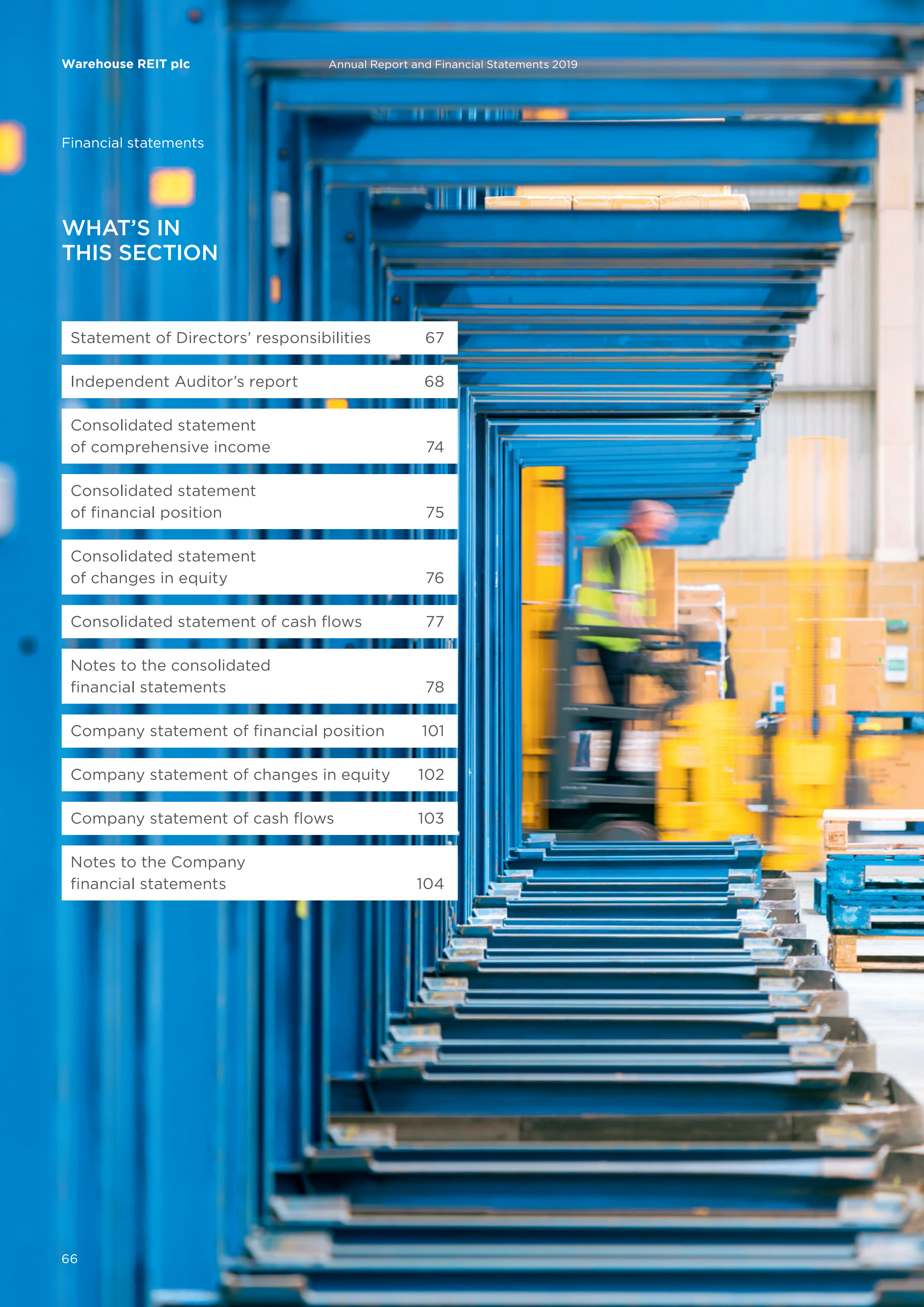
The Company's second AGM will be held on 16 September 2019. The Notice of the AGM will be circulated to shareholders separately.

By order of the Board

Link Company Matters Limited

Company Secretary

20 May 2019



WHAT'S IN THIS SECTION

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

Neil Kirton
Chairman

20 May 2019

INDEPENDENT AUDITOR'S REPORT

to the members of Warehouse REIT plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Warehouse REIT plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent Company statement of financial position;
- the consolidated and parent Company statement of changes in equity;
- the consolidated and parent Company statement of cash flows; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current period was the valuation of the property portfolio.
Materiality	The materiality that we used for the Group financial statements was £3.6 million, which was determined on the basis of 2% of net assets. In addition, a lower materiality of £0.8 million was determined on the basis of 8.0% of EPRA earnings for amounts in the statement of comprehensive income.
Scoping	The Group is made up of 17 components: • seven components were subject to a full scope audit; • three components were subject to an audit of specified account balances; and • seven components were not in scope for the Group audit. This provided a coverage of 100% of revenue, profit before tax and net assets. All audit work was performed directly by the Group engagement team.
Significant changes in our approach	The key change in our approach has been the use of EPRA earnings rather than profit before tax as a benchmark for determining our materiality for items in the statement of comprehensive income. This is to remove volatility from our materiality benchmark arising from fair value movements and gains or losses on disposal. We also consider EPRA earnings to be a more relevant benchmark for the users of the accounts. There have been no other significant changes to our approach.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Key audit matter

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

INDEPENDENT AUDITOR'S REPORT continued

to the members of Warehouse REIT plc

Key audit matter continued

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.

Valuation of the investment property portfolio

Key audit matter description	The Group has an investment property portfolio of warehouses and light industrial assets located across the United Kingdom. The valuation of the portfolio as at 31 March 2019 (excluding leasehold land recorded as a finance lease) was £307.4 million (31 March 2018: £291.0 million). The Group's accounting policy in note 13 states that investment property is held at fair value. In determining the fair value, the Directors make a number of key estimates and assumptions, in particular assumptions in relation to estimated yields and future rental income. Valuation of investment property is an area of judgement which could materially affect the financial statements, and therefore we considered this a key audit matter. The Audit Committee report on page 55 discloses this as a significant financial matter and further details are disclosed in the investment property note in note 13 to the financial statements and the fair value note in note 24 to the financial statements.
How the scope of our audit responded to the key audit matter	Together with our real estate experts, who are chartered surveyors, we met with the third-party valuers appointed by those charged with governance with the aim of understanding the valuation methodology adopted. We assessed the competence, capabilities and objectivity of the external valuers. For a sample of investment properties, we assessed and challenged the reasonableness of the significant judgements and assumptions applied in the valuation model for that sampled property. We did this by reviewing the significant assumptions in the valuation process, testing a sample of investment properties by benchmarking against external appropriate property indices and understanding the valuation methodology and the wider market analysis. We reviewed the information provided by the valuers both in the meeting and contained in the detailed valuation reports; and we undertook our own research into the relevant markets to evaluate the reasonableness of the valuation inputs and the resulting fair values. We assessed the completeness and accuracy of the data provided by the Group to the valuers for the purposes of their valuation exercise.
Key observations	We concluded that the key assumptions applied in determining the property valuations are within an acceptable range, and therefore the valuation of investment property portfolio is appropriate.

Our application of materiality

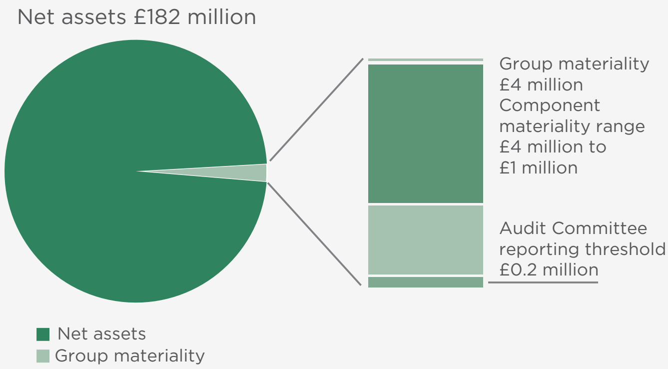
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

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

	Group financial statements	Parent Company financial statements
Materiality	£3.6 million (2018: £1.7 million)	£2.2 million (2018: £1.7 million)
Basis for determining materiality	2% of net assets (2018: 1% of net assets).	Parent Company materiality represents 1.5% of parent Company net assets (2018: 1.5% of net assets capped at 99% of Group materiality).
Rationale for the benchmark applied	We have used the NAV as at 31 March 2019 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those financial statements for real estate companies. The increase in the percentage applied is due to our increased understanding of the business and benchmarking against other listed REITs based on information publically disclosed in the audit reports.	We have used the NAV as at 31 March 2019 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of the parent Company – as a holding Company.

A lower materiality of £0.8 million (2018: £0.7 million) which was determined on the basis of 8% EPRA earnings (2018: 7.5% of profit before tax) was used for amounts in the statement of comprehensive income. We consider EPRA earnings to be the most appropriate benchmark due to it being one of the key focus areas for both investors and management.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2 million (2018: £0.1 million) for the statement of financial position and £0.04 million (2018: £0.035 million) for the statement of comprehensive income, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.



INDEPENDENT AUDITOR’S REPORT continued

to the members of Warehouse REIT plc

An overview of the scope of our audit

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

The Group consists of the 17 components. A full scope audit was performed for seven components which traded throughout the period. Audits of specified balances were performed on three entities which traded for part of the period. The remaining seven entities were not in the scope of our Group audit.

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

Component materiality ranged from £1.4 million to £3.5 million (2018: £0.7 million to £1.68 million), with a lower level component materiality for amounts in the statement of comprehensive income ranging from £0.1 million to £0.7 million.

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

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor’s report thereon.

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

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

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

We have nothing to report in respect of these matters.

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

Directors' remuneration

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

We have nothing to report in respect of this matter.

Use of our report

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

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

20 May 2019

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

Continuing operations	Notes	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Revenue	3	**21,985**	6,566
Property operating expenses	4	**(3,407)**	(841)
Gross profit		**18,578**	5,725
Administration expenses	4	**(3,398)**	(1,569)
Property and acquisition provision	19	**(2,164)**	—
Operating profit before gains on investment properties		**13,016**	4,156
Fair value gains on investment properties	13	**11,229**	5,173
Realised gain on disposal of investment properties	13	**3,494**	—
Operating profit		**27,739**	9,329
Finance income	7	**11**	41
Finance expenses – ongoing	8	**(4,972)**	(838)
Finance expenses – loan break fees	8	**—**	(167)
Profit before tax		**22,778**	8,365
Taxation	9	**(5)**	—
Total comprehensive income for the period		**22,773**	8,365
EPS (basic and diluted) (pps)	12	**13.72**	5.04

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 78 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Assets			
Non-current assets			
Investment property	13	**311,791**	295,068
Interest rate derivatives	16	**249**	—
		312,040	295,068
Current assets			
Cash and cash equivalents	14	**4,866**	6,572
Trade and other receivables	15	**4,400**	4,452
		9,266	11,024
Total assets		**321,306**	306,092
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(125,510)**	(123,052)
Finance lease obligations	18	**(4,170)**	(3,800)
		(129,680)	(126,852)
Current liabilities			
Finance lease obligations	18	**(284)**	(268)
Other payables and accrued expenses	19	**(3,996)**	(6,078)
Property and acquisition provision	19	**(1,434)**	—
Deferred income	19	**(3,585)**	(3,380)
		(9,299)	(9,726)
Total liabilities		**(138,979)**	(136,578)
Net assets		**182,327**	169,514
Equity			
Share capital	20	**1,660**	1,660
Capital reduction reserve	22	**161,149**	161,149
Retained earnings	22	**19,518**	6,705
Total equity		**182,327**	169,514
Number of shares in issue (thousands)		**166,000**	166,000
NAV per share (pps)	23	**109.84**	102.12

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 20 May 2019 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 78 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 1 August 2017		50	—	—	—	50
Total comprehensive income		—	—	8,365	—	8,365
Ordinary shares issued		1,660	164,340	—	—	166,000
Redemption of redeemable ordinary shares		(50)	—	—	—	(50)
Share issue costs		—	(3,191)	—	—	(3,191)
Cancellation of share premium		—	(161,149)	—	161,149	—
Dividends paid	11	—	—	(1,660)	—	(1,660)
Balance at 31 March 2018		**1,660**	**—**	**6,705**	**161,149**	**169,514**
Total comprehensive income		**—**	**—**	**22,773**	**—**	**22,773**
Dividends paid	11	**—**	**—**	**(9,960)**	**—**	**(9,960)**
Balance at 31 March 2019		**1,660**	**—**	**19,518**	**161,149**	**182,327**

The accompanying notes on pages 78 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Cash flows from operating activities			
Operating profit		**27,739**	9,329
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	**(11,229)**	(5,173)
Realised gains on disposal of investment properties	13	**(3,494)**	—
Finance lease depreciation		**50**	—
Property and acquisition provision		**2,164**	—
Operating cash flows before movements in working capital		**15,230**	4,156
Decrease/(increase) in other receivables and prepayments		**491**	(4,407)
Increase in other payables and accrued expenses		**200**	8,455
Movement in property and acquisition provision		**(730)**	—
Tax paid		**(5)**	—
Net cash flow generated from operating activities		**15,186**	8,204
Cash flows from investing activities			
Acquisition of investment properties		**(21,057)**	(285,576)
Capital expenditure		**(2,037)**	—
Disposal of investment properties		**18,654**	—
Net cash used in investing activities		**(4,440)**	(285,576)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**—**	165,950
Share issuance costs paid	21	**—**	(3,191)
Bank loans drawn down	17	**21,550**	124,450
Bank loans repaid	17	**(19,000)**	—
Interest received	7	**11**	41
Break fees	8	**—**	(167)
Interest rate derivative premium		**(595)**	—
Interest and other finance expenses paid		**(4,458)**	(1,727)
Dividends paid in the period	11	**(9,960)**	(1,424)
Net cash flow (used)/generated from financing activities		**(12,452)**	283,932
Net (decrease)/increase in cash and cash equivalents		**(1,706)**	6,560
Cash and cash equivalents at start of the period		**6,572**	12
Cash and cash equivalents at end of the period	14	**4,866**	6,572

The accompanying notes on pages 78 to 100 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. General information

Warehouse REIT plc (the "Company") is a closed-ended Real Estate Investment Trust ("REIT") incorporated in England and Wales on 24 July 2017. The Company began trading on 20 September 2017. The registered office of the Company is 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.

2. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The financial statements have been prepared under the historical cost convention, except for investment property and interest rate derivatives which have been measured at fair value. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

These financial statements are for the year from 1 April 2018 to 31 March 2019. Comparative figures are for the previous accounting period from 1 August 2017 to 31 March 2018.

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future, for a period of not less than 12 months from the date of this report. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

It is noted that whilst there are net current liabilities of £33,000, there is £8.0 million headroom readily available under the RCF. Therefore, the financial statements have been prepared on the going concern basis.

2.1 Changes to accounting standards and interpretations

The following new standards and amendments to existing standards have been published and approved by the European Union. The Company has applied the following standards from 1 April 2018, with the year ended 31 March 2019 being the first year end reported under the standards.

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB published a final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. The IFRS 9 requirements represent a change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

Trade and other receivables

Under IFRS 9 there is no change to the classification and measurement of trade and other receivables, however there is a requirement to carry out an ongoing assessment of expected credit losses using a general portfolio approach. The Group has made an assessment of expected credit losses at each period end, using the simplified approach where a lifetime expected loss allowance is always recognised over the expected life of the financial instrument. Any adjustment is recognised in the income statement as an impairment gain or loss. The increase to the bad debt provision, following the adoption of IFRS 9, was insignificant in the context of the Group financial statements.

Interest rate derivatives

IFRS 9 requires that all derivative financial instruments are recognised at fair value in the statement of financial position. Changes in fair value are recognised in the income statement where hedge accounting is not applied.

- IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a new framework for revenue recognition and replaces all existing standards and interpretations. IFRS 15 does not apply to lease contracts within the scope of IAS 17 Leases or, from its date of application, IFRS 16 Leases. This standard will not have any material impact on the Group's financial statements as presented for the current year as the majority of the Group's revenue consists of rental income from investment properties which is outside the scope of IFRS 15.

- IFRS 7 Financial Instruments: Disclosures – amendments regarding additional hedge accounting disclosures (applies when IFRS 9 is applied). The changes did not have a material impact on the consolidated financial statements of the Group as hedge accounting is not applied.
- Amendments to IAS 40 Transfers of Investment Property – there is no material impact on the consolidated financial statements of the Group.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – there is no impact on the consolidated financial statements of the Group.
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions – there is no impact on the consolidated financial statements of the Group.
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – there is no impact on the consolidated financial statements of the Group.

The following new standards and amendments to existing standards have been published and approved by the EU, and are mandatory for the Group's accounting periods beginning after 1 April 2019 or later periods.

- IFRS 16 Leases. In January 2016, the IASB published the final version of IFRS 16 Leases. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leasing arrangements. The Group has decided against early adoption of IFRS 16 Leases. The right of use finance lease asset relating to head leases will be required to be measured at fair value under IFRS 16, however, the difference from the IAS 17 carrying value is expected to be insignificant in the context of the Group financial statements.
- Annual improvements to IFRS 2015-2017 Cycle: amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.
- Amendments to IFRS 9 – Prepayment features with negative compensation.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015–2017 Cycle.
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement.

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

2.2 Significant accounting judgements and estimates

The preparation of these financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

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

Estimates

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

a) Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2017 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property. See notes 13 and 24 for further details.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are stated in the notes to the financial statements.

a) Basis of consolidation

The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

2. Basis of preparation continued

2.3 Summary of significant accounting policies continued

a) Basis of consolidation continued

In preparing these financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

b) Functional and presentation currency

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

c) Segmental reporting

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

d) Derivative financial instruments

Derivative financial instruments, comprising interest rate caps for interest rate risk management purposes, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Company would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Company and its counterparties. Premiums payable under such arrangements are initially capitalised into the statement of financial position.

3. Revenue

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Rental income	**20,656**	6,324
Insurance recharged	**548**	172
Dilapidation income	**781**	70
Total	**21,985**	6,566

Accounting policy

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

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

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

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

4. Property operating and administration expenses

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Utilities	**50**	56
Insurance	**600**	86
Rates	**44**	158
Premises expenses	**2,468**	541
Loss allowance	**245**	—
Property operating expenses	**3,407**	841
Investment management fees	**1,888**	792
Directors' remuneration	**110**	54
Finance lease depreciation	**50**	—
Other administration expenses	**1,350**	723
Administration expenses	**3,398**	1,569
Total	**6,805**	2,410

Accounting policy

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

5. Directors' remuneration

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Neil Kirton	**37**	20
Lynette Lackey	**13**	—
Martin Meech	**30**	17
Aimée Pitman	**30**	17
Total	**110**	54

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 2019

6. Auditor's remuneration

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Audit fee	**120**	112
Total	**120**	112

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 comprise the following items:

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Annual Report and Financial Statements	**92**	84
Subsidiary accounts	**28**	28
Total	**120**	112

Non-audit fees comprise the following:

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Services in respect of a terminated acquisition	**50**	—
Services provided as reporting accountant at IPO	**—**	403
Advice in respect of purchase of subsidiaries and subsequent restructure	**—**	245
Tax advice	**—**	9
Other	**—**	5
Total	**50**	662

The costs relating to the services provided during the IPO have been included as share issue costs and included in the share premium account. All other costs are included in the consolidated statement of comprehensive income.

Subsequent to the year end, a fee of £95,000 was also incurred by the Auditor for reporting accountant services in connection with the prospectus issued by the Company on 12 March 2019. This will be included as share issues costs in the share premium account.

7. Finance income

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Income from cash and short-term deposits	11	41
Total	**11**	41

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 2019 £'000	1 August 2017 to 31 March 2018 £'000
Loan interest	3,822	712
Finance lease interest	302	—
Loan arrangement fees amortised	491	121
Bank charges	11	5
	4,626	838
Change in fair value of interest rate derivatives	346	—
Total	**4,972**	838

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Loan break fees	—	167
Total	**—**	167

Accounting policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
For the year ended 31 March 2019

9. Taxation
Corporation tax has arisen as follows:

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Corporation tax on residual income for prior period	5	—
Total	**5**	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Profit before tax	22,778	8,365
Corporation tax at 19.0% (2018: 19.0%)	4,328	1,589
Change in value of investment properties	(2,797)	(982)
Tax exempt property rental business	(1,531)	(607)
Corporation tax on residual income for prior period	5	—
Total	**5**	—

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

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

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

10. Operating leases

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 39 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2019 are as follows:

	31 March 2019 £'000	31 March 2018 £'000
Within one year	17,198	17,778
Between one and five years	47,068	44,678
More than five years	22,585	22,117
Total	**86,851**	84,573

11. Dividends

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

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

Accounting policy

Dividends due to the Company's shareholders are recognised when they become payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

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 2019 £'000	1 August 2017 to 31 March 2018 £'000
IFRS earnings	**22,773**	8,365
EPRA earnings adjustments:		
Profit on disposal of investment properties	**(3,494)**	—
Fair value gains on investment properties	**(11,229)**	(5,173)
Changes in fair value of interest rate derivatives	**346**	—
EPRA earnings	**8,396**	3,192
Group-specific earnings adjustments:		
Property and acquisition provision	**2,164**	—
Loan break fees	**—**	167
Adjusted earnings	**10,560**	3,359

	31 March 2019 Pence per share	31 March 2018 Pence per share
Basic IFRS EPS	**13.72**	5.04
Diluted IFRS EPS	**13.72**	5.04
EPRA EPS	**5.06**	1.92
Adjusted EPS	**6.36**	2.02

	31 March 2019 Number of shares	31 March 2018 Number of shares
Weighted average number of shares in issue (thousands)	**166,000**	166,000

13. UK investment property

	31 March 2019 £'000	31 March 2018 £'000
Investment property valuation brought forward	**291,000**	—
Acquisition of properties	**18,199**	285,661
Capital expenditure	**2,117**	166
Disposal of properties	**(15,160)**	—
Fair value gains on revaluation of investment property	**11,229**	5,173
	307,385	291,000
Adjustment for finance lease obligations	**4,406**	4,068
Carrying value at the end of the year	**311,791**	295,068

All investment properties are charged as collateral on the Group's borrowings.

Gains realised on disposal of investment property	31 March 2019 £'000	31 March 2018 £'000
Proceeds from disposals of investment property during the year	**18,654**	—
Carrying value of disposals	**(15,160)**	—
Gains realised on disposal of investment property	**3,494**	—

Accounting policy

Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value (see note 24). Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the period in which they arise under IAS 40 Investment Property.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

14. Cash and cash equivalents

	31 March 2019 £'000	31 March 2018 £'000
Cash and cash equivalents	4,866	6,572
Total	**4,866**	6,572

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 2019 £'000	31 March 2018 £'000
Rent receivable	2,623	3,397
Prepayments	69	93
Other receivables	1,708	962
Total	**4,400**	4,452

Accounting policy

Rent and other receivables are recognised at their original invoiced value and become due based on the terms of the underlying lease.

The Group carries out an assessment of expected credit losses at each period end, using the simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss.

16. Interest rate derivatives

	31 March 2019 £'000	31 March 2018 £'000
At the start of the period	—	—
Interest rate cap premium paid	595	—
Changes in fair value of interest rate derivatives	(346)	—
Balance at the end of the period	**249**	—

To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group entered into interest rate derivatives. The instruments have a combined notional value of £60.0 million with £30.0 million at a strike rate of 1.50% and a termination date of 21 November 2022 and £30.0 million at a strike rate of 1.75% and a termination date of 21 November 2023.

Accounting policy

Derivative financial instruments, comprising interest rate derivatives for mitigating interest rate risks, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Group and its counterparties. Premiums payable under such arrangements are initially capitalised into the statement of financial position.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Changes in fair value of interest rate derivatives are recognised within finance expenses in profit or loss in the period in which they occur.

17. Interest-bearing loans and borrowings

	31 March 2019 £'000	31 March 2018 £'000
At the beginning of the year	**124,450**	—
Drawn in the year	**21,550**	124,450
Repaid in the year	**(19,000)**	—
Interest-bearing loans and borrowings	**127,000**	124,450
Unamortised fees at the beginning of the year	**(1,398)**	—
Loan arrangement fees paid in the period	**(583)**	(1,476)
Amortised to date	**491**	78
Unamortised loan arrangement fees	**(1,490)**	(1,398)
Loan balance less unamortised loan arrangement fees	**125,510**	123,052

The Group has a five-year RCF of £105.0 million at a coupon of 2.25% above LIBOR and a £30.0 million fixed-term loan on the same terms. As at 31 March 2019, £8.0 million (31 March 2018: £10.5 million) remained undrawn. Both credit facilities are secured on all properties within the portfolio and expire on 30 November 2022.

The debt facilities include loan to value and interest cover covenants that are measured at a Group level. The Group has complied with all covenants throughout the financial period.

	31 March 2019 £'000	31 March 2018 £'000
Interest-bearing loans and borrowings	**127,000**	124,450
Non-cash		
Unamortisation loan arrangement fees	**(1,490)**	(1,398)
31 March 2019	**125,510**	123,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

17. Interest-bearing loans and borrowings continued

Leverage exposure	Maximum limit	Actual exposure
Gross method	50%	40%
Commitment method	50%	42%

The Gross method is representative of the sum of the Group's positions after deducting cash balances. The Commitment method is representative of the sum of the Group's positions without deducting cash balances.

Accounting policy

Loans and borrowings are initially recognised at the proceeds received net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost with interest charged to the consolidated statement of comprehensive income at the effective interest rate, and shown within finance costs. Transaction costs are spread over the term of loan.

18. Finance lease obligations

The following table analyses the present value of minimum lease payments under non-cancellable finance leases using an average discount rate of 6.91% for each of the following periods:

	31 March 2019 £'000	31 March 2018 £'000
Current liabilities		
Within one year	**284**	268
Non-current liabilities		
After one year but not more than five years	**1,034**	890
Later than five years	**3,136**	2,910
Total	**4,454**	4,068

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Finance lease obligations – opening balance	**4,068**	—
Cash flows	**(302)**	—
Non-cash movements		
Interest	**281**	—
Additions	**407**	4,068
Finance lease obligations – closing balance	**4,454**	4,068

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

	31 March 2019 £'000	31 March 2018 £'000
Current liabilities		
Within one year	**326**	297
Non-current liabilities		
After one year but not more than five years	**1,303**	1,190
Later than five years	**26,945**	24,001
Total	**28,574**	25,488

The fair value of the Group's lease obligations is estimated to be equal to its carrying value.

Accounting policy

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the property and the present value of the minimum lease payments. The present value of the corresponding rental obligations are included as liabilities. Finance leases are subsequently measured at amortised cost.

19. Current liabilities – other payables and accrued expenses, deferred income and provisions

	31 March 2019 £'000	31 March 2018 £'000
Property operating expenses payable	**514**	1,107
Administration expenses payable	**1,467**	1,090
Loan interest payable	**784**	438
Capital expenses payable	**80**	2,136
Other expenses payable	**1,151**	1,307
Other payables and accrued expenses	**3,996**	6,078
Deferred income	**3,585**	3,380
Property and acquisition provision	**1,434**	—
Total	**9,015**	9,458

	31 March 2019 £'000	31 March 2018 £'000
Property and acquisition provision brought forward	**—**	—
Provision recognised in the period	**2,164**	—
Costs incurred in the period	**(730)**	—
Property and acquisition provision carried forward	**1,434**	—

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

19. Current liabilities – other payables and accrued expenses, deferred income and provisions continued

Accounting policy

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

20. Share capital

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

Ordinary shares of £0.01 each	Number	**31 March 2019 £'000**	31 March 2018 £'000
Issued and fully paid:			
At the start of the period	166,000,000	**1,660**	—
Shares issued	—	**—**	1,660
Balance at the end of the period	166,000,000	**1,660**	1,660

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, have 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.

Redeemable ordinary shares of £1.00 each	Number	**31 March 2019 £'000**	31 March 2018 £'000
At the start of the period	—	**—**	50
Shares issued	—	**—**	—
Redemption of shares	—	**—**	(50)
Balance at the end of the period	—	**—**	—

The redeemable ordinary shares of £1 each in the capital of the Company were redeemed by the Company immediately upon Admission on 20 September 2017 in consideration of the payment of a sum equal to the amount received by the Company in payment of the amount due on the redeemable ordinary shares. In all other respects, the rights of the redeemable ordinary shares were the same as, and ranked pari passu with, the ordinary shares. The redeemable ordinary shares were 25% paid up during their existence (£12,500).

21. Share premium

	31 March 2019 £'000	31 March 2018 £'000
Balance at the start of the period	**—**	—
Shares issued on 20 September 2017	**—**	164,340
Share issue costs	**—**	(3,191)
Transfer to capital reduction reserve	**—**	(161,149)
Balance at the end of the period	**—**	—

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

22. Capital and reserves

Capital reduction reserve

Capital reduction reserve comprises the following amounts:

	31 March 2019 £'000	31 March 2018 £'000
At the start of the period	161,149	—
Transfer from share premium reserve	—	161,149
Capital reduction reserve	**161,149**	161,149

Retained earnings

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. It should be noted that unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until any gains crystallise on the sale of the investment property.

Retained earnings comprise the following cumulative amounts:

	31 March 2019 £'000	31 March 2018 £'000
Total unrealised gains on investment properties	16,402	5,173
Total unrealised loss on interest rate derivatives	(346)	—
Total revenue profits	15,082	3,192
Dividends paid from revenue profits	(11,620)	(1,660)
Retained earnings	**19,518**	6,705

23. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company in the statement of financial position by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments in issue, basic and diluted NAV per share are identical.

	31 March 2019 £'000	31 March 2018 £'000
IFRS net assets attributable to ordinary shareholders	182,327	169,514
IFRS net assets for calculation of NAV	182,327	169,514
Number of shares in issue (thousands)	166,000	166,000
IFRS basic and diluted NAV (pps)	**109.84**	102.12

IFRS net assets attributable to ordinary shareholders	182,327	169,514
IFRS net assets for calculation of NAV	182,327	169,514
Adjustment to net assets:		
Fair value of interest rate derivatives (see note 16)	(249)	—
EPRA net assets	**182,078**	169,514
EPRA NAV (pps)	**109.69**	102.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

24. Fair value

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

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

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying value of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The loans are at a variable interest rate of 2.25% above LIBOR.

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

The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2017 (incorporating the International Valuation Standards).

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

The fair value of the interest rate contracts is recorded in the statement of financial position and is determined by JC Rathbone Associates Limited, an independent expert, by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

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

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

	31 March 2018			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	291,000	291,000
Interest rate derivatives	—	—	—	—
Total	—	—	291,000	291,000

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

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

The following table analyses:

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

	Fair value £'000	Valuation technique	Key unobservable inputs	Range
31 March 2019	**£307,385**	**Income capitalisation**	**ERV**	**£25,000 – £1,490,000 per annum**
			Equivalent yield	**5.2% – 13.1%**
31 March 2018	£291,000	Income capitalisation	ERV	£38,000 – £1,504,000 per annum
			Equivalent yield	6.0% – 9.6%

Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of investment property at 31 March 2019:

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

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £11,229,000 (31 March 2018: £5,173,000) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains on investment properties'.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

25. Financial risk management objectives and policies

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition of the Group's property portfolio. The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £307,385,000, and to manage this risk, the Group diversifies its portfolio across a number of assets. The Group's investment policy is to invest in UK-located warehouse assets. The Group will invest and manage its portfolio with an objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- the Group will only invest, directly or indirectly, in warehouse assets located in the UK;
- no individual warehouse property will represent more than 20% of the last published GAV of the Group at the time of investment;
- the Group will target a portfolio with no one tenant accounting for more than 10% of the gross contracted rents of the Group at the time of purchase. In any event, no more than 20% of the gross assets of the Group will be exposed to the creditworthiness of any one tenant at the time of purchase;
- the portfolio will be diversified by location across the UK with a focus on areas with strong underlying investment fundamentals; and
- the Group will not invest more than 10% of its gross assets in other listed closed-ended investment funds.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. In order to address interest rate risk, the Group has entered into interest rate cap instruments, details of which are set out in note 16.

Credit risk

Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

All cash deposits are placed with approved counterparties, The Royal Bank of Scotland International Limited and HSBC Bank plc. In respect of property investments, in the event of a default by a tenant, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Manager monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.

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

	31 March 2019 £'000	31 March 2018 £'000
Deposit account	**2**	65
Cash and cash equivalents	**4,864**	6,507
Trade and other receivables	**4,400**	4,452
Total	**9,266**	11,024

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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2019	**Less than three months £'000**	**Three to twelve months £'000**	**One to two years £'000**	**Two to five years £'000**	**More than five years £'000**	**Total £'000**
Interest-bearing loans and borrowings	**—**	**2,886**	**3,842**	**138,525**	**—**	**145,253**
Other payables and accrued expenses	**2,477**	**1,519**	**—**	**—**	**—**	**3,996**
Finance lease obligations	**—**	**284**	**552**	**482**	**3,136**	**4,454**
Total	**2,477**	**4,689**	**4,394**	**139,007**	**3,136**	**153,703**

Period ended 31 March 2018	Less than three months £'000	Three to twelve months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	—	2,663	3,547	135,090	—	141,300
Other payables and accrued expenses	3,090	2,988	—	—	—	6,078
Finance lease obligations	—	281	539	509	9,107	10,436
Total	3,090	5,932	4,086	135,599	9,107	157,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

26. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Tilstone Holdings Limited[2]	UK	63,872 ordinary shares	100%
Tilstone Warehouse Holdco Limited[2]	UK	94,400 ordinary shares	100%
Tilstone Industrial Warehouse Limited[1,2]	UK	23,600 ordinary shares	100%
Tilstone Retail Warehouse Limited[1,2]	UK	20,000 ordinary shares	100%
Tilstone Industrial Limited[1,2]	UK	20,000 ordinary shares	100%
Tilstone Retail Limited[1,2]	UK	200 ordinary shares	100%
Tilstone Trade Limited[1,2]	UK	20,004 ordinary shares	100%
Tilstone Basingstoke Limited[1,2]	UK	1,000 ordinary shares	100%
Tilstone Glasgow Limited[1,2]	UK	1 ordinary share	100%
Quantum North Limited[1,2]	UK	100 ordinary shares	100%
Chip (One) Limited[3]	IOM	7,545,347 ordinary shares	100%
Chip (Two) Limited[3]	IOM	1,250,780 ordinary shares	100%
Chip (Three) Limited[3]	IOM	755,045 ordinary shares	100%
Chip (Four) Limited[3]	IOM	10 ordinary shares	100%
Chip (Five) Limited[3]	IOM	8,461,919 ordinary shares	100%
Chip (Ipswich) One Limited[3]	IOM	2 ordinary shares	100%
Chip (Ipswich) Two Limited[3]	IOM	2 ordinary shares	100%

1. Indirect subsidiaries.
2. Registered office: Beaufort House, 51 New North Road, Exeter EX4 4EP.
3. Registered office: IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP.

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

Accounting policy

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

27. Capital management

The Group's capital is represented by share capital, reserves and borrowings.

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. The Group's capital policies are as follows:

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but will be subject to a maximum 50% loan to value. The intention is to maintain borrowings at a loan to value ratio of between 30% and 40%.

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

28. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £110,000 (31 March 2018: £54,000) and at 31 March 2019, a balance of £nil (31 March 2018: £nil) was outstanding. Further information is given in note 5 and in the Directors' remuneration report on pages 58 to 60.

Investment Advisor

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

For its services to the Company, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Company's portfolio. Refer to pages 63 and 64 of the Directors' report for further information.

During the year, the Group incurred £1,888,000 (31 March 2018: £792,000) in respect of investment advisor fees. As at 31 March 2019, £465,000 (31 March 2018: £409,000) was outstanding.

Subsidiaries

As at 31 March 2019, the Company owned a 100% controlling stake in Tilstone Holdings Limited, Tilstone Warehouse Holdco Limited, Tilstone Industrial Warehouse Limited, Tilstone Retail Warehouse Limited, Tilstone Industrial Limited, Tilstone Retail Limited, Tilstone Trade Limited, Tilstone Basingstoke Limited, Tilstone Glasgow Limited, Quantum North Limited, CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited, CHIP (Four) Limited, CHIP (Five) Limited, CHIP (Ipswich) One Limited and CHIP (Ipswich) Two Limited.

29. Ultimate controlling party

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

30. Post balance sheet event

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

A fourth interim dividend in respect of the year ended 31 March 2019 of 1.5 pence per share will be payable on 28 June 2019 to shareholders on the register on 31 May 2019.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	33	**25,913**	25,913
		25,913	25,913
Current assets			
Cash and cash equivalents	34	**18**	104
Trade and other receivables	35	**124,716**	135,855
		124,734	135,959
Total assets		**150,647**	161,872
Liabilities			
Current liabilities			
Trade and other payables	36	**(1,028)**	(1,056)
Total liabilities		**(1,028)**	(1,056)
Net assets		**149,619**	160,816
Equity			
Share capital		**1,660**	1,660
Capital reduction reserve		**161,149**	161,149
Retained earnings		**(13,190)**	(1,993)
Total equity		**149,619**	160,816
Number of shares in issue (thousands)		**166,000**	166,000
NAV per share (pps)		**90.13**	96.88

The Company reported a loss for the year ended 31 March 2019 of £1,237,000 (period ended 31 March 2018: loss of £333,000).

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 20 May 2019 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 104 and 105 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 31 July 2017	50	—	—	—	50
Total comprehensive income	—	—	(333)	—	(333)
Ordinary shares issued	1,660	164,340	—	—	166,000
Share issue costs	—	(3,191)	—	—	(3,191)
Redemption of redeemable ordinary shares	(50)	—	—	—	(50)
Cancellation of share premium	—	(161,149)	—	161,149	—
Dividends paid	—	—	(1,660)	—	(1,660)
Balance at 31 March 2018	**1,660**	**—**	**(1,993)**	**161,149**	**160,816**
Total comprehensive income	**—**	**—**	**(1,237)**	**—**	**(1,237)**
Dividends paid	**—**	**—**	**(9,960)**	**—**	**(9,960)**
Balance at 31 March 2019	**1,660**	**—**	**(13,190)**	**161,149**	**149,619**

The accompanying notes on pages 104 and 105 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Cash flows from operating activities		
Operating loss	**(1,233)**	(373)
Adjustments to reconcile profit for the period to net cash flows:		
(Increase)/decrease in other receivables and prepayments	**(219)**	27
(Decrease)/increase in other payables	**(31)**	562
Tax paid	**(5)**	—
Net cash flow used in operating activities	**(1,488)**	216
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**—**	(25,655)
Net cash used in investing activities	**—**	(25,655)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**—**	165,950
Share issuance costs paid	**—**	(3,191)
Cash paid from/(to) subsidiary companies	**11,362**	(135,844)
Interest received	**1**	41
Finance expenses	**(1)**	(1)
Dividends paid in the period	**(9,960)**	(1,424)
Net cash flow generated from financing activities	**1,402**	25,531
Net (decrease)/increase in cash and cash equivalents	**(86)**	92
Cash and cash equivalents at start of the period	**104**	12
Cash and cash equivalents at end of the period	**18**	104

The accompanying notes on pages 104 and 105 form an integral part of these Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2019

31. General information

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

32. Basis of preparation

These financial statements are prepared in accordance with IFRS issued by the IASB as adopted by the European Union. The financial statements have been prepared under the historical cost convention. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

These financial statements are for the year from 1 April 2018 to 31 March 2019. Comparative figures are for the previous accounting period from 1 August 2017 to 31 March 2018.

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 78 to 100.

In the course of preparing the financial statements, no judgements or estimates have been made in the process of applying the accounting policies that have had a significant effect on the amounts recognised in the financial statements.

33. Investment in subsidiary companies

	31 March 2019 £'000	31 March 2018 £'000
Investment in subsidiary companies		
Total carrying value	**25,913**	25,913
Total	**25,913**	25,913

	31 March 2019 £'000	31 March 2018 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	**21,017**	21,017
Tilstone Warehouse Holdco Limited	**4,896**	4,896
	25,913	25,913

Accounting policy

Investments in subsidiary companies are included in the statement of financial position at cost less impairment.

34. Cash and cash equivalents

	31 March 2019 £'000	31 March 2018 £'000
Cash and cash equivalents	**18**	104
Total	**18**	104

35. Trade and other receivables

	31 March 2019 £'000	31 March 2018 £'000
Amounts due from subsidiary companies	**124,482**	135,843
Prepayments and other receivables	**234**	12
Total	**124,716**	135,855

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

36. Trade and other payables

	31 March 2019 £'000	31 March 2018 £'000
Trade and other payables	**1,028**	1,056
Total	**1,028**	1,056

Additional information

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2019

Table 1: EPRA performance measures summary

	Notes	2019	2018
EPRA earnings (pps)	Table 2	**5.1**	1.9
EPRA NAV (pps)	Table 3	**109.7**	102.1
EPRA net initial yield	Table 4	**6.1%**	6.2%
EPRA vacancy rate	Table 5	**8.0%**	6.9%
EPRA cost ratio (including vacant property costs)	Table 6	**39.6%**	34.5%
EPRA cost ratio (excluding vacant property costs)	Table 6	**36.6%**	31.2%

Table 2: EPRA income statement

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Revenue	**21,985**	6,566
Less insurance recharged	**(548)**	(172)
Gross rental income	**21,437**	6,394
Property operating expenses	**(3,407)**	(841)
Add back insurance recharged	**548**	172
Gross profit	**18,578**	5,725
Administration expenses	**(3,398)**	(1,569)
Adjusted operating profit before interest and tax	**15,180**	4,156
Finance income	**11**	41
Finance expenses – ongoing	**(4,972)**	(838)
Less change in fair value of interest rate derivatives	**346**	—
Adjusted profit before tax	**10,565**	3,359
Tax on adjusted profit	**(5)**	—
Adjusted earnings	**10,560**	3,359
Weighted average number of shares in issue (thousands)	**166,000**	166,000
Adjusted EPS (pps)	**6.4**	2.0

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Adjusted earnings	**10,560**	3,359
Property and acquisition provision	**(2,164)**	—
Loan break fees	**—**	(167)
EPRA earnings	**8,396**	3,192
Weighted average number of shares in issue (thousands)	**166,000**	166,000
EPRA EPS (pps)	**5.1**	1.9

Table 3: EPRA balance sheet

	31 March 2019 £'000	31 March 2018 £'000
Total properties[1]	**307,385**	291,000
Net borrowings[2]	**(122,134)**	(117,878)
Other net liabilities	**(2,924)**	(3,608)
Total equity	**182,327**	169,514
Fair value of interest rate derivatives	**(249)**	—
EPRA net assets	**182,078**	169,514
Number of shares in issue (thousands)	**166,000**	166,000
IFRS NAV (pps)	**109.8**	102.1
EPRA NAV (pps)	**109.7**	102.1
Loan to value ratio[3]	**39.7%**	40.5%

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £127,000,000 (2018: £124,450,000) net of cash of £4,866,000 (2018: £6,572,000).
3. Net borrowings divided by the aggregate fair value of properties.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION continued

For the year ended 31 March 2019

Table 4: EPRA net initial yield

	31 March 2019 £'000	31 March 2018 £'000
Total properties per external valuer's report	**307,385**	291,000
Less development properties	**(3,200)**	—
Net valuation of completed properties	**304,185**	291,000
Add estimated purchasers' costs[4]	**20,685**	19,788
Gross valuation of completed properties including estimated purchasers' costs (A)	**324,870**	310,788
Gross passing rent[5]	**20,634**	20,407
Less irrecoverable property costs[5]	**(926)**	(997)
Net passing rents (B)	**19,708**	19,410
EPRA net initial yield (B/A)	**6.1%**	6.2%

4. Estimated purchasers' costs estimated at 6.8%.
5. Gross passing rents and irrecoverable property costs assessed as at the balance sheet date.

Table 5: EPRA vacancy rate

	31 March 2019 £'000	31 March 2018 £'000
Annualised ERV of vacant premises (C)	**2,004**	1,647
Annualised ERV for the completed property portfolio (D)	**24,920**	23,817
EPRA vacancy rate (C/D)	**8.0%**	6.9%

Table 6: Total costs ratio/EPRA costs ratio

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Property operating expenses	**3,407**	841
Add back insurance recharged	**(548)**	(172)
Net property operating expenses	**2,859**	669
Administration expenses	**3,398**	1,569
Less ground rents[6]	**(50)**	(44)
Total costs including vacant property costs (E)	**6,207**	2,194
Vacant property costs	**(636)**	(215)
Total costs excluding vacant property costs (F)	**5,571**	1,979
Gross rental income	**21,437**	6,394
Less ground rents paid	**(302)**	(44)
Total gross rental income (G)	**21,135**	6,350
Total costs including vacant property costs (E/G)	**29.4%**	34.5%
Total costs excluding vacant property costs (F/G)	**26.4%**	31.2%

	Year ended 31 March 2019 £'000	1 August 2017 to 31 March 2018 £'000
Total costs including vacant property costs (E)	**6,207**	2,194
Property and acquisition provision	**2,164**	—
EPRA total costs (H)	**8,371**	2,194
Vacant property costs	**(636)**	(215)
EPRA total costs excluding vacant property costs (I)	**7,735**	1,979
EPRA total costs including vacant property costs (H/G)	**39.6%**	34.5%
EPRA total costs excluding vacant property costs (I/G)	**36.6%**	31.2%

6. Ground rent expenses included within administration expenses such as depreciation of finance leases.

PROPERTY PORTFOLIO

Property	Town	Postcode	Area (sq ft)
North Seaton Industrial Estate	Ashington	NE63 0YH	21,300
Pentagon Retail Park	Ballymena	BT43 5LU	18,000
Tramway Industrial Estate	Banbury	OX16 5TU	150,500
Britannia Retail Park	Bangor	LL5 4SU	10,400
Churchfield Court	Barnsley	S70 2JT	27,800
Daneshill Industrial Estate	Basingstoke	RG24 8PD	113,300
Shadsworth Industrial Park	Blackburn	BB1 2PT	15,800
South Bradford Trading Estate	Bradford	BD12 0NQ	24,800
Kendal House	Burgess Hill	RH15 9NF	27,000
Rossendale Industrial Estate	Burnley	BB11 5SY	39,300
Falcon Business Park	Burton on Trent	DE14 1SG	29,500
Crown Street	Carlisle	CA2 5AB	25,500
Kingsditch Trading Estate (i)	Cheltenham	GL51 9PL	17,500
Kingsditch Trading Estate (ii)	Cheltenham	GL51 9PL	19,800
Bumpers Farm Industrial Estate	Chippenham	SN14 6LH	10,100
Shieling Court	Corby	NN18 9QD	22,300
Austin Drive	Coventry	CV6 7NS	33,100
Radway Green Business Park	Crewe	CW2 5PR	241,900
Parkway, Deeside Industrial Estate	Deeside	CH5 2NS	60,100
Shaw Lane Industrial Estate	Doncaster	DN2 4SQ	65,600
Delta Court	Doncaster	DN9 3GN	35,900
Peartree Lane Industrial Estate	Dudley	DY2 0QU	20,800
Cairn Court	East Kilbride	G74 4NB	87,200
23 South Gyle Crescent	Edinburgh	EH12 9EB	47,700
South Fort Street Trade Park	Edinburgh	EH6 5PE	26,200
Thornton Road Industrial Estate	Ellesmere Port	CH65 5EX	32,200
Ross Road	Ellesmere Port	CH65 3DB	6,400
Queenslie Industrial Estate	Glasgow	G33 4BD	348,400
Burntbroom Court	Glasgow	G33 4DZ	47,400
Air Cargo Centre	Glasgow	PA3 2AY	149,500
Goodridge Business Park	Gloucester	GL2 5EB	11,700
Roman Way Industrial Estate	Godmanchester	PE29 2LN	52,800
Gainsford Drive	Halesowen	B62 8BQ	14,600

Property	Town	Postcode	Area (sq ft)
Pellon Lane	Halifax	HX1 5RA	20,200
Ikon Trading Estate	Hartlebury	DY10 4EU	160,400
Foxholes Business Park	Hertford	SG13 7QE	17,900
New England Industrial Estate	Hoddesdon	EN11 0BZ	23,200
Nightingale Road	Horsham	RH12 2NW	22,300
Farthing Road Industrial Estate	Ipswich	IP1 5AP	99,900
Yale Business Park	Ipswich	IP3 9RR	30,800
Europa Trading Estate	Kearsley	M26 1GG	40,000
Ashmead Industrial Estate	Keynsham	BS31 1TU	38,200
Nexus	Knowsley	L34 9HX	184,800
Vantage Point	Leeds	LS27 0BN	62,300
Sussex Avenue	Leeds	LS10 2LF	30,100
Roseville Business Park	Leeds	LS8 5DR	29,200
Wyther Lane	Leeds	LS5 3BP	16,000
Haines Park	Leeds	LS7 1QQ	13,100
Barshaw Business Park	Leicester	LE4 1ET	19,500
Stadium Industrial Estate	Luton	LU4 0JF	66,200
Wren Industrial Estate	Maidstone	ME15 9YT	19,600
Wardley Industrial Estate	Manchester	M28 2DP	38,900
The Oakfield Centre	Manchester	M22 4UX	14,500
Anglia Way	Mansfield	NG18 4LP	20,300
Linkway Trading Estate	Middleton	M24 2AE	48,100
Lynx Business Park	Newmarket	CB8 7NY	41,600
Carisbrooke Retail Park	Newport (Isle of Wight)	PO30 5LG	54,000
Celtic Business Park	Newport (Wales)	NP19 4QZ	48,100
Wern Industrial Estate	Newport (Wales)	NP10 9FQ	22,600
St James Mill Business Park	Northampton	NN5 5JF	42,400
Oldbury Point	Oldbury	B69 4HT	95,600
Maxwell Road (i)	Peterborough	PE2 7JE	64,300
Maxwell Road (ii)	Peterborough	PE2 7JE	60,500
St Modwen Road	Plymouth	PL6 8LH	66,200
Lincoln Park	Preston	PR5 8NA	32,800

PROPERTY PORTFOLIO continued

Property	Town	Postcode	Area (sq ft)
Oak Tree Park	Redditch	B98 9NW	8,500
Webb Ellis Industrial Park	Rugby	CV21 2NP	44,600
Jensen Court	Runcorn	WA7 1PJ	55,800
Portland Business Park	Sheffield	S13 8HS	59,400
Smeed Dean Centre	Sittingbourne	ME10 3EW	33,900
Pikelaw Place	Skelmersdale	WN8 9PP	124,300
Priestly Court	Stafford	ST18 0LQ	10,000
Stone Business Park	Stone	ST15 0LT	57,400
Groundwell Farm Industrial Estate	Swindon	SN25 4AU	92,300
Marlborough House	Swindon	SN1 3EP	8,900
Tewkesbury Business Park	Tewkesbury	GL20 8HF	59,700
Cleton Business Park	Tipton	DY4 7TR	38,400
Birkenshaw Retail Park	Uddingston	G71 5PR	66,700
Ryan Business Park	Wareham	BH20 4DY	30,300
Leanne Business Centre	Wareham	BH20 4DY	13,100
Gawsworth Court	Warrington	WA3 6NJ	94,900
Clarendon Court	Warrington	WA2 8QP	36,500
Trinity Court	Warrington	WA3 6QT	29,100
Glover Industrial Estate	Washington	NE37 3ES	18,800
Links Estate	Weymouth	DT4 9TY	21,500
Foundry Point	Widnes	WA8 8TZ	49,200
Road One	Winsford	CW7 3PL	76,600
Wharton Retail Park	Winsford	CW7 3GZ	18,300
Witan Park Industrial Estate	Witney	OX28 4YQ	112,200
Lynx Trading Estate	Yeovil	BA20 2PJ	24,400

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

As the Company and the Investment Manager are each domiciled in the United Kingdom, the FCA Handbook rules require that, among other things, the AIFM makes available the following information to shareholders of the Company under the AIFMD (as implemented in the UK) and to notify them of any material change to information previously provided.

Investment policy, leverage and liquidity (AIFMD 23(1)(a)(b)(h))

The investment strategy and objectives of the Company, the types of assets it may invest in and the investment techniques it may employ, associated risks and any investment restrictions are laid out in the investment objectives and policy and other sections of the Annual Report.

For information about the circumstances in which the Company may use leverage, the types of sources permitted and the associated risks and any restrictions on the use of leverage and any collateral and asset re-use arrangements, shareholders are directed to the disclosures contained in the investment objectives and policy section of these financial statements as well as specific AIFMD-related disclosures further below.

Under the FCA rules to which the Company is subject, it needs the prior approval of its shareholders to make a material change to its investment policy.

Since the Company is closed-ended without redemption rights, liquidity risk management is limited to the liquidity required to meet the Company's obligations in relation to its financing arrangements. The Investment Manager utilises various risk assessment methods to measure the risk of portfolio illiquidity to meet the Company's obligations. This measurement enables the provision of management information to the Investment Manager and the Board of the Company to enable these risks to be monitored and managed.

Legal relationship with investors (AIFMD 23(1)(c))

The Company is a public limited company with shares admitted to trading on AIM. The Company is incorporated under the laws of England and Wales. The constitutional document of the Company is its Articles of Association, which may only be amended by way of a special resolution of its shareholders. Upon the purchase of shares, an investor becomes a shareholder of the Company. A shareholder's liability to the Company will be limited to the amount uncalled on their shares.

As the Company is incorporated under the laws of England and Wales, it may not be possible for a shareholder located outside that jurisdiction to effect service of process within the local jurisdiction in which that shareholder resides upon the Company. All, or a substantial portion, of the assets of the Company may be located outside a local jurisdiction in which a shareholder resides, and as a result, it may not be possible to satisfy a judgement against the Company in such local jurisdiction or to enforce a judgement obtained in the local jurisdiction's courts against the Company.

AIFM and its delegates (AIFMD 23(1)(d), (e) and (f))

The Investment Manager is a limited company with its registered office at 136 Buckingham Palace Road, London SW1W 9SA and which is authorised and regulated by the Financial Conduct Authority (FRN 648953). It has been appointed by the Company to manage the Company under an Investment Management Agreement with effect from 22 August 2017.

The Investment Manager is responsible for portfolio management and risk management and monitoring of the assets of the Company, and has discretionary authority over the acquisition and disposition of the Company's assets, with power to give guarantees and undertake other transactions on behalf of the Company subject to the provisions of the Investment Management Agreement. The Investment Manager is also responsible for ensuring compliance with the AIFMD.

The Investment Manager's duties under the Investment Management Agreement are owed to the Company as a whole rather than directly to the shareholders, whether individually or in groups. The Board of the Company is responsible under the Investment Management Agreement for representing the Company in its dealings with the Investment Manager.

In order to comply with its regulatory obligations, the Investment Manager holds professional indemnity insurance.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE continued

Independent auditors (AIFMD 23(1)(d))

The independent Auditor of the Company for the year ended 31 March 2019 was Deloitte LLP. The Auditor's duties are owed to the Company as a whole. They have a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss.

Valuation (AIFMD 23(1)(g))

The assets of the Company are valued in accordance with the provisions set out in the valuation policy. The Investment Committee which has been set up by the Investment Manager in respect of the Company and its assets adds a further level of oversight to the valuation process as set out in the strategic report of the Annual Report.

Fair treatment of investors and preferential treatment (AIFMD 23(1)(j))

No preferential rights have been granted to any existing shareholder.

The Company and the Investment Manager are committed to ensuring that all shareholders are treated fairly and in accordance with UK company law. They have not and will not enter into any arrangement with one shareholder which could result in any overall material disadvantage to the other shareholders.

Issue and redemption of shareholder interests in the company (AIFMD 23(1)(l))

The Company is closed-ended and does not provide for redemption or repurchase of the interests of ordinary shareholders at their request.

Reporting and performance (AIFMD 23(1)(k), 23(1)(m) and 23(1)(n))

The historic performance of the Company, to the extent available, has been disclosed to shareholders in the Company's Annual and Half-yearly Reports, which are available from **www.warehousereit.co.uk**.

The latest NAV of the Company is published in the latest Annual or Half-yearly Report.

Prime broker (AIFMD 23(1)(o))

The Company does not have a prime broker.

Method of making ongoing/periodic disclosures (AIFMD 23(1)(p), 23(4) and 23(5))

Information about the Company's risk profile and risk management, total leverage and any material change to the arrangements for managing the Company's liquidity, the proportion of assets (if any) subject to special arrangements arising from liquidity, the maximum permitted leverage or the grant of rights of re-use of collateral or guarantees in relation to leverage will be provided in the Company's Annual Reports or on the Company's website **www.warehousereit.co.uk**.

Restrictions on the use of leverage and maximum leverage (AIFMD 23(5))

As specified in the investment objectives and policy in the Annual Report, the Company has the ability to put up to a maximum leverage of 50% of the Company's GAV and the Investment Manager oversees the use of leverage to ensure that the use of borrowing is consistent with this requirement. Leverage is calculated using gross assets, with various adjustments, divided by net assets.

Under AIFMD, the Company is required to calculate leverage under the two methodologies specified by the Directive, the 'gross method' and the 'commitment method', the difference being that the commitment method allows certain exposures to be offset or netted. Leverage is calculated using gross assets, with various adjustments, divided by net assets. The Investment Manager has currently set a limit of 200% on the use of leverage based on the gross method and a limit of 200% on the use of leverage based on the commitment method, which the Investment Manager considers consistent with the gearing limit set out in the investment policy.

SHAREHOLDER INFORMATION

The Company was incorporated on 24 July 2017. This Annual Report and Financial Statements covers the period from 1 April 2018 to 31 March 2019.

The Company's ordinary shares were admitted to trading on AIM on 20 September 2017 following IPO and the Group's operations therefore commenced on this date.

Capital structure

The Company's share capital consists of ordinary shares of £0.01 each. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each ordinary share held. Shareholders are entitled to receive such dividends as the Directors resolve to pay out of the assets attributable to ordinary shares. Holders of ordinary shares are entitled to participate in the assets of the Company attributable to the ordinary shares in a winding up of the Company. The ordinary shares are not redeemable.

As at the date of this report, there were 240,254,043 ordinary shares in issue, none of which are held in treasury.

Investment objective

The Company's investment objective is to provide shareholders with an attractive level of income together with the potential for income and capital growth by investing in a diversified portfolio of UK commercial property warehouse assets.

Investment policy

The Company may acquire property interests either directly or through corporate structures (whether onshore UK or offshore) and also through joint venture or other shared ownership or co-investment arrangements.

The Company invests and manages its portfolio with an objective of spreading risk and, in doing so, maintains the following investment restrictions:

- the Company will only invest, directly or indirectly, in warehouse assets located in the UK;
- no individual warehouse property will represent more than 20% of the last published GAV of the Company at the time of investment;
- the Company will target a portfolio with no one tenant accounting for more than 10% of the gross contracted rents of the Company at the time of purchase. In any event, no more than 20% of the gross assets of the Company will be exposed to the creditworthiness of any one tenant at the time of purchase;
- the portfolio will be diversified by location across the UK with a focus on areas with strong underlying investment fundamentals; and
- the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds.

The Company considers investments where there is potential for active asset management, including general refurbishment works.

The Company will not undertake speculative development (that is, development of property which has not been at least partially leased or pre-leased or de-risked in a similar way), save for refurbishment and/or extension of existing holdings. The Company may, provided that the exposure to these assets at the time of purchase shall not exceed 15% of the gross assets of the Company, invest directly, or via forward funding agreements or forward commitments, in developments including pre-developed land, where the structure is:

(i) designed to provide the Company with investment rather than development risk;

(ii) where the development has been at least partially pre-let or sold or de-risked in a similar way; and

(iii) where the Company intends to hold the completed development as an investment asset.

The Company is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits and gilts. The Company may also invest in derivatives for the purpose of efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management strategy.

It is envisaged that an LTV ratio of between 30% and 40% would be the optimal capital structure for the Company over the longer term. However, in order to finance value-enhancing opportunities, the Company may temporarily incur additional gearing, subject to a maximum LTV ratio of 50%, at the time of an arrangement.

SHAREHOLDER INFORMATION continued

Investment policy continued

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Directors upon becoming aware of the breach and if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service. Any material change to the investment policy of the Company may only be made with the approval of shareholders.

Share dealing and share prices

Shares can be traded through your usual stockbroker. The Company's shares are admitted to trading on AIM.

Share register enquiries

The register for the ordinary shares is maintained by Link Asset Services. In the event of queries regarding your holding, please contact the Registrar on 0871 664 0300. You can also email enquiries@linkgroup.co.uk.

Changes of address and mandate details can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: Link Asset Services, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Share capital and net asset value information

Ordinary 1p shares	240,254,043
SEDOL Number	BD2NCM3
ISIN Number	GB00BD2NCM38

Sources of further information

Copies of the Company's Annual and Half-yearly Reports are available from the Secretary who can be contacted on 01392 477500 and, together with stock exchange announcements and further information on the Company, are also available on the Company's website, **www.warehousereit.co.uk**.

Association of Investment Companies

The Company is a member of the AIC.

Financial calendar

May 2019
Announcement of final results

June 2019
Payment of fourth interim dividend

September 2019
Annual General Meeting
Half-year end
Payment of first interim dividend

November 2019
Announcement of half-yearly results

December 2019
Payment of second interim dividend

March 2020
Year end
Payment of third interim dividend

June 2020
Payment of fourth interim dividend

GLOSSARY

Adjusted earnings per share ("Adjusted EPS")
EPRA EPS adjusted to exclude non-recurring costs divided by the weighted average number of shares in issue during the year

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

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIFMD
Alternative Investment Fund Managers Directive

AIM
A market operated by the London Stock Exchange

Contracted rent
Gross annual rental income currently receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date less any ground rents payable under head leases

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

EPRA cost ratio
The sum of property expenses and administration expenses as a percentage of gross rental income calculated both including and excluding vacant property costs

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 November 2016

EPRA NAV
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses

EPRA NAV per share
The NAV per share figure based on EPRA NAV divided by the number of shares outstanding at the balance sheet date

EPRA net initial yield ("EPRA NIY")
The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchaser's costs), excluding development properties

EPRA vacancy rate
Total open market rental value of vacant units divided by total open market rental value of the portfolio

EPS
Earnings per share

Equivalent yield
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchaser's costs

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

FCA
Financial Conduct Authority

GLOSSARY
continued

GAV
Gross asset value

Group
Warehouse REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards adopted by the European Union

IFRS earnings per share ("EPS")
IFRS earnings after tax for the year divided by the weighted average number of shares in issue during the year

IFRS NAV per share
IFRS net asset value divided by the number of shares outstanding at the balance sheet date

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 properties undergoing refurbishment

Like-for-like valuation increase
The increase in the valuation of properties owned throughout the period under review, net of capital expenditure, expressed as a percentage of the valuation at the start of the period

Loan to value ratio ("LTV")
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments

NAV
Net asset value

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

Net rental income
Gross 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 estimated rental value

Occupancy
Total open market rental value of the units leased divided by total open market rental value of the portfolio, equivalent to one minus the ERPA vacancy rate

Passing rent
Gross annual rental income currently receivable on a property as at the balance sheet date less any ground rents payable under head leases

Property income distribution ("PID")
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax exempt shareholders). REITs also pay out normal dividends called non-PIDs

QCA
Quoted Companies Alliance

Real Estate Investment Trust ("REIT")
A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

RCF
Revolving credit facility

RPI
Retail price index

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

Total costs ratio
EPRA cost ratio excluding non-recurring costs calculated both including and excluding vacant property costs

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

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