WAREHOUSE REIT

THE WAREHOUSE PROVIDER OF CHOICE

Annual Report and Financial Statements 2018

Welcome to **Warehouse REIT**

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

This is a compelling market, with high demand from tenants and limited vacant space leading to strong rental growth. This in turn allows us to offer attractive income to our shareholders, with the prospect of income and capital growth.

Since our initial public offering ("IPO") in September 2017, we have continued to grow our portfolio of well-located assets let to a wide range of users, including distribution and logistics, pure e-commerce and traditional light industrial, which offers value creation opportunities through active asset management. As we continue to grow, our vision is for Warehouse REIT to become the warehouse provider of choice across the UK.

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Find us online
www.warehousereit.co.uk

Introduction

Warehouse REIT plc (the 'Company' or 'Warehouse REIT') was successfully admitted to trading on the Alternative Investment Market ("AIM") on 20 September 2017, when it commenced operations. These results represent the trading results of the Group for the period from 20 September 2017 to 31 March 2018.

OPERATIONAL HIGHLIGHTS

IPO proceeds deployed at net initial yield ahead of business plan target of 7.0%

- Oversubscribed IPO on 20 September 2017 raised net proceeds of £146.8 million and resulted in a high-quality share register
- Co-investment by directors of our Investment Manager, Tilstone Partners Limited ("TPL"), of £16.0 million resulted in net assets at IPO of £162.1 million
- On Admission to AIM, completed the acquisition of the seed portfolio of 27 freehold and long-leasehold assets for £108.9 million, reflecting a 7.0% net initial yield
- Increased five-year loan facilities of £135.0 million on reduced terms
- Since IPO, invested a further £170.1 million in 65 UK warehouse estates, totalling 2.7 million sq ft and let to a diverse range of occupiers
- Seed portfolio valuation up 8.5% to £118.1 million and estimated rental value ("ERV") up 3.4% to £9.7 million
- Capital expenditure committed in the period since IPO totalled £1.3 million
- Target dividend for year ending 31 March 2019 increased from 5.5 pence per share to 6.0 pence per share[1]

Strong letting activity driving total return outperformance

- 27 new lettings completed since IPO, generating annual rent of £0.8 million, 7.3% ahead of March 2018 ERV
  - of the above, 17 were new lettings of vacant space in the seed portfolio, generating annual rent of £0.6 million, 15.6% ahead of ERV at IPO
  - eight lease renewals achieved in the seed portfolio, securing a continuation of £0.6 million of income, representing a 10.7% increase in headline rent for these units
  - four new lettings across 54,790 sq ft of vacant space currently under offer on the seed portfolio, for a combined rent of £0.3 million per annum, 2.1% ahead of March 2018 ERV
  - notice received to exercise a lease break from four tenants in the seed portfolio, representing combined passing rents of £0.1 million per annum, allowing the ability to increase rents by 14.0%
  - Portfolio occupancy of 93.1% and a weighted average unexpired lease term ("WAULT") of 4.1 years (2.8 years to break) at 31 March 2018, after acquiring the Industrial Multi Property Trust ("IMPT") portfolio for £116.0 million on 26 March 2018, which had occupancy of 92.3% and a WAULT to expiry of 3.9 years
- Of the 18 lease renewals outstanding as at acquisition of the seed portfolio, 67% of tenants renewed at rents 8.2% higher than ERV. Of the units which became vacant, 67% were immediately re-let at rents 13% higher than ERV

Diverse occupier demand, favourable demand supply dynamics and structural shifts towards e-commerce underpinning sector strength

- Limited market supply, as capital values in the sector remain well below replacement cost, making it uneconomical to develop new space
- Market forecasts for industrial rental growth predicted to average 3.5% per annum to 2022, significantly ahead of other real estate sectors

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

FINANCIAL HIGHLIGHTS

Period ended 31 March 2018

Profit before tax and loan break fees
£m
8.5

Profit before tax
£m
8.4

IFRS EPS
p
5.0

EPRA EPS
p
1.9

Dividend per share for the period
p
2.5

Total return
%
4.6

As at 31 March 2018

Portfolio valuation
£m
291.0

EPRA NIY
%
6.2

LTV
%
40.5

Passing rent
£m
20.4

IFRS NAV
p
102.1

WAULT
years
4.1

Contracted rent
£m
21.3

EPRA NAV
p
102.1

Introduction

AT A GLANCE

We have built a high-quality portfolio of urban warehouse assets in key locations around the UK, with tenants ranging from local businesses to household names.

Key statistics at 31 March 2018

92
assets

881
units

652
tenants

4.4
million sq ft

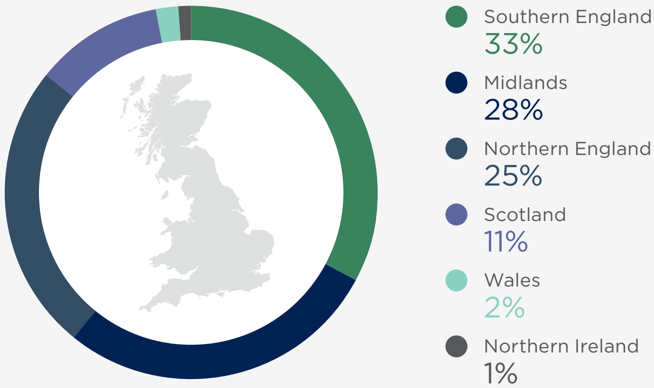
93.1%
occupancy

£21.3m
contracted rent roll

£23.8m
estimated rental value

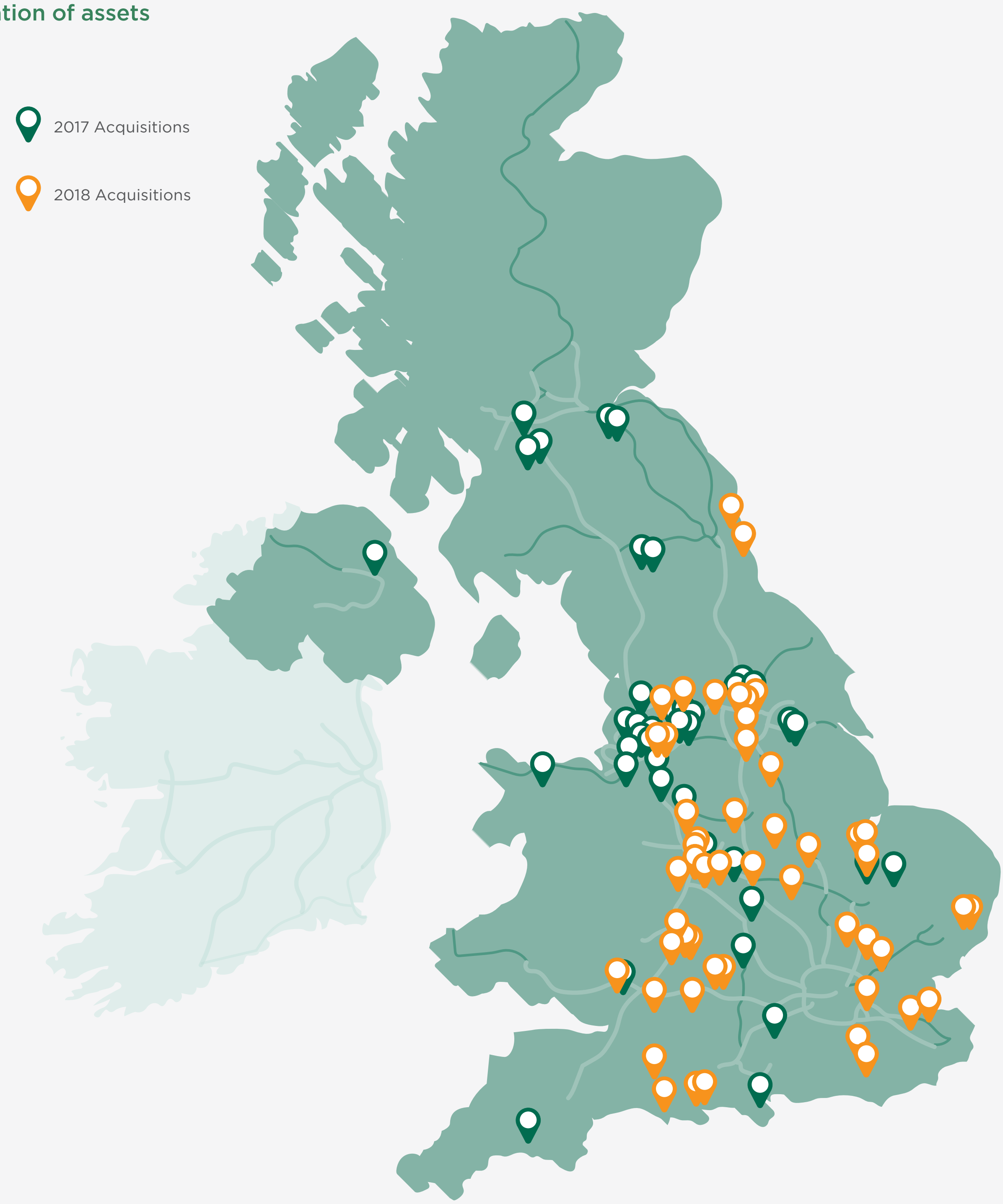
Close proximity of assets to urban centres or major roads

Portfolio rental value split by region



Our occupiers include

Location of assets



Introduction

TOP 10 ASSETS AT A GLANCE

1.5
million sq ft

261
units

£7.0m
contracted rent p.a.

£90.7m
valuation

7.1%
net initial yield

7.7%
net reversionary yield

Queenslie Industrial Estate, Glasgow
348,000 sq ft
63 units
£1,386,000 contracted rent p.a.

Radway Green Business Park, Crewe
242,000 sq ft
128 units
£809,000 contracted rent p.a.

Nexus, Knowsley
185,000 sq ft
12 units
£916,000 contracted rent p.a.

Ikon Trading Estate, Hartlebury
159,000 sq ft
27 units
£621,000 contracted rent p.a.

Tramway Industrial Estate, Banbury
151,000 sq ft
9 units
£775,000 contracted rent p.a.

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

Witan Park Industrial Estate, Witney
112,000 sq ft
5 units
£597,000 contracted rent p.a.

Gawsworth Court, Warrington
95,000 sq ft
6 units
£444,000 contracted rent p.a.

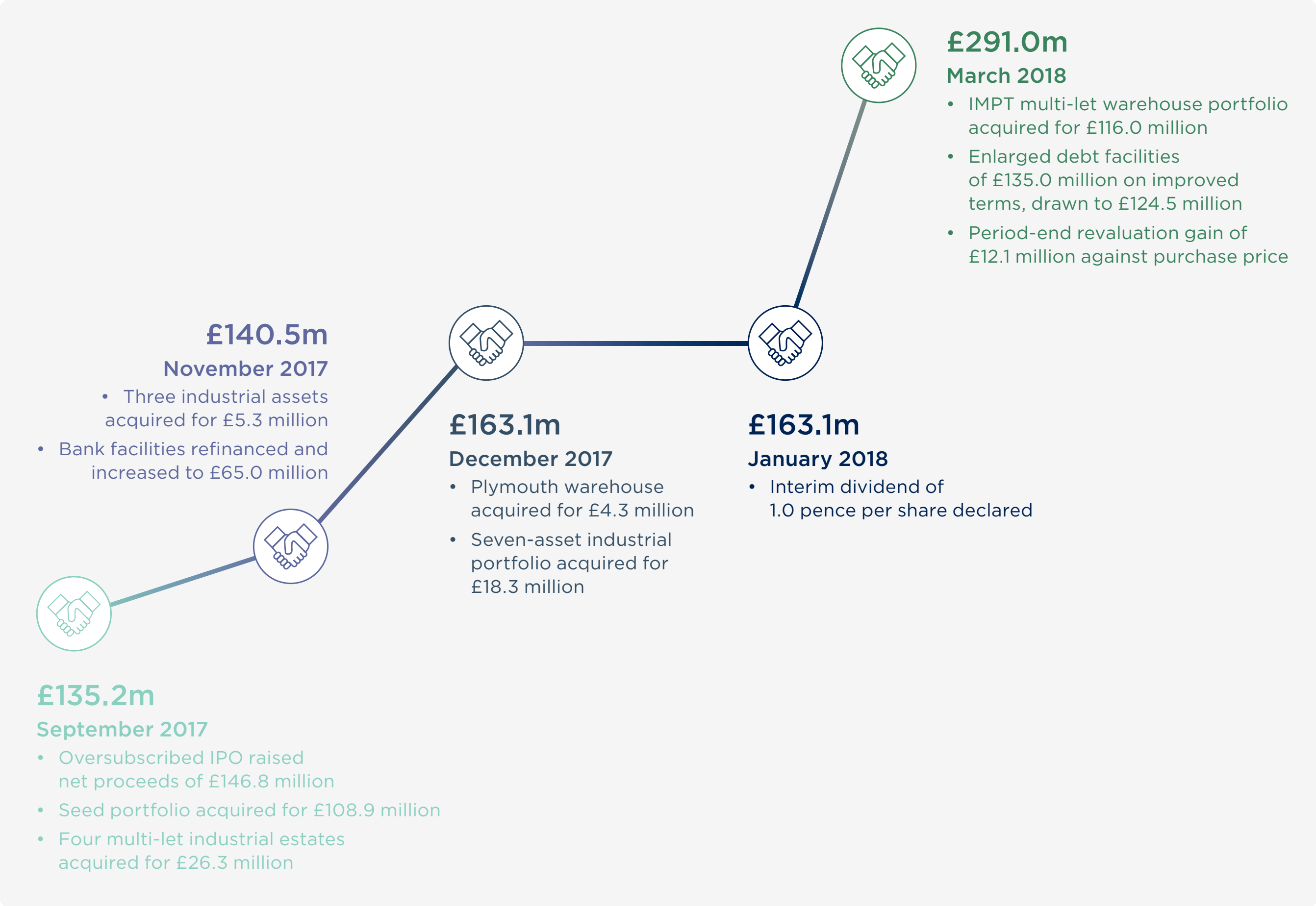
Groundwell Farm Industrial Estate, Swindon
91,000 sq ft
8 units
£412,000 contracted rent p.a.

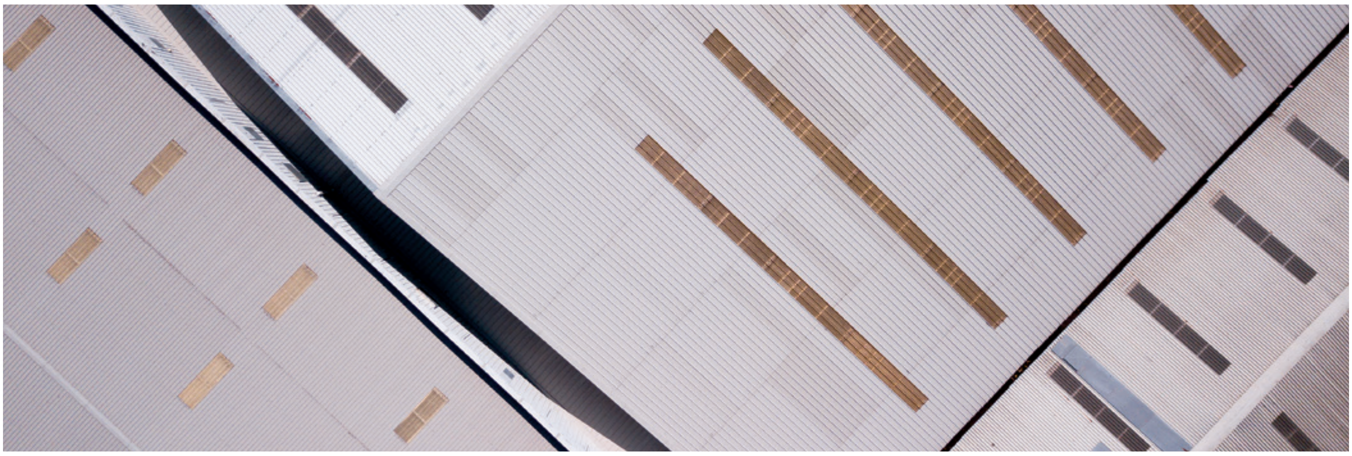
Quantum Park, Manchester
47,000 sq ft
2 units
£451,000 contracted rent p.a.

Introduction

OUR PROGRESS

We made rapid progress with our strategy during the period, completing the investment of the IPO proceeds significantly ahead of business plan and building a portfolio valued at £291.0 million as at 31 March 2018.





INVESTMENT CASE

We operate in a compelling market, which offers significant opportunities for value creation.

Strong occupier demand

Urban warehouses are critical to the successful operation of a wide range of businesses, from small manufacturers to major retailers. The need to fulfil the rapid growth in e-commerce has created a powerful new source of demand for this space in recent years, increasing the competition for available units. It is these multiple levels of demand for urban warehouse space, that drives our view that the sector is mid-cycle and makes the sector resilient to economic downturns.

Shortage of supply

Despite strong demand there is little new supply, as capital values in the small and medium sized warehouse sector are well below replacement cost, making it uneconomic to develop new space. Vacancy rates have more than halved as a result over the last five years, reaching 5.7% for all industrial assets as at 31 March 2018.

Sustainable and growing income

Secure and growing income is key to value creation. Our diversified portfolio, with multiple tenants, units, locations and potential uses, reduces risk and gives us a sustainable income stream. At the same time, the fundamentals of the occupier market are feeding through to strong growth in rents, from their current low base. We also have the opportunity to drive further rental growth, through active asset management.

Top management

Our Investment Manager, TPL provides us with a highly experienced management team, with deep knowledge of the sector and a strong network of industry contacts. Following a wealth of individual experience spanning decades, they have a five-year track record working together. In addition, TPL's close relationship with Savills enables it to capitalise on its best-in-class property management, planning, logistics leasing and regional investment teams. This outsourced model gives us real expertise at minimum cost, as well as strong operational gearing.

Progressive dividends and strong returns

Robust revenues and low costs will drive earnings growth, allowing us to reward shareholders through attractive and progressive dividends. For 2018/19, our first full year as a public company, we have increased our targeted dividend to 6.0 pence per share[1], with further growth thereafter. We aim to achieve a total return of at least 10% per annum.

1. Reflecting a yield of 6.0% based on the issue price of 100 pence per share.

CHAIRMAN'S STATEMENT

Warehouse REIT plc has made a strong start to life as a public company and I am pleased to present the Group's first consolidated results for the period to 31 March 2018.

Dear fellow shareholder

Warehouse REIT plc has made a strong start to life as a public company and I am pleased to present the Group's first consolidated results for the period to 31 March 2018.

Overview

This was a period of considerable activity. We gave much thought to the timing of our IPO and, together with our advisers, worked extremely hard during the late summer to deliver this, resulting in an oversubscribed issue, with the shares admitted to trading on AIM on 20 September 2017. The Company's share register comprises high-quality domestic and international fund managers, including wealth managers, hedge funds and long-only investors, showing the broad appeal of our investment proposition.

The cornerstone of this proposition is that by carefully acquiring and managing urban or 'last-mile' industrial warehouse assets, in strategic locations and bought at prices well below replacement value, we can create a robust and growing income stream for our shareholders. On Admission, we acquired a portfolio of 27 assets, valued at £108.9 million. This portfolio had been assembled by our Investment Manager, Tilstone Partners Limited ("TPL"), during the preceding years. This initial portfolio contains some assets which we believe would now attract meaningful premiums to their current values.

TPL has subsequently reviewed approximately £1.1 billion of assets on the Group's behalf and its analytical rigour has enabled us to rapidly add to the portfolio, in line with our investment policy. In total, the Group has bought a further £170.1 million of assets, with the largest transaction completing in the final week of March. The portfolio provides opportunities to let vacant space and increase rents, as well as to reconfigure and generate increased value from a number of interesting sites.

We financed this significant activity by investing all of the equity raised at IPO, substantially ahead of schedule, and by successfully enlarging our debt facilities with HSBC, as described below.

Dividends and total return

At the time of the IPO, we committed to quarterly dividends that would begin after the period to 31 December 2017. We were therefore pleased to pay our first dividend of 1.0 pence per share on 9 March for the period from Admission to 31 December 2017. We have declared an interim dividend of 1.5 pence per share, for the quarter to 31 March 2018. This will be paid on 6 July 2018 to shareholders on the register at 8 June 2018. Both these dividends are in line with our targets set at IPO.

Our target total return is at least 10% per annum, from a combination of dividends and net asset value ("NAV") growth. The total return for the period was 4.6%, or 12.8% on an annualised basis and after adjusting for the costs of the IPO. As the business has performed ahead of expectations we have increased the target dividend for the year ending 31 March 2019 to 6.0 pence per share from 5.5 pence per share as set out in the prospectus. We will continue to review dividend payments as the year progresses.

Investment management

The Company has an Investment Management Agreement with TPL, which is responsible for portfolio and risk management and for monitoring the Group's assets. TPL has full discretionary authority over asset acquisitions and disposals, subject to criteria laid down by the Board. The Agreement provides for a fee of 1.1% of NAV, up to a NAV of £500 million (and 0.9% thereafter), to be paid quarterly in arrears and with no performance fees.

TPL's founders are Simon Hope, Paul Makin and Andrew Bird. They are all well-known, highly experienced and skilled individuals in the real estate sector, and their extensive networks of contacts and asset management capabilities are already proving invaluable. Since the IPO, TPL has further strengthened its team, including recruiting a number of experienced asset managers and TPL anticipates making further hires during the course of the coming year. TPL's relationship with Savills, which provides a number of property-related services to the Group, has been particularly beneficial.

Financial results

Our financial performance for the period exceeded the expectations set at IPO. The NAV per share at 31 March 2018 was 102.1 pence, reflecting both a 4.3% uplift in the value of the portfolio against acquisition cost and the expenses incurred in the IPO.

The Group's annual rent roll at the period end was £21.3 million and the portfolio's estimated rental value ("ERV") was £23.8 million, demonstrating the opportunity to drive income from these assets over the coming years.

At the period end, the Group had £124.5 million of debt and a loan-to-value ("LTV") ratio of 40.5%, slightly ahead of our longer-term target of 30-40% but below the limit in our investment policy of 50% and the covenant of 55%. The Group's facilities total £135.0 million and comprise a £105.0 million revolving credit facility ("RCF") (extended during the period from £35.0 million, on reduced terms), and a £30.0 million term loan.

Outlook

The warehouse sector continues to perform strongly and we believe the growth drivers are structural rather than cyclical. Market expectations are for rents to rise by 3.5% per annum, for all industrial assets between 2018 and 2022, according to RealFor, but our expectation is that rental growth will be stronger still in the part of the market we are focused on, driven by a significant supply/demand imbalance and there are good prospects to outperform market expectation through active asset management. We see no sign of any change in these favourable dynamics but remain alert to the potential for geopolitical or financial events to affect sentiment.

Our priorities for the coming year are to integrate the acquisitions, complete lease renewals with tenants in the IMPT portfolio who were holding over, and continue to increase occupancy across the entire portfolio. Whilst we expect further yield compression across the sector, there remain opportunities to invest at attractive yields. We are confident in our investment case and our ability to achieve our target returns.

The Directors all own shares in the Company and, together, the Board and the TPL management team hold around 11% of the equity. This means we are fully aligned with the interests of our fellow shareholders. I have been delighted with the entrepreneurial spirit and openness, and with the intensity of effort displayed by everyone involved with the Company during such a busy and successful first period. We are ambitious and excited about the future and I look forward to reporting on our progress.

Neil Kirton

Chairman

21 May 2018

MARKET OVERVIEW

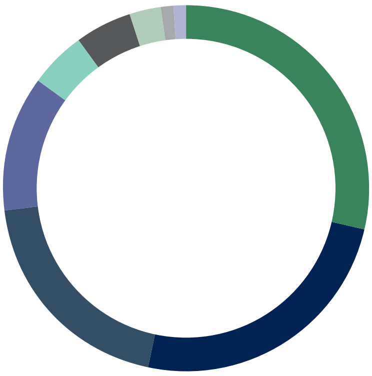
The urban warehouse market has a number of characteristics that make it highly attractive for asset owners, such as Warehouse REIT.

Strong occupier demand

Urban warehouses are in high demand from potential tenants. They are used by a wide range of occupiers, from small industrial and manufacturing businesses to major retail chains and distributors. The robust UK economy, with record levels of employment, means that many businesses are competing for this space.

At the same time, urban warehouses have become an increasingly important part of the UK logistics delivery chain (see box on page 13), creating a powerful extra source of demand for space. They are now critical assets for companies looking to fulfil e-commerce orders quickly and efficiently. This has made internet companies and their service providers among the biggest takers of warehouse space in the UK, helping to push up rents for all industrial tenants.

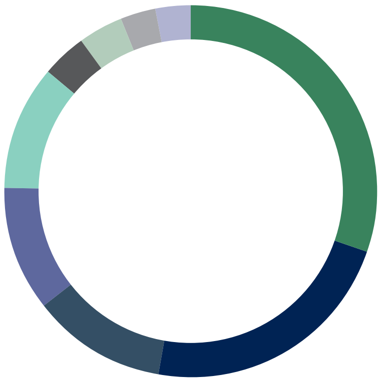
UK industrial take-up 2007



3PL	29%
High street retail	25%
Grocery retail	20%
Manufacturing	12%
Automotive	5%
Parcel	5%
Food production	3%
Online retail	1%
Wholesale	1%

Source: Savills

UK industrial take-up 2017



3PL	31%
Manufacturing	23%
Online retail	12%
High street retail	11%
Automotive	11%
Grocery retail	4%
Wholesale	4%
Food production	3%
Parcel	3%

Source: Savills

Online retail grew from 1% in 2007 to 12% in 2017.

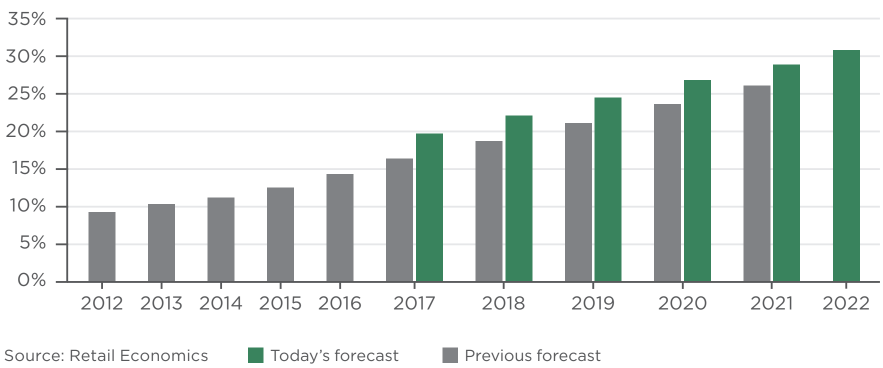
Further rapid growth in e-commerce is expected over the next few years (see chart below) and this phenomenon is not limited to pure online businesses. Most companies now need a digital strategy and this is allowing, for example, manufacturers to sell directly to the public from their warehouses, further disintermediating the retail high street.

Demand for space is spread around the country and is particularly strong in key logistics centres such as the Midlands. This allows asset owners to spread risk by building up portfolios which are geographically diverse, yet still benefiting from strong occupational demand which is not solely focused on the South East.

Demand for small and medium-sized warehouses (less than 50,000 sq ft) is strong, with take-up increasing by 5% in 2017 compared with the previous year. In contrast, demand for logistics space (over 100,000 sq ft) fell by 19% in 2017. In total, small and medium-sized warehouses accounted for 55% of total take-up in 2017.

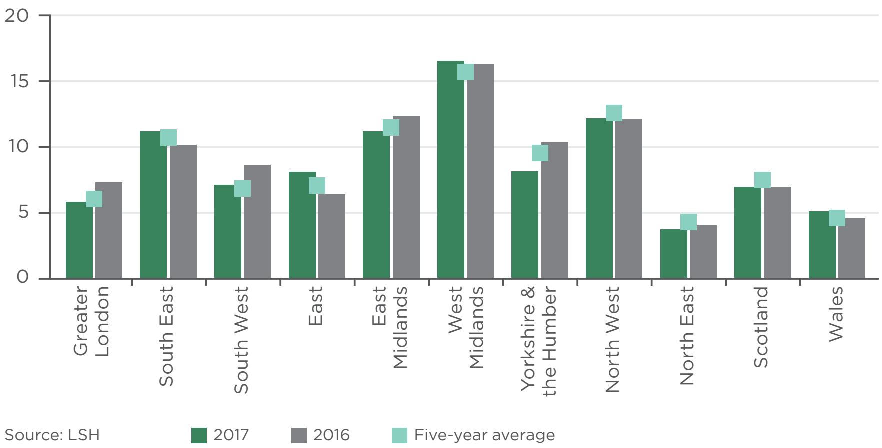
UK online retail growth

Internet sales as a percentage of total retail sales



Source: Retail Economics

UK industrial take-up by region (m sq ft)



Source: LSH

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 before delivery to the end retailer.

Tier 3 – urban warehouses

This is the third and most recent level of the supply chain, as more business-to-consumer and business-to-business 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.

MARKET OVERVIEW
continued

Constrained supply

The supply of industrial space has not grown sufficiently to meet the rise in demand described above, resulting in availability rates more than halving over recent years. According to Lambert Smith Hampton ("LSH"), UK-wide supply reached a new low of 156 million sq ft at the end of 2017, with a further fall in availability in all size bands during the year.

LSH research also shows that while an increase in small unit development has helped to slow the rapid falls in supply, the sub-50,000 sq ft segment has the lowest level of grade A availability, at just three months of average take-up. This compels many potential occupiers of that space to consider second-hand supply instead. In total, small and medium-sized warehouses have just 1.6 years of supply.

The supply of urban warehouse space is unlikely to increase rapidly in the short to medium term. Smaller assets are, pro-rata, more expensive to build than Big Boxes and the high build cost makes development uneconomical. This is demonstrated by the capital value of our portfolio, which is well below the rebuild cost (see chart).

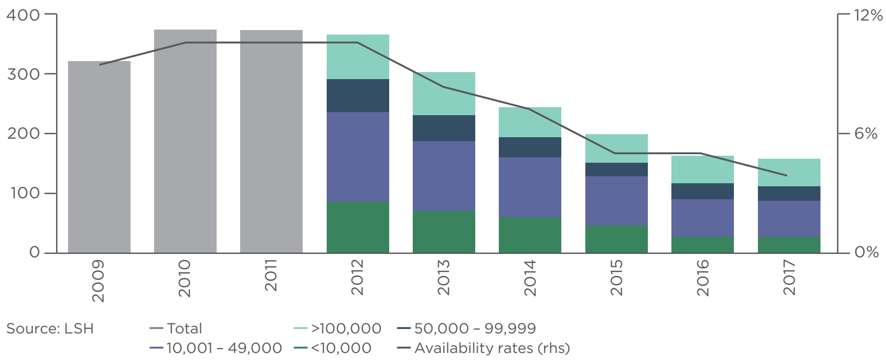
We estimate that passing rents would need to increase by around 25% before development becomes viable in most markets. Higher rents in the South East are enabling some speculative development but developers must still acquire land at economic prices, in the face of higher-value alternative uses such as housing.

If and when UK-wide rents do rise and yields fall to an extent sufficient for development to become viable, the UK planning system will delay the development of larger-scale warehouse sites by anything up to 24 months.

The high cost of development does mean that some older estates, which may previously have been redeveloped for other uses, are now economic to refurbish, creating opportunities for good asset managers.

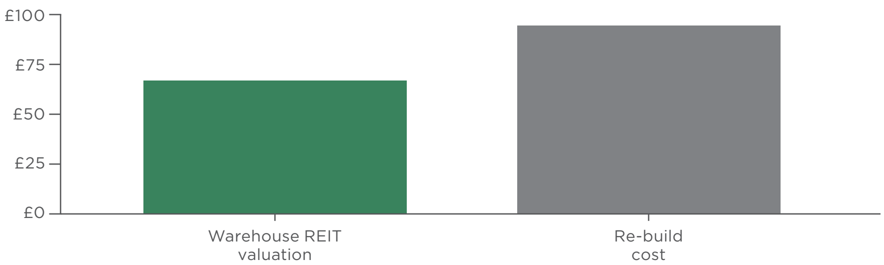
The shortage of supply also means that tenants are increasingly requesting longer leases. In 2013, a five-year lease with a break at three years was typical. A typical lease is now ten years with a break and upward-only rent review at five years, providing increased security of income for landlords while still offering the potential for income growth.

UK industrial availability by size-band (sq ft)



Source: LSH

Building reinstatement values (per sq ft)
High building cost makes development uneconomical

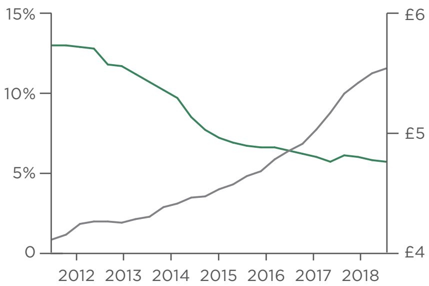


Source: Gerald Eve

Falling vacancy and rising rents

The supply and demand dynamic in the industrial real estate market has contributed to sharp falls in vacancy rates, as shown in the chart below. Vacancy rates for units below 50,000 sq ft, at the end of 2017, reflected 3% of the whole industrial market, compared with 7% in 2012. Falling vacancy rates have resulted in strong and consistent rental growth, with incentives such as rent-free periods also significantly reducing.

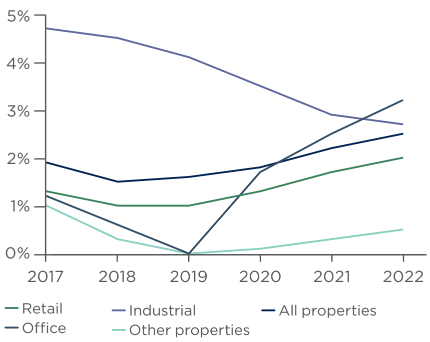
Industrial vacancy rate vs average rent



Source: CoStar/Savills

Given the expected growth in e-commerce and the demand for ever-shorter delivery times, combined with a strong manufacturing sector, we believe the upward pressure on rents will continue. Market forecasts support this, with industrial rental growth to 2022 predicted to be well ahead of other sectors of the real estate market, as shown in the chart below.

Rental growth forecasts



Source: RealFor

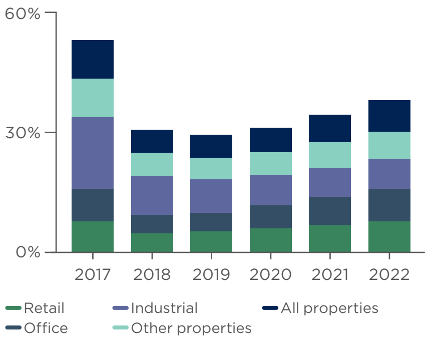
The investment market for industrial assets

The highly attractive fundamentals of the occupier market mean there is strong investment demand for industrial assets. According to LSH, 2017 was a record year for transactions, with £7.5 billion of industrial assets changing hands. This was a 44% increase on 2016 and above the previous high of £6.7 billion in 2014. Institutions were both the largest buyers and biggest sellers of assets in 2017 and overseas investors were also highly active, with a focus on large lot sizes.

As a consequence of this investment demand, industrials were the best performing real estate sector in 2017, with a total return of 19.6% against an all property return of 10.2% (source: LSH). Total returns from the sector are forecast to remain strong and ahead of the wider market over the coming years.

Transaction yields at the prime end have compressed. However, we continue to see opportunities for Warehouse REIT to acquire assets at attractive prices and have demonstrated our ability to source stock at yields of 7% and above. Our strong contacts through TPL and Savills and the nature of the assets we target, with typically smaller lot sizes, shorter leases, numerous tenants and a requirement for hands-on management, can give us an advantage compared with other potential purchasers of industrial assets.

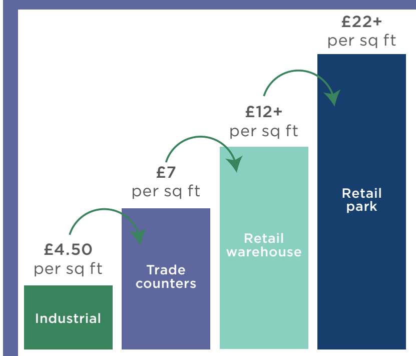
UK industrial – total returns forecast



Source: RealFor

Change of use

An important feature of well-located warehouses is the potential for change of use. There is a strong correlation between the rental value of a warehouse and its permitted use under the Town and Country Planning (Use Classes) Order 1987. In some cases, it may be possible to alter the permitted use of a warehouse, to make it suitable for a different occupier paying a higher rent. The chart demonstrates the substantial rental uplifts which can be achieved in this way.



BUSINESS MODEL

A deep understanding of the urban warehouse market and strong networks and relationships create value for our shareholders.

INPUTS

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

Physical assets

We have a strong portfolio of urban warehouses, in key locations around the UK

Relationships

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

Specialist knowledge

TPL'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 predominantly buy multi-let warehouse estates, either as single assets or in portfolios. Estates spread risk compared with single-let assets, as they have a range of tenants and more opportunities to add value through active asset management. They allow us to relocate tenants, meet changes in their need for space and phase refurbishment to avoid significant vacancies. Rental increases from new lettings can also be reflected across the remainder of the estate.

We are highly selective when acquiring assets and draw on the extensive networks of both TPL and Savills to help us source investments. This is an important advantage for us, as it can enable us to acquire assets off-market, potentially at more attractive yields. We expect most buildings we buy to be less than 100,000 sq ft, with a typical unit size of 5,000 to 25,000 sq ft.

See our strategy and objectives on pages 18 to 20 for more on the characteristics of the assets we look to acquire.

Review and approve transactions

Once TPL has identified a potential acquisition, it conducts a thorough due diligence exercise, including inspecting each property and, typically, meeting the tenants. TPL's due diligence checklist ensures the assets comply with our investment policy (see page 19). Once the due diligence is complete, a report including cash flow and return forecasts is submitted to TPL's investment committee, for approval. Any individual asset valued above 20% of our gross asset value must also be approved by the Board. TPL then negotiates terms with the vendor and the acquisitions are completed through an established conveyancing law firm.

Monitor and manage investments

TPL reviews the portfolio each month, with particular focus on occupancy, lease events, rental values and rent collection, and visits each property at least bi-annually. These visits are a key part of our 'space intelligence', which involves understanding the assets, how our tenants use them, their likely future needs for space and the significance of rent to their cost base. This knowledge underpins our asset management plans.

TPL also monitors the market and building valuation databases, with the support of Savills' extensive research function. This ensures we are in a position to take advantage of potential investment and occupier opportunities.

Day-to-day property management is outsourced to Savills and Aston Rose, with the latter responsible for assets acquired as part of the IMPT portfolio.

Create value through asset management

Our asset management process has three stages, starting with the careful stock selection, forensic due diligence and space intelligence described above. This allows TPL to develop a detailed business plan cash flow before we bid, which includes an asset management plan. This plan is then refined during our ownership.

The second stage of asset management is to deploy targeted capital expenditure to improve letting prospects, support lease renewal and drive rental growth. We budget for this within our acquisition cash flow and aim to spend 0.75% of our gross asset value on capex each year, with a target return of at least 10%. TPL's strong agency and occupier contacts are an important advantage in letting vacant space, while close tenant relationships ensure that the majority of tenants renew their leases, underpinning the security of our income and providing opportunities for rental growth.

The third stage is to explore other opportunities to create rental and capital growth, for example by repositioning assets to higher-value uses, such as trade counters and retail warehouses, or by redeveloping a site. While our intention is to be a long-term holder, we may dispose of an asset and reinvest the proceeds, if we have completed our asset management plan for that property.

OUTPUTS

The value we create for our stakeholders:

Tenants

Our fit-for-purpose warehouses enable our tenants to effectively run and grow their businesses

Shareholders

Shareholders benefit from progressive dividends, supported by a secure and growing rental stream, and from rising capital values

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 STRATEGY AND OBJECTIVES

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

We believe the key to outperformance is stock selection, which includes:

1

Location

We look for attractive sites, close to major road, rail and air transport links and to large conurbations.

2

Buildings

We look through the lens of the occupier, to ensure the buildings' design, size and configuration will match tenants' current and future needs.

3

Optionality

We look for buildings with a range of different uses, which offer long-term flexibility and have the potential to change permitted use.

Our strategy

Before we make an investment decision, we consider the level, quality and diversity of existing income from the assets, and the current supply and demand for space in the local market. In implementing this strategy, we follow the investment policy described below.

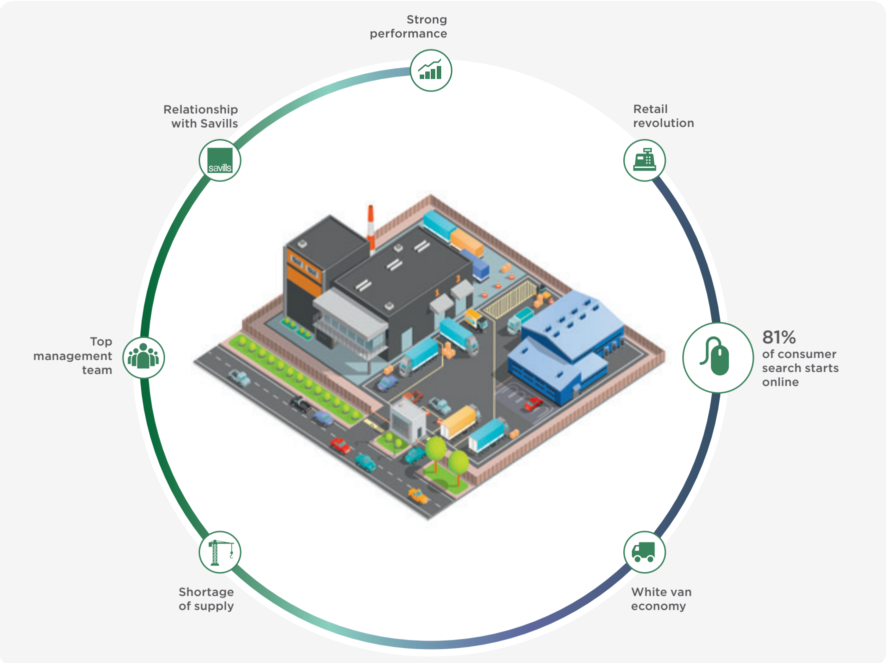
Investment policy

Our policy is to invest in a diversified portfolio of urban warehouse assets in the UK. We can acquire properties either directly or through corporate structures, or in joint ventures or other share ownership or co-investment arrangements.

We look for investments where there is the potential to add value through active asset management.

In addition to this, our investment policy supports our ability to manage our resources by investing currently unutilised cash in cash deposits and gilts, and using interest rate hedges or other means of mitigating the risk of interest rate rises.

Warehouse REIT's full investment objective and the investment policy are both set out on pages 102 and 103.



We invest in and manage the portfolio with the aim of spreading risk. This requires us to observe the following restrictions:

Investment restriction	Status	Performance
We will only invest in warehouse assets in the UK.	✔	All our assets are UK-based urban warehouses.
No individual warehouse will represent more than 20% of our last published gross asset value ("GAV"), at the time we invest.	✔	The largest individual warehouse represents 5.0% of our GAV.
We will target a portfolio with no one tenant accounting for more than 10% of our gross contracted rents at the time of purchase. No more than 20% of our gross assets will be exposed to the creditworthiness of a single tenant at the time of purchase.	✔	Our largest tenant accounts for 3.1% of our gross contracted rents and 3.4% of our gross assets.
We 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 pages 4 and 5.
We can invest no more than 10% of our gross assets in other listed closed-ended investment funds.	✔	We held no investments in other funds during the period.
We 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, we did not undertake any speculative development in the period.
We 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. Our exposure to these developments cannot exceed 15% of our gross assets at the time of purchase.	✔	We made no investments or financial commitments to pure developments in the period.
We view 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.	✔	Our LTV at 31 March 2018 was 40.5%.

OUR STRATEGY AND OBJECTIVES continued

Our objectives

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

Dividend policy

At IPO, we set out the following dividend policy, in line with the REIT requirements to distribute at least 90% of our property income:

Period	Target dividend per share	Dividend yield[1]
IPO to 31 March 2018	2.5p	4.5%
Year ending 31 March 2019	5.5p	5.5%

The targeted covered dividend for the year ending 31 March 2019 has now increased to 6.0 pence per share[2].

For years after 2018/19, we intend to adopt a progressive dividend policy, in line with anticipated growth in earnings, with a target dividend yield equivalent to at least 6%[1] based on the issue price at IPO.

Total returns

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

1. Based on the issue price at IPO of 100 pence.
2. This is a target not a profit forecast and there can be no assurances that it will be met.

KEY PERFORMANCE INDICATORS

We use the following key performance indicators ("KPIs") to monitor our performance and our progress against our strategy.

KPI	Relevance to strategy	Performance
Occupancy Total open market rental value of units leased divided by total open market rental value of the portfolio.	Shows our ability to retain tenants at renewal and to let vacant space, which in turn underpins our income and dividend payments.	Occupancy improved from an initial 91.7% at IPO to 93.1% at 31 March 2018, as we successfully implemented our asset management plan.
Average rent per square foot Total net contracted rent divided by total square feet of let units.	Shows our ability to grow average rents over time, as well as the reversionary potential in the portfolio, when compared to market rents.	The average rent per square foot of the portfolio was £5.24 at the period end.
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, in accordance with EPRA guidelines.	Shows our ability to acquire well and to increase capital values through active asset management.	The NAV per share was 102.1 pence at 31 March 2018, after accounting for the impact of exceptional IPO costs of £3.2 million and property acquisition costs of £6.9 million.
Dividends per share The total amount of dividends paid or declared in respect of the financial period divided by the number of shares in issue in the period.	Shows our ability to generate secure and growing income, which underpins progressive dividend payments to shareholders.	The total dividend in respect of the period was 2.5 pence per share, in line with our target at the time of the IPO.
Loan-to-value ratio Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.	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.	The LTV was 40.5% at the period end, slightly above our longer-term target range of 30-40% but within the limit in our investment policy of 50%.

CASE STUDY

TRAMWAY INDUSTRIAL ESTATE, BANBURY

What is it?

The Tramway Industrial Estate is made up of nine units totalling 151,000 sq ft, on a site which is close to the M40 and next to the railway station and the town centre.

What have we done since IPO?

Since IPO we have let the final vacant unit to an existing tenant, meaning the estate is now fully let. We have also re-geared the leases with Magna Exteriors, which provides over one third of the income from the asset, and signed a new five-year term. These actions have increased the contracted rent from the site by more than £50,000 per annum and extended the WAULT to expiry from 4.0 years to 5.4 years. In addition, we acquired six acres of adjacent land for £800,000. This land is let to Banbury Football Club.

What is the future?

We are exploring higher-value uses for the units and are working with occupiers to increase the existing retail element on the site. The market rental value for the units is now £845,000, up from £803,000 at IPO, compared with a period-end contract rent of £775,000 per annum. We are also looking at opportunities to acquire adjoining sites, to enhance the longer-term development potential.

Key statistics

Valuation at 31 March 2018

£12,300,000 (includes additional land acquired for £800,000)

Valuation at IPO

£10,500,000

Contract rent at 31 March 2018
£775,000

Contract rent at IPO
£723,000

Occupancy
100.0%

Key tenants
Magna Exteriors, Chiltern Railways, Cleenol

CASE STUDY

OLDBURY POINT, ROOD END LANE, OLDBURY

What is it?

This industrial estate has 14 units totalling 96,000 sq ft. It is close to both the M5 and the mainline railway. The asset was originally acquired with 32.3% occupancy, presenting opportunities for value creation.

What have we done since IPO?

Since IPO, we have continued a substantial refurbishment of the estate, on time and to budget. This has helped us to let half the vacant units, increasing contracted rent from £91,000 at IPO to £210,000 at the period end, while the market rental value for the units has risen from £377,000 to £465,000, representing growth of 23.3%. We currently have offers on 45.2% of the remaining vacant space.

What is the future?

We will continue to capitalise on the shortage of industrial units in this location, which is leading to rising rents and capital values, while working with our tenants to improve the WAULT.

Key statistics

Valuation at 31 March 2018
£5,500,000

Valuation at IPO
£3,450,000

After

Contract rent at 31 March 2018
£210,000

Contract rent at IPO
£91,000

Occupancy
53.0%

Key tenants
Euroby, Swansway Garages

CASE STUDY

QUEENSLIE BUSINESS PARK, GLASGOW

What is it?

The estate comprises 348,000 sq ft of warehouse space on a 55-acre site, with an average rent of just £4.19 per sq ft. The site has its own junction on the M8 motorway and includes 16 acres of potential development plots, suitable for a range of occupiers.

What have we done since IPO?

Since IPO, we have continued working on marketing the site to increase its profile and have let three vacant units and renewed leases on a further three, further increasing occupancy from 88.5% to 94.6%. We have also submitted a planning application for change of use on 16 acres of the site and expect a decision in mid-2018.

What is the future?

In the near term, we will complete the £200,000 refurbishment of Block 14. Longer term, our aim is to reposition Queenslie as Glasgow's leading mixed-use estate. As part of this, we will seek pre-lets so we can bring forward a risk-free development.

Key statistics

Valuation at 31 March 2018
£14,450,000 (pre-planning)

Valuation at IPO
£13,800,000

Contract rent at 31 March 2018
£1,386,000

Contract rent at IPO
£1,312,000

Occupancy
94.6%

Key tenants
Siemens, Soapworks, Marine Products

CASE STUDY

POST-IPO ACQUISITIONS

What are they?

Since IPO, we have acquired a further 65 estates totalling 2.7 million sq ft of predominantly warehouse and distribution space. These 700 units had an average size of 4,000 sq ft, rent of £5.22 per sq ft, and occupancy of 93.6%. The WAULT as at 31 March 2018 is 3.7 years to expiry and 2.5 years to break, presenting asset management opportunities. The assets are predominantly in the Midlands (39%), South (36%) and North (24%), with 1% in Wales and none in Scotland or Northern Ireland, giving us a well-balanced total portfolio by location. The reversionary yield on the assets is 7.7%.

What have we done since IPO?

At IPO, we set a target of being fully invested within 12 months. We achieved that target six months early, by sourcing both attractive single assets and portfolios, while ensuring we rigorously complied with our investment criteria.

What is the future?

Our aim is to increase both income and value. Targeted capital expenditure will increase the rental tone, helping us to continue to reduce void levels and extend the WAULT.

Key statistics

Valuation at 31 March 2018
£172,925,000

Purchase price
£170,100,000

Purchase contract rent at 31 March 2018
£13,000,000

Purchase yield
7.4%

Occupancy
93.6%

Key tenants
Howdens, Travis Perkins, Screwfix, LFI

INVESTMENT MANAGER'S REPORT

This was a busy first period, during which the Company successfully completed its IPO, rapidly built a high-quality portfolio of urban warehouse assets and pursued asset management opportunities. This resulted in financial performance ahead of expectations at the time of the IPO.

Initial public offering

The Company raised gross proceeds of £150.0 million, through a placing and offer for subscription of 150 million ordinary shares at 100 pence each. The net proceeds of the issue were £146.8 million, which along with co-investment by management of TPL of £16.0 million resulted in net assets at IPO of £162.1 million. The Company's shares were admitted to trading on AIM on 20 September 2017.

Investment activity

The transactions completed during the period were as follows:

20 September 2017

Assets acquired:

Seed portfolio

Purchase price:	£108.9 million
Net initial yield:	7.0%
Floor area (sq ft):	1.7 million

The seed portfolio was assembled by TPL over the period from August 2013 and comprises 27 freehold and long-leasehold assets, located throughout the UK. The seed portfolio had 129 tenants on acquisition, including strong covenants such as Boots, Amazon, Asda and Selco Trade Centres. The seed portfolio had annual net rent of £8.1 million and an ERV of £9.4 million, showing strong potential for income growth.

28 September 2017

Assets acquired:

Four multi-let industrial estates

Purchase price:	£26.3 million
Net initial yield:	7.5%
Floor area (sq ft):	603,000

The assets acquired were pipeline assets, at an advanced stage of negotiation at the time of the IPO. Two of the estates are in the North West, with one each in the South East and Midlands. All are either in urban areas or on strategic infrastructure links. The average passing rent of £3.50 per sq ft offers the potential for long-term rental growth.

29 September 2017

Assets acquired:

Six-acre site in Banbury, Oxfordshire

Purchase price:	£0.8 million

The site is adjacent to the Group's Tramway Industrial Estate, with the enlarged 13-acre strategic holding providing medium to long-term mixed-use redevelopment options.

24 November 2017

Assets acquired:

Three industrial units in Stone, Staffordshire

Purchase price:	£3.7 million
Net initial yield:	7.3%
Floor area (sq ft):	58,000

The units are located close to the M6. The site has low density of 24% and average passing rents of £5.09 per sq ft. Fixed uplifts in one of the leases will increase the passing rent by 16% over the next four years.

24 November 2017

Assets acquired:

Multi-let trade counters in Carlisle, Cumbria

Purchase price:	£0.8 million
Net initial yield:	8.3%
Floor area (sq ft):	14,000

The site is adjacent to a 12,000 sq ft unit already owned by the Group, providing the opportunity to enhance access to both, and has significant reversionary potential.

15 December 2017

Assets acquired:

Warehouse in Plymouth, Devon

Purchase price:	£4.3 million
Net initial yield:	7.4%
Floor area (sq ft):	66,000

The property sits on a 3.9-acre site within the established Parkway Industrial Estate. It offers good reversionary potential, while the accessible location and its adjacency to higher-value retail warehouse uses provides longer-term development opportunities.

21 December 2017

Assets acquired:

Seven-asset industrial portfolio in North West England

Purchase price:	**£18.3 million**
Net initial yield:	**7.0%**
Floor area (sq ft):	**326,000**

The portfolio comprises a diverse mix of asset types in the Northern Powerhouse region, with attractive locations and excellent motorway connections. The average unit size is 15,000 sq ft. There is significant reversionary potential and possible planning for 24,000 sq ft of additional space.

26 March 2018

Assets acquired:

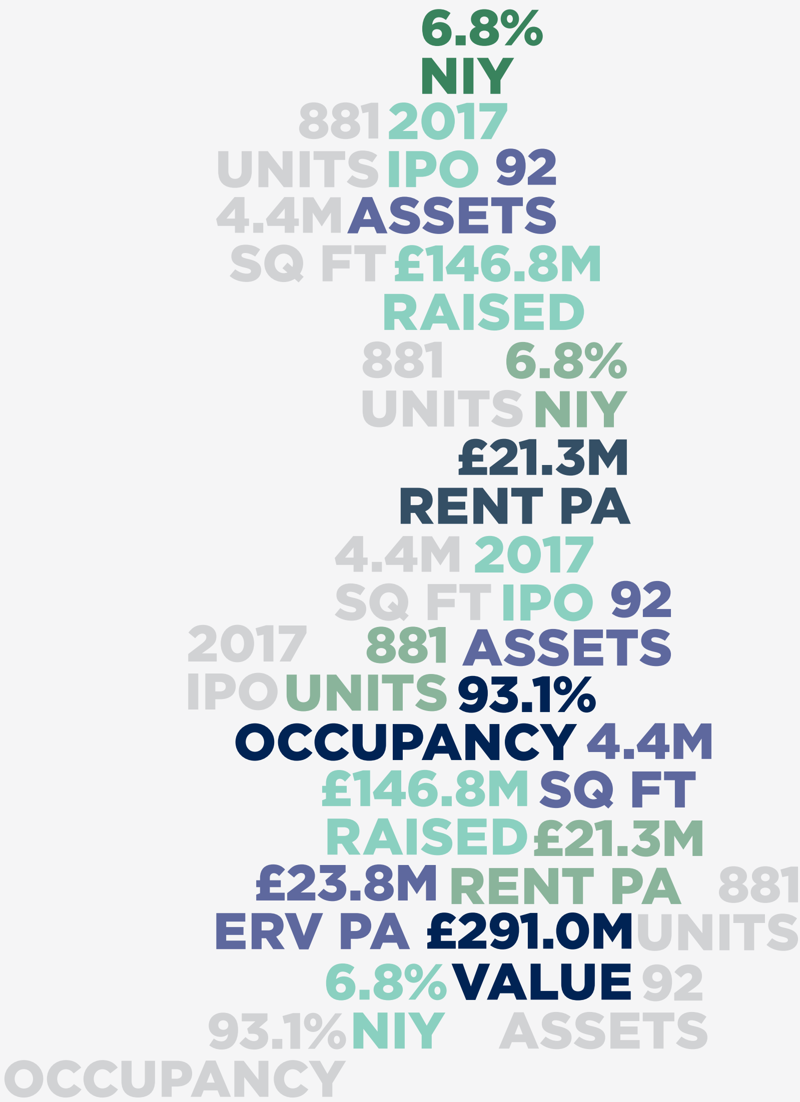
UK multi-let urban warehouse portfolio

Purchase price:	**£116.0 million**
Net initial yield:	**7.0%**
Floor area (sq ft):	**1.7 million**

The IMPT portfolio comprises 51 warehouse properties, with more than 500 leasable units and 382 tenants at the time of purchase. The majority of the assets are in the Midlands and South of England, giving the Group a more even spread of locations across the UK. Approximately 93% of the floor area is light industrial property, with 7% representing other workspace and offices. The assets are in established commercial locations, close to urban centres, major motorways or trunk roads. The contracted rent roll is approximately £8.5 million at an average of £5.66 per sq ft, with passing rents totalling £8.3 million. The occupancy rate of 92%, when the transaction exchanged, provides scope for value creation through asset management.

Portfolio analysis

As a result of the acquisitions described to the left, at 31 March 2018 the Group had invested £278.9 million and assembled a portfolio covering 4.4 million sq ft. The investment was focused primarily on warehouse storage and distribution space, with the remainder split between light manufacture and assembly, retail and trade uses.



INVESTMENT MANAGER'S REPORT continued

Portfolio analysis continued

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%	182.2	6.7%	7.6%	3.8	2.6	4.82	61
Light manufacture and assembly	96%	48.7	7.1%	7.9%	3.4	1.9	4.44	57
Retail	99%	19.6	7.0%	7.7%	5.5	5.2	10.87	142
Trade	100%	21.8	6.1%	6.7%	7.1	5.2	6.16	93
Workspace/office	95%	16.6	8.8%	9.0%	3.1	2.1	10.85	106
Other	100%	2.1	7.1%	7.2%	8.7	6.1	5.96	79
Total	**93.1%**	**291.0**	**6.8%**	**7.7%**	**4.1**	**2.8**	**5.24**	**66**

At the period end, the contracted rent roll was £21.3 million, resulting in a net initial yield of 6.8%. This compares with an ERV of £23.8 million and a reversionary yield of 7.7%, showing the strong reversionary potential in the portfolio. The ERV assumes that a unit is re-let in its current condition and does not take account of the potential to increase rents through refurbishment, repositioning or change in permitted planning use. The table above demonstrates the higher rents earned for units converted to trade counter or retail warehouse use.

The seed portfolio acquired at IPO had an occupancy of 91.7%, reflecting the Group's targeting of assets with the potential for asset management. By the period end, this had increased to 92.4%, reflecting 17 new lettings and eight lease renewals, which is described in the following section, and was ahead of the expectation at the time of the IPO.

However, the acquisition of the IMPT portfolio on 26 March 2018 affected both occupancy and WAULT at the period end. The IMPT portfolio had an occupancy level of 92.3% on acquisition and a large number of tenants holding over lease renewals until the transaction completed. Excluding the impact of the IMPT acquisition, occupancy of the remainder of the portfolio was 92.9% and the WAULT was 4.3 years, with 3.2 years to first break.

A full portfolio listing can be found on pages 100 and 101.

Asset management

Although the Group has only owned much of the portfolio for a short time, it has already demonstrated its ability to add value through asset management.

During the period, the Group spent and committed £1.3 million on capital expenditure, in line with its target of investing 0.75% of gross asset value each year. This capital expenditure helped the Group to complete 27 new lettings of previously vacant space, generating annual rent of £0.8 million, which was 7.3% ahead of ERV. Since the period end, the Group has completed a further 4 new lettings at annual rents 5.4% ahead of ERV.

Lease expiries in the period had total passing rent of £1.1 million. The Group retained 79% of these tenants with 43% signing new leases and 57% continuing to hold over. These new leases secured an average rental increase of 4.6% or 1.9% above ERV.

Of the 31 leases with a break in the period, only 10% of these vacated.

The Group's property at Queenslie Industrial Estate, Glasgow, includes 16 acres of potential development sites, suitable for a range of occupiers. The Group has created a masterplan and implemented a planning strategy for higher-value uses. The outline planning application submitted to Glasgow City Council has been positively received by local stakeholders and more recently has overcome critical policy issues. TPL continues to believe that the application will be favourably determined.

Financial review

Performance

The Group delivered a strong financial performance during the period, which was ahead of expectations at the time of the IPO.

Revenue for the period was £6.6 million. The Group's outsourcing model gives it low-cost access to the expertise of TPL, Savills and other key service providers. Operating costs were £2.4 million. This included the Group's running costs (primarily the management fee, audit, company secretarial, other professional fees and the Directors' fees), and property related costs, including legal expenses, void costs and repairs.

Net financing costs, which are the interest costs associated with the Group's RCF and term loan, amounted to £1.0 million in the period, or £0.8 million excluding exceptional items.

The Group incurred the following exceptional costs during the period, as disclosed in the IPO prospectus:

- IPO-related expenses totalling £3.2 million; and
- a termination fee of £167,000, relating to the refinancing of the Group's debt facilities.

The Group recognised a gain of £5.2 million on the revaluation of its investment properties at the period end. This contributed to profit before tax and exceptional loan break fees of £8.5 million and statutory profit before tax of £8.4 million. As a REIT, the Group's profits and gains from its property investment business are exempt from corporation tax, and the corporation tax charge for the period was therefore £nil.

Earnings per share ("EPS") under IFRS were 5.0 pence. EPRA EPS was 1.9 pence.

Dividends

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

- 1.0 pence per share in relation to the period from IPO to 31 December 2017, which was paid on 9 March 2018. 0.78 pence of this dividend was paid as a Property Income Distribution ("PID") and 0.22 pence was non-PID.
- 1.5 pence per share, in relation to the three months to 31 March 2018. This dividend will be paid on 6 July 2018, to shareholders on the register at 8 June 2018. 1.15 pence of this dividend will be paid as a PID and 0.35 pence will be non-PID.

Total dividends in respect of the period were therefore 2.5 pence per share, in line with the target set out in the prospectus.

The cash cost of the total dividend is £4.2 million.

INVESTMENT MANAGER'S REPORT continued

Financial review continued

Valuation and net asset value

The portfolio was independently valued as at 31 March 2018, in accordance with the RICS Valuation Global Standards (the "Red Book"). CBRE valued the IMPT portfolio, with Gerald Eve valuing the remainder of the Group's assets.

The total portfolio was valued at £291.0 million, representing an uplift of £12.1 million or 4.3% against the assets' aggregate purchase price. The EPRA net initial yield was 6.2%.

The valuation resulted in a NAV at 31 March 2018 of 102.1 pence per share which represents good progress against the issue price of 100 pence, after accounting for the costs associated with the IPO and acquisitions.

Debt financing and hedging

On 27 November 2017, the Company announced that in line with the IPO prospectus, it had secured new and enlarged facilities totalling £65.0 million with HSBC, to fund acquisitions. These facilities replaced £44.3 million of existing facilities with HSBC, which were secured against the seed portfolio.

The increased facilities comprised:

- a £30.0 million, five-year term loan facility, at an interest rate of 2.25% above LIBOR; and
- a £35.0 million five-year RCF, at an interest rate of 2.4% above LIBOR.

On 5 February 2018, the Company announced the acquisition of the IMPT portfolio, which was partially funded by further increases to the Company's debt facilities. HSBC increased the RCF by £70.0 million to £105.0 million, at a reduced coupon of 2.25% above LIBOR.

At the period end, the term loan was fully drawn and the Group had drawn down £94.5 million against the RCF, resulting in total debt at that date of £124.5 million and headroom within the facilities of £10.5 million. The Group's LTV ratio at 31 March 2018 was 40.5%, well within the 50% limit prescribed by the investment policy.

The Group is developing its hedging strategy and had no hedging in place during the period.

Alternative Investment Fund Manager ("AIFM")

G10 Capital Limited ("G10"), part of the Lawson Conner Group, has been the Company's AIFM since Admission. TPL provides advisory services to G10 and the Company, and will continue to do so until it is authorised by the Financial Conduct Authority ("FCA") to act as an AIFM, which is expected during the coming year, at which point TPL will become the Company's AIFM.

Tilstone Partners Limited
Investment Manager

21 May 2018

RISK MANAGEMENT AND PRINCIPAL RISKS

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

Risk management process

Successful risk management is fundamental to the successful delivery of our strategy.

We deliver our formal approach to risk management by applying our risk framework. This 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 carried out a detailed review of our risk management framework process, corporate risks and principal risks, together with actions taken and relevant mitigating controls, prior to advising the Board. The Board then carried out its own assessment and approved the list of principal risks.

Further information about our internal control and risk management procedures can be found in the corporate governance statement on pages 46 to 50. 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.

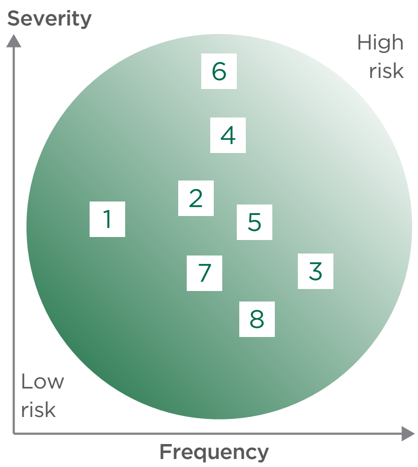
The principal risks are captured in the corporate risk register and are reviewed by the Board and Audit Committee during their regular meetings. This includes reviewing:

- any substantial changes to principal risks, including new or emerging risks;
- material changes to 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 below summarises our exposure to our principal risks.

Heat map



1 Investment Manager performance
2 Poor portfolio returns
3 Interest rate volatility
4 Inappropriate acquisitions
5 Unable to attract investors
6 Loss of REIT status
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 Manager	If the Investment Manager does not perform as anticipated, there is potentially significant risk to our success.	Individuals within the Investment Manager have significant shareholdings in the Company, which significantly reduces the risk that the Investment Manager will not fulfil its responsibilities. In addition, there is a comprehensive contract between us and the Investment Manager, setting out the requirements and expectations for each party. The Board and the Investment Manager frequently liaise, supporting the regular Board meetings and comprehensive formal reporting that has been put in place. The Management Engagement Committee carries out an annual formal service review of the Investment Manager.
2 Poor returns on the portfolio	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 to underpin its decisions, for example independent asset valuations. There are complex controls and detailed due diligence arrangements in place around the acquisition of assets, designed to ensure that investments will produce the expected results. Significant changes in the portfolio, both acquisitions and deletions, require specific Board approval. The Board regularly reviews performance statistics against forecasts and targets.
3 Significant volatility in interest rates	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 Manager maintains detailed forecasts of our property portfolio, 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 and have begun a review of our hedging strategy.

Operational risks

Risk	Potential impact	Mitigation
4 **Acquisition of inappropriate assets or unrecognised liabilities, or a breach of investment strategy**	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, 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 and significant acquisition decisions must be approved by the Board.
5 **Inability to attract investors**	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. The Board therefore regularly reviews the Investment Manager's performance, both formally and informally. We have regular investor communications exercises, setting out our activities, forecasts, performance and plans.

RISK MANAGEMENT AND PRINCIPAL RISKS continued

Compliance risks

Risk	Potential impact	Mitigation
6 Loss of REIT status	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 Manager and other key service providers. We seek external advice on governance and compliance with rules. Peel Hunt is our Nominated Adviser and is responsible for advising and guiding us on our responsibilities under the AIM rules. The Company's position against key requirements is continuously monitored by the Investment Manager and regularly reported to the Board.

Financial risks

Risk	Potential impact	Mitigation
7 Breach of borrowing policy or loan covenants	Breaching borrowing policies and/or loan covenants may affect our ability to obtain additional funding, either through investment or financing.	The Investment Manager continually monitors our debt covenants and reports on them to the Board. Performance and forecasts are reported to and considered by the Board on a quarterly basis. 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.
8 Significant rent arrears and irrecoverable debt	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 Manager 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.

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 March 2021, 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 35 to 38 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 their 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 16, 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.

On behalf of the Board

Neil Kirton
Chairman

21 May 2018

Corporate governance

WHAT'S IN THIS SECTION

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Corporate governance is a crucial component of any company's success. Warehouse REIT plc has an entrepreneurial culture and it is important that we are able to pursue our ambitions, within a sound framework of oversight and control. I believe that our good start to life as a public company is testament to the quality of governance we have in place, with strong support from Link Company Matters, which provides us with company secretarial services.

My firm view is that boards should have a mix of backgrounds and talent and we have consciously constructed the Company's Board in this way. The Non-Executive Directors all bring something different and beneficial to the table and, as a result, they have all contributed to making this a successful first period for the Company. Between us, the Board has a deep understanding of real estate, strategy, financial markets and the macro economy. This range of experience helps us to have broad, open and honest dialogue in the boardroom and ensures constructive challenge and debate.

The Board has a number of priorities for the next 12 months. We will continue to ensure the Company operates in a way that is consistent with the strategy outlined at IPO, and we will maintain robust oversight of TPL's performance as the Company's Investment Manager. We will also continue to oversee the management of the Company's equity and debt financing, which supports our ability to grow. There are strong structural drivers underpinning our sector, as outlined in the strategic report. However, the Board must remain alive to any changes in economic or geopolitical conditions and we will continue to carefully monitor the general environment the Company is operating in.

The report on the following pages provides more detail about the Company's corporate governance arrangements, including the structure and responsibilities of the Board's Committees. One area of focus for us over the coming year will be to appoint a suitably qualified Non-Executive Director to chair the Audit Committee, as we work towards full compliance with the AIC Code of Corporate Governance for Investment Companies.

Neil Kirton
Chairman

Corporate governance

BOARD OF DIRECTORS

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities, including reviewing our investment activity and performance, and controlling and supervising our service providers. All the Directors are non-executive and the majority are independent of the Investment Manager.

Neil Kirton

Chairman

Neil has over 25 years of experience working in the securities and investment banking industries in the City of London. He is currently a Managing Director at Kroll Associates UK, in its Investigations and Disputes Practice, and Head of the 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. Prior to this, 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.

Stephen Barrow

Non-Executive Director (non-independent)

Stephen is an experienced global equity investor. He is currently a non-employee Partner of Absolute Return Partners in Richmond and 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.

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, London-Metric Property plc, EPF, Barlows, 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%. He is the non-executive chairman of the Investment Manager and represents the Investment Manager on the Board.

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

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 and audit committee member of Quintain 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.

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 adviser of McArthurGlen and 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.

INVESTMENT MANAGER

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

Simon Hope

Non-Executive Chairman

Simon has been Chairman of TPL since its formation in 2010 and was a founding investor. Prior to that he worked with Andrew Bird while he 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 43.

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 the seed portfolio. As Managing Director of TPL, Andrew takes overall responsibility for strategy, direction and business performance.

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 TPL's Investment Director and is responsible for steering 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 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.

As a company admitted to trading on AIM, the Company is not currently required to comply with any particular corporate governance regime. Nevertheless, the Directors recognise the value of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-size Quoted Companies (the 'QCA Code'). The Company has therefore complied with the QCA Code principles and provisions where relevant and appropriate, taking into account its size and current development. As the Company is a member of the Association of Investment Companies ("AIC"), the Directors also apply the AIC Code of Corporate Governance for Investment Companies (the 'AIC Code') where it supports the Company's governance framework.

A recent update to the AIM Rules requires AIM companies to adopt a recognised corporate governance code by 28 September 2018. The Board considers that the QCA Code is most appropriate for the Company, although the Company will work towards full compliance with the AIC Code in the long term.

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 42 and 43. 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 the AGM (see page 48). 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 an induction pack containing information about the Company, its processes and procedures. New appointees will also meet the Chairman and relevant personnel at TPL.

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 will lead the independent Directors' annual evaluation of the Chairman.

Board operation

The Directors meet at regular Board meetings. The table below sets out the Directors' attendance at scheduled Board meetings during the period ended 31 March 2018, against the number of meetings each Board member was eligible to attend:

	Board
Neil Kirton	2/2
Stephen Barrow	2/2
Simon Hope	2/2
Martin Meech	2/2
Aimée Pitman	2/2

Additional Board meetings were also held during the period in respect of the loan facility between the Company's wholly owned subsidiary, Tilstone Holdings Limited, and HSBC Bank plc and in respect of property acquisitions. The Board also held a strategy meeting during the period. Going forward, the Board will hold meetings at least four times a year, with additional meetings as necessary.

As the Company has only been in operation since September 2017, the Audit Committee, Management Engagement Committee and Nomination Committee did not meet in the period ended 31 March 2018, although all Committees met between 31 March 2018 and the date of this report. The matters discussed at these meetings are set out in the reports from each Committee on pages 51 to 54.

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. Given the relatively short time since the IPO, the Board did not undertake a formal evaluation process in the period ended 31 March 2018. A formal evaluation process will be undertaken in future years, including consideration of the composition of the Board and its Committees, as well as each Director's independence.

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 Manager 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 Manager, an employee of Savills (one of the Company's Property Managers) and a director of a number of companies owned by TPL and is therefore considered to be a non-independent Director. Stephen Barrow is also a director of a number of companies owned by TPL and is therefore considered to be a non-independent Director. Both Simon Hope and Stephen Barrow have cross-directorships in TPL 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 Manager in both character and judgement.

CORPORATE GOVERNANCE STATEMENT continued

The Board of Directors continued

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. All Directors will therefore be standing for election at the Company's first AGM.

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 any non-independent Director will stand for annual re-election. One-third of the remaining three Directors will stand for annual re-election each year.

The Board considers that during the period ended 31 March 2018, each Director has performed effectively and demonstrated commitment to the role. The Board therefore believes that it is in the best interests of shareholders that each Director is elected at the first AGM.

Board responsibilities and relationship with the Investment Manager

The Board's main roles are to create value for shareholders, to lead the Company and to approve the Company's strategic objectives. The Board has adopted a schedule of matters reserved for its decision, which will be 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 gross asset value 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, Depositary, Auditor and Company Secretary.

The Company has subcontracted 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, which has full discretionary authority over the acquisition and sale of the Group's assets, in line with the Company's objective and investment policy, and the power to 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 and the Investment Manager 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 Manager 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 Manager attend each Board meeting and communicate with the Board between formal meetings.

Conflicts of interest

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

Board Committees

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

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

Nomination Committee

The Nomination Committee comprises Neil Kirton, Simon Hope and Martin Meech. The Chairman of the Board is a member of, and chairs, the Nomination Committee.

A report from the Chair of the Nomination Committee is set out on page 51.

Audit Committee

The members of the Audit Committee are Martin Meech (Chair), Stephen Barrow and Aimée Pitman. The Chairman of the Board is not a member of the Committee. The members of the Audit Committee consider that they collectively have the requisite skills and experience to fulfil the Audit Committee's responsibilities. However, the Company intends to appoint a Director with more accounting experience in due course, who will be a member of the Audit Committee. The Board believes it is appropriate for Stephen Barrow, a non-independent Director, to be a member of the Audit 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 Audit Committee is set out on pages 52 and 53.

Management Engagement Committee

The Management Engagement Committee comprises the independent non-executive Directors and is chaired by Aimée Pitman. The Chair of the Board is a member of the Committee.

A report from the Chair of the Management Engagement Committee is set out on page 54.

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.

Internal control review

The Directors are responsible for the systems of internal control 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 Company'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 Company's risk management and internal control systems as they have operated over the period and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weakness were identified.

CORPORATE GOVERNANCE STATEMENT continued

Internal control review continued

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 Company faces, the Board has considered the Company's operations in the light of the following factors:

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

A corporate risk register has been produced and is maintained by TPL, against which the Company can monitor 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 35 to 38.

Most functions for the Company's day-to-day management are subcontracted 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 Manager and the Directors are available to discuss the Company's progress and performance with shareholders. The Investment Manager and the Company's Nominated Adviser and Broker, Peel Hunt LLP, are in regular contact with the major institutional investors and regularly report the results of all 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 Manager 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 the inside back cover. The Company always responds to letters from shareholders.

The Board and its advisers 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 by mail and made available from the Secretary or by downloading from the Company's website at www.warehousereit.co.uk.

NOMINATION COMMITTEE REPORT

I am pleased to present the Nomination Committee report for the period ended 31 March 2018.

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 re-election of Directors at AGMs.

Activities

As the Company has only been in operation since September 2017, the Nomination Committee did not meet in the period ended 31 March 2018. The Committee met once between 31 March 2018 and the date of this report, where it considered the election of each Director at the AGM. All Directors will be standing for election at the Company's first AGM, in accordance with the Company's Articles of Association.

In future, the Committee will meet at least once a year, in accordance with its terms of reference.

Diversity

The appointment of any new Director will be 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
- long lists of potential Non-Executive Directors should include diverse candidates of appropriate merit.

Neil Kirton
Chair of the Nomination Committee

21 May 2018

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee report for the period ended 31 March 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; and
- review and monitor the Auditor's independence and objectivity.

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.

Activities

As the Company has only been in operation since September 2017, the Audit Committee did not meet in the period ended 31 March 2018. The Committee met once between 31 March 2018 and the date of this report. At this meeting, the Committee:

- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- 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 will be done on a six-monthly basis.

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. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the period ended 31 March 2018.

In future, the Committee will meet at least twice a year, in accordance with its terms of reference.

Significant issues

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

Valuation of property assets	The Audit Committee considered the valuation of the Group's investment properties as at 31 March 2018. To enable a full discussion of the valuation, and to enable the Directors to challenge the valuations and the underlying assumptions, as appropriate, the valuers attended the Audit Committee meeting in May 2018.
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 ending 31 March 2021, 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 viability statement can be found on page 39.

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

Audit fees and non-audit services

An audit fee of £112,000 has been agreed in respect of the audit for the period ended 31 March 2018. This incorporates a fee of £84,000 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. An additional £5,000 was paid in relation to the audit of the initial accounts for the period ended 31 July 2017, which was required to support the payment of dividends by the Company in its first period.

The Audit Committee reviews the scope and nature of all proposed non-audit services before engagement, to safeguard auditor independence and objectivity. During the period, the Auditor provided the following non-audit services:

- reporting accountant services for the prospectus at the time of the Company's launch, for a fee of £403,000;
- services in connection with the Company's acquisition of the IMPT portfolio, for a fee of £180,000;
- services in relation to Group re-organisations, for a fee of £65,000; and
- tax advice for a fee of £9,000.

These non-audit fees are significantly higher than the statutory audit fees, due to the work involved in the Company's IPO and its first period. The level of non-audit fees will therefore remain below this level in future.

Further information on the fees paid to the Auditor is set out in note 6 to the financial statements on page 76.

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 Auditor to the Company.

Martin Meech
Chair of the Audit Committee

21 May 2018

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

I am pleased to present the Management Engagement Committee report for the period ended 31 March 2018.

Role of the Management Engagement Committee

The Committee's primary responsibilities are to:

- satisfy itself that the terms of the Investment Management Agreement 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 Manager, Administrator and Depositary are adequate to meet relevant legal and regulatory requirements, including the Alternative Investment Fund Managers Directive;
- satisfy itself that compliance matters are under proper review;
- consider whether the continuing appointment of the Investment Manager is in the interests of shareholders as a whole and make recommendations to the Board in this regard;
- keep under review the Investment Manager's performance and the level of the management 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.

Activities

As the Company has only been in operation since September 2017, the Committee did not meet in the period ended 31 March 2018. The Committee met once between 31 March 2018 and the date of this report, where it considered the performance of the Investment Manager and other service providers during the period ended 31 March 2018. The Committee's recommendation regarding the continuing appointment of the Investment Manager is set out on page 60.

In future, the Committee will meet at least once a year, in accordance with its terms of reference.

Aimée Pitman
Chair of the Management Engagement Committee

21 May 2018

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. Ordinary resolutions for approving the report and policy 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 in the period ended 31 March 2018. 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 will be proposed at the forthcoming AGM. If passed, 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.

The Company follows the recommendation of the AIC Code of Corporate Governance that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of the 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 Annual General Meetings is required to retire and offer him/herself for re-election. Any Director who has held office for more than nine years is required to retire and offer him/herself for re-election on an annual basis.

DIRECTORS' REMUNERATION REPORT continued

Directors' remuneration policy continued

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: £30,000 per annum for the Chairman and £25,000 for the other Directors (with the exception of Stephen Barrow and Simon Hope, to each of whom no fee is payable). 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 period

The Directors who served in the period to 31 March 2018 received the following emoluments:

	Period ended 31 March 2018	
	Fees £'000	Total £'000
Neil Kirton (Chairman)	20	20
Stephen Barrow	–	–
Simon Hope	–	–
Martin Meech	17	17
Aimée Pitman	17	17
	54	54

Directors' beneficial and family interests

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

As at 31 March 2018, the interests of the Directors and any connected persons in the ordinary shares of the Company are set out below:

	As at 31 March 2018 Number of shares
Neil Kirton (Chairman)	**200,000**
Stephen Barrow[1]	**6,430,562**
Simon Hope[2]	**6,845,966**
Martin Meech	**100,000**
Aimée Pitman	**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.

There have been no changes to any of the above holdings between 31 March 2018 and the date of this report.

Approval

The Directors' remuneration report was approved by the Board on 21 May 2018.

On behalf of the Board

Neil Kirton
Chairman

DIRECTORS' REPORT

The Directors present their report and the financial statements for the period ended 31 March 2018.

Corporate governance

The corporate governance statement on pages 46 to 50 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 42 and 43.

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

Share capital

The Company was incorporated on 24 July 2017 with one ordinary share of £0.01 and 50,000 redeemable ordinary shares of £1.00 each, all held by Tilstone Partners Limited.

Share issues

At a general meeting held on 17 August 2017, the Directors were granted the authority (such authority to expire at the first AGM) to allot and to disapply pre-emption rights in respect of ordinary shares up to an aggregate nominal amount of £2,160,000 pursuant to: (i) the issue of up to 200 million ordinary shares in connection with the Company's Admission to AIM; and (ii) the issue of up to 16 million ordinary shares in connection with the acquisition of the Tilstone Property Portfolio at the time of Admission.

On 20 September 2017, 165,999,999 ordinary shares of £0.01 were issued under this authority at a price of £1.00 per share under the Placing and Offer for Subscription (including an Intermediaries Offer) by the Company. The shares commenced trading on AIM on 20 September 2017. Simultaneously, the 50,000 redeemable ordinary shares of £1.00 each were redeemed in full.

At the general meeting held on 17 August 2017, the Directors were also 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 Admission) 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 Admission). The general meeting on 17 August 2017 granted the Directors 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 Admission (being 8,300,000 ordinary shares) and a further 5% of the issued ordinary share capital at Admission 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 during the period. These authorities are due to expire at the Company's first AGM and resolutions for their renewal will be proposed.

Cancellation of share premium

On 13 December 2017, the Company's share premium account of £161,149,046 was cancelled, in order to create distributable reserves for the payment of dividends.

Purchase of own shares

At the general meeting held on 17 August 2017, 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 following Admission). No ordinary shares have been bought back under this authority. The authority will expire at the first AGM, when a resolution for its renewal will be proposed. The Directors will consider repurchasing ordinary shares in the market if they believe it to be in shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the ordinary shares. The Directors will have regard to the Company's REIT status when making any repurchase and will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing NAV per ordinary share and otherwise in accordance with guidelines established from time to time by the Board.

Current share capital

As at 31 March 2018 and the date of this report, there were 166,000,000 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 Partners Limited are prohibited from disposing of ordinary shares, or interests in ordinary shares, for 12 months from Admission 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 Adviser, 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 2 to 39.

Dividends totalling 2.5 pence per ordinary share have been paid or declared in respect of the period ended 31 March 2018 as follows:

	Period ended 31 March 2018
Interim dividend for period ended 31 December 2017 (paid on 9 March 2018)	**1.00p**
Interim dividend for period ended 31 March 2018 (payable on 6 July 2018)	**1.50p**
Total	**2.50p**

No final dividend is being proposed.

The Company's dividend policy is set out on page 20 in the strategic report.

DIRECTORS' REPORT
continued

Substantial shareholdings

As at 31 March 2018, 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	43,171,963	26.01
Premier Fund Managers Limited	8,263,756	4.98

The Company has not been informed of any other changes to the notifiable interests between 31 March 2018 and the date of this report.

Management arrangements

G10 Capital Limited (part of the Lawson Conner Group) has been appointed as the Company's Alternative Investment Fund Manager (the "AIFM") under an agreement dated 22 August 2017 (the 'Investment Management Agreement'). The AIFM is responsible for overall portfolio management, risk management and compliance with the Company's investment policy and the requirements of the Alternative Investment Fund Managers Directive that apply to the Company.

The AIFM has appointed the Investment Manager, Tilstone Partners Limited, to act as its appointed representative in respect of the Company. As the appointed representative, Tilstone Partners Limited is responsible for working with and advising the Company and the AIFM in respect of sourcing investment opportunities which meet the Company's investment policy. The Investment Manager is also responsible for managing the underlying real estate assets within the Company's investment portfolio.

The Investment Manager is applying to the FCA for approval as an Alternative Investment Fund Manager. Upon receiving regulatory approval, Tilstone Partners Limited will become the AIFM and Investment Manager and the relationship with G10 will cease.

The Investment Manager 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 excludes any uninvested cash which represents 5% or more of the NAV of the Company's portfolio. The fee is payable to Tilstone Partners Limited, which pays an annual amount of £100,000 to the AIFM for the duration of its appointment. No performance fee or acquisition fee is payable.

In the event that the Investment Management Agreement is terminated following a third party (or third parties acting in concert) acquiring a majority of the Company's ordinary shares, the Investment Manager 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 fifth 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 Manager

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

Property Management Agreements

Savills plc

Savills acts as Property Manager for the property portfolio (with the exception of the properties in the IMPT portfolio) pursuant to the terms of agreement entered into in 2016 with Tilstone Industrial Limited, Tilstone Retail Limited and Tilstone Trade Limited. The Property Manager provides 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 a consultant to the Company in respect of sub-sector markets; acting as a consultant 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.

Under the terms of the Property Management Agreements, the Property Manager 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, the Property Manager 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 properties in the IMPT portfolio is undertaken by Aston Rose. Under the Aston Rose agreement, Aston Rose is entitled to deduct reasonable and proper fees from the service charge payments received in respect of the properties in the IMPT portfolio. 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, subject to an annual RPI increase. The Company Secretarial Agreement is 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. Under the terms of the Depositary Agreement, 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 Company'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 first AGM will be held on 19 September 2018. The Notice of the AGM will be circulated to shareholders separately.

By order of the Board

Link Company Matters Limited

Company Secretary

21 May 2018

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 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

21 May 2018

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 give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the period 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 of Warehouse REIT plc (the 'parent Company') and its subsidiaries (the 'Group') 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 1 to 36.

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

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 FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 £1.7 million, which was determined on the basis of 1% of net assets. In addition, a lower materiality of £0.7 million was determined on the basis of 7.5% of profit before tax 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 99% of revenue, profit before tax and net assets. All audit work was performed directly by the group engagement team.

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 twelve 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.

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 (excluding leasehold land recorded as a finance lease) as at the 31 March 2018 was £291.0 million (31 July 2017: £nil). 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 pages 52 and 53 discloses this as a significant financial matter and further details are disclosed in the investment property note in note 13 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	£1.7 million	£1.68 million
Basis for determining materiality	1% of net assets.	Parent Company materiality represents 1.5% of parent Company net assets, and has been capped at 99% of Group materiality.
Rationale for the benchmark applied	We have used the net assets value as at 31 March 2018 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those financial statements for real estate companies.	We have used the net assets value as at 31 March 2018 as the benchmark for determining materiality, as this benchmark is deemed to be a key driver of the parent Company – as a holding company.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Warehouse REIT plc

Our application of materiality continued

A lower materiality of £0.7 million which was determined on the basis of 7.5% of profit before tax was used for amounts in the statement of comprehensive income. We consider profit before tax 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 £0.85 million for the statement of financial position and £0.35 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.

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 £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 £0.69 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 including the Chairman's statement; Corporate governance statement; Nomination Committee report; Audit Committee report; Management Engagement Committee report and the Director's remuneration 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 Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the 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.

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 the 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.

Opinion on other matters prescribed by our engagement letter

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

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.

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

21 May 2018

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2018

Continuing operations	Notes	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Rental income	3	6,566	—
Property operating expenses	4	(841)	—
Gross profit		5,725	—
Administration expenses	4	(1,569)	—
Operating profit before gains on investment properties		4,156	—
Fair value gains on investment properties	13	5,173	—
Operating profit		9,329	—
Finance income	7	41	—
Finance expenses – ongoing	8	(838)	—
Finance expenses – loan break fees	8	(167)	—
Profit before tax		8,365	—
Total comprehensive income for the period		8,365	—
EPS (basic and diluted) (pps)	12	5.04	—

The accompanying notes on pages 72 to 93 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 £'000	31 July 2017 £'000
Assets			
Non-current assets			
Investment property	13	**295,068**	–
		295,068	–
Current assets			
Cash and cash equivalents	14	**6,572**	12
Trade and other receivables	15	**4,452**	38
		11,024	50
Total assets		**306,092**	50
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	16	**(123,052)**	–
Finance lease obligations	17	**(3,800)**	–
		(126,852)	–
Current liabilities			
Finance lease obligations	17	**(268)**	–
Trade and other payables	18	**(6,078)**	–
Deferred income	18	**(3,380)**	–
		(9,726)	–
Total liabilities		**(136,578)**	–
Net assets		**169,514**	50
Equity			
Share capital	20	**1,660**	50
Capital reduction reserve	22	**161,149**	–
Retained earnings	22	**6,705**	–
Total equity		**169,514**	50
Number of shares in issue		**166,000,000**	50,000
NAV per share (pps)	23	**102.12**	100.00

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 21 May 2018 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 72 to 93 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2018

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 24 July 2017		—	—	—	—	—
Redeemable ordinary shares issued		50	—	—	—	50
Balance at 31 July 2017		**50**	**—**	**—**	**—**	**50**
Total comprehensive income		**—**	**—**	**8,365**	**—**	**8,365**
Redeemable ordinary shares issued		**—**	**—**	**—**	**—**	**—**
Ordinary shares issued		**1,660**	**164,340**	**—**	**—**	**166,000**
Redemption of redeemable ordinary shares		**(50)**	**—**	**—**	**—**	**(50)**
Share issue costs		**—**	**(3,191)**	**—**	**—**	**(3,191)**
Cancellation of share premium		**—**	**(161,149)**	**—**	**161,149**	**—**
Dividends paid in respect of the current period	11	**—**	**—**	**(1,660)**	**—**	**(1,660)**
Balance at 31 March 2018		**1,660**	**—**	**6,705**	**161,149**	**169,514**

The accompanying notes on pages 72 to 93 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2018

	Notes	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Cash flows from operating activities			
Operating profit		9,329	—
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	(5,173)	—
Operating cash flows before movements in working capital		4,156	—
Increase in other receivables and prepayments		(4,407)	—
Decrease in other payables and accrued expenses		8,455	—
Net cash flow generated from operating activities		8,204	—
Cash flows from investing activities			
Acquisition of investment properties		(285,576)	—
Net cash used in investing activities		(285,576)	—
Cash flows from financing activities			
Proceeds from issue of ordinary shares		165,950	12
Share issuance costs paid	21	(3,191)	—
Bank loans drawn down	16	124,450	—
Interest received	7	41	—
Break fees		(167)	—
Interest and other finance expenses paid		(1,727)	—
Dividends paid in the period		(1,424)	—
Net cash flow generated from financing activities		283,932	12
Net increase in cash and cash equivalents		6,560	12
Cash and cash equivalents at start of the period		12	—
Cash and cash equivalents at end of the period	14	6,572	12

The accompanying notes on pages 72 to 93 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 March 2018

1. General information

Warehouse REIT plc (the 'Company') is a closed-ended Real Estate Investment Trust ("REIT") incorporated in England and Wales on 24 July 2017. The Company began trading on 20 September 2017. The registered office of the Company is located at Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are listed on the Official List of the UK Listing Authority and 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 IASB as adopted by the EU. The financial statements have been prepared under the historical cost convention, except for investment property, that has been measured at fair value. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

These financial statements are for the period 1 August 2017 to 31 March 2018. Comparative figures are for the previous accounting period 24 July 2017 to 31 July 2017.

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

2.1 Changes to accounting standards and interpretations

The following new standards and amendments to existing standards have been published and once approved by the EU, will be mandatory for the Group's accounting periods beginning after 1 April 2018 or later periods. The Group has decided not to adopt them early.

- IFRS 7 Financial Instruments: Disclosures – amendments regarding additional hedge accounting disclosures (applies when IFRS 9 is applied).
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from contracts with customers (effective for accounting periods beginning on or after 1 January 2018). IFRS 15 provides a single, principles based model to be applied to all contracts with customers.
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).

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.

Estimates

In the process of applying the Group's accounting policies, management has made the following estimates which have the most significant effect on the amounts recognised in the consolidated financial statements:

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2017 (incorporating the International Valuation Standards) and in accordance with IFRS 13. See note 13 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

As a real estate entity 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 2018. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. The subsidiaries all 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. In the previous period the Company held no subsidiaries.

b) Functional and presentation currency

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

c) Segmental reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

3. Revenue

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Rental income	6,324	—
Insurance recharged	172	—
Dilapidation income	70	—
Total	**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

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Head rent	44	—
Utilities	56	—
Insurance	86	—
Rates	158	—
Premises expenses	497	—
Property operating expenses	**841**	—
Investment management fees	792	—
Other administration expenses	777	—
Administration expenses	**1,569**	—
Total	**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

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Neil Kirton	20	—
Martin Meech	17	—
Aimée Pitman	17	—
Total	**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 period ended 31 March 2018

6. Auditor's remuneration

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Audit fee	112	—
Total	**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 are comprised of the following items:

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Period-end Annual Report and Financial Statements	84	—
Subsidiary accounts for the period ended 31 March 2018	28	—
Total	**112**	—

Non-audit fees are comprised of the following:

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
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	**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.

7. Finance income

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Income from cash and short-term deposits	41	—
Total	**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

Ongoing charges	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Loan interest	712	—
Loan arrangement fees amortised	121	—
Bank charges	5	—
Total	**838**	—

Loan break fees	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

9. Taxation

Corporation tax has arisen as follows:

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Corporation tax on residual income for current period	—	—
Total	—	—

Reconciliation of tax charge to profit before tax:

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Profit before tax	8,365	—
Corporation tax at 19.0%	1,589	—
Change in value of investment properties	(982)	—
Tax exempt property rental business	(607)	—
Total	—	—

Accounting policy

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

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per 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 fund 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 2018 are as follows:

	31 March 2018 £'000	31 July 2017 £'000
Within one year	17,778	—
Between one and five years	44,678	—
More than five years	22,117	—
Total	**84,573**	—

11. Dividends

For the period ended 31 March 2018	Pence per share	£'000
Interim dividend paid on 9 March 2018	1.00	1,660
Total dividends paid during the period	**1.00**	**1,660**
Paid as:		
Property Income Distributions	0.78	1,295
Ordinary dividends	0.22	365
Total	**1.00**	**1,660**

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

No dividends were paid during the period 24 July 2017 and 31 July 2017.

Accounting policy

Dividends due to the Company's shareholders are recognised when they become payable. For interim dividends this is when they are paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

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. The following reflects the earnings and share data used in the basic and diluted EPS computations:

	31 March 2018 £'000	31 July 2017 £'000
Group earnings for EPS	**8,365**	—
Group-specific adjustments:		
Fair value gains on investment properties	**(5,173)**	—
Loan break fees per note 8	**167**	—
Group-specific adjusted earnings	**3,359**	—

	31 March 2018 Pence per share	31 July 2017 Pence per share
Basic Group EPS	**5.04**	—
Diluted Group EPS	**5.04**	—
Group-specific adjusted EPS	**2.02**	—

	31 March 2018 Number of shares	31 July 2017 Number of shares
Weighted average number of shares in issue	**166,000,000**	50,000

13. UK investment property

	31 March 2018 £'000	31 July 2017 £'000
Acquisition of properties	**285,827**	—
Fair value gains on revaluation of investment property	**5,173**	—
	291,000	—
Adjustment for finance lease obligations	**4,068**	—
As at 31 March 2018	**295,068**	—

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.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (from lettings, tenants' profiles, future revenue streams, 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.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

14. Cash and cash equivalents

	31 March 2018 £'000	31 July 2017 £'000
Cash and cash equivalents	**6,572**	12
Total	**6,572**	12

Accounting policy

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

15. Trade and other receivables

	31 March 2018 £'000	31 July 2017 £'000
Rent receivable	3,397	—
Prepayments	93	—
Other receivables	962	38
Total	**4,452**	38

Accounting policy

Rent and other receivables are recognised at their original invoiced value. An impairment provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

16. Interest-bearing loans and borrowings

	31 March 2018 £'000	31 July 2017 £'000
Loan drawn down	124,450	—
Total loans drawn down	**124,450**	—
Loan arrangement fees paid in the period	(1,476)	—
Amortised to date	78	—
Unamortised loan arrangement fees	(1,398)	—
Loan balance less unamortised loan arrangement fees	123,052	—

The Group has increased its current revolving credit facility from £35 million to £105 million, for the same duration of five years but at a reduced coupon of 2.25% above LIBOR (previously 2.40% above LIBOR). This enlarged facility is on the same terms as the existing £30 million fixed-term loan with HSBC. As at 31 March 2018, £10,550,000 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 Group level. The Group has maintained significant headroom against all measures throughout the financial period and is in full compliance with all loan covenants at 31 March 2018.

Net debt reconciliation	31 March 2018 £'000	31 July 2017 £'000
Cash flows	**124,450**	—
Non-cash changes		
Amortisation of loan issue costs	**(1,398)**	—
31 March 2018	**123,052**	—

Leverage exposure	Maximum limit	Actual exposure
Gross method	50%	41%
Commitment method	50%	44%

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.

17. Finance lease obligations

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

	31 March 2018 £'000	31 July 2017 £'000
Current liabilities		
Within one year	**268**	—
Non-current liabilities		
After one year but not more than five years	**890**	—
Later than five years	**2,910**	—
Total	**4,068**	—

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

18. Other payables and accrued expenses

	31 March 2018 £'000	31 July 2017 £'000
Property operating expenses payable	1,107	—
Finance and administration expenses payable	1,528	—
Capital expenses payable	2,136	—
Other expenses payable	1,307	—
Trade and other payables	6,078	—
Deferred income	3,380	—
Total	**9,458**	—

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.

19. Contingent liability

The agreement to acquire the Queenslie Industrial Estate, Glasgow, as part of the acquisition of the seed portfolio at IPO, provides for additional contingent consideration of £900,000 to become payable in the event that within five years from the date of Admission, relevant detailed or outline development planning permission is granted by the local planning authority and the valuer determines that the grant has increased the value of the property by not less than £900,000. The outline planning application was submitted to Glasgow City Council in August 2017 with a decision expected in the coming months. If the planning permission is granted and the overage triggered, the overall effect on net assets will be positive.

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 2018 £'000	31 July 2017 £'000
Issued and fully paid:			
At the start of the period	1	—	—
Shares issued on 20 September 2017	165,999,999	1,660	—
Balance at the end of the period	166,000,000	**1,660**	—

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

Redeemable ordinary shares of £1.00 each	Number	31 March 2018 £'000	31 July 2017 £'000
At the start of the period	—	**50,000**	—
Shares issued	50,000	**—**	50,000
Redemption of shares	(50,000)	**(50,000)**	—
Balance at the end of the period	—	**—**	50,000

The redeemable ordinary shares of £1 each in the capital of the Company were redeemed by the Company immediately upon admission in consideration of the payment of a sum equal to the amount received by the Company in payment up of the amount due on the redeemable ordinary shares. In all other respects, the rights of the redeemable ordinary shares are the same as, and rank pari passu with, the ordinary shares.

On 20 September 2017, 100% of the redeemable ordinary shares were redeemed; these were 25% paid up during their existence (£12,500).

21. Share premium

	31 March 2018 £'000	31 July 2017 £'000
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.

On 17 November 2017, the Company, by way of special resolution, cancelled the value of its share premium account, by an Order of the High Court of Justice, Chancery Division. As a result of this cancellation, £161,149,046 has been transferred from the share premium account, into the capital reduction reserve account. The capital reduction reserve account is classified as a distributable reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

22. Capital and reserves

Capital reduction reserve

Capital reduction reserve comprises the following amounts:

	31 March 2018 £'000	31 July 2017 £'000
At the start of the period	**—**	—
Transfer from share premium reserve	**161,149**	—
Capital reduction	**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 2018 £'000	31 July 2017 £'000
Total unrealised gains on investment properties	**5,173**	—
Total revenue profits	**3,192**	—
Dividends paid from revenue profits	**(1,660)**	—
Retained earnings	**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. The following reflects the net asset and share data used in the basic and diluted NAV per share computations:

	31 March 2018 Pence per share
NAV (pps)	**102.12**

The NAV may be calculated as:

	31 March 2018 £'000
Net assets attributable to ordinary shareholders	**169,514**
Net assets for calculation of NAV	**169,514**
Number of shares in issue	**166,000,000**

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

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

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

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

	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
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

24. Fair value continued

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.

Class	Fair value	Valuation technique	Key unobservable inputs	Range
31 March 2018	£291,000,000	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.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £5,173,000 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.

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 £291,000,000, 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 gross asset value 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 the 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. The Group monitors the interest rate risk on an ongoing basis through quarterly risk monitoring.

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 an approved counterparty, 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 the property. The Investment Manager monitors the tenant arrears in order to anticipate and minimise the impact of details by occupational tenants.

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

	31 March 2018 £'000	31 July 2017 £'000
Deposit account	**65**	—
Cash and cash equivalents	**6,507**	—
Trade and other receivables	**4,452**	—
Total	**11,024**	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

25. Financial risk management objectives and policies continued

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

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

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
Trade and other payables	3,090	2,988	—	—	—	6,078
Total	**3,090**	**5,651**	**3,547**	**135,090**	**—**	**147,378**

26. Subsidiaries

Company	Country of registration, incorporation and operation	Number and class of share held by the Group	Group holding	Capital and reserves at 31 March 2018 £'000	Profit after tax for the period ended 31 March 2018 £'000
Tilstone Holdings Limited[2]	UK	63,872 ordinary shares	100%	16,916	(1,108)
Tilstone Warehouse Holdco Limited[2]	UK	94,400 ordinary shares	100%	4,228	2,987
Tilstone Industrial Warehouse Limited[1,2]	UK	23,600 ordinary shares	100%	2,454	1,359
Tilstone Retail Warehouse Limited[1,2]	UK	20,000 ordinary shares	100%	1,014	40
Tilstone Industrial Limited[1,2]	UK	20,000 ordinary shares	100%	19,577	7,642
Tilstone Retail Limited[1,2]	UK	200 ordinary shares	100%	4,636	1,000
Tilstone Trade Limited[1,2]	UK	20,004 ordinary shares	100%	4,751	1,108
Tilstone Basingstoke Limited[1,2]	UK	1,000 ordinary shares	100%	3,661	3,640
Tilstone Glasgow Limited[1,2]	UK	1 ordinary share	100%	3,457	3,239
Quantum North Limited[1,2]	UK	100 ordinary shares	100%	100	100
Chip (One) Limited[3]	IOM	7,545,347 ordinary shares	100%	259	259
Chip (Two) Limited[3]	IOM	1,250,780 ordinary shares	100%	169	169
Chip (Three) Limited[3]	IOM	755,045 ordinary shares	100%	4	4
Chip (Four) Limited[3]	IOM	10 ordinary shares	100%	352	352
Chip (Five) Limited[3]	IOM	8,461,919 ordinary shares	100%	339	339
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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

26. Subsidiaries continued

On 20 September 2017 the Company acquired Tilstone Holdings Limited and Tilstone Warehouse Holdco Limited for £25,241,355, which included 100% of the issued share capital of seven special purpose vehicles.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

On 26 March 2018 Tilstone Industrial Limited acquired from Industrial Multi Property Trust Limited a portfolio of 51 industrial assets, held in seven Isle of Man registered entities (five asset owning, two dormant). On 28 March 2018, the acquired assets and liabilities were hived into Tilstone Industrial Limited via an inter-company loan.

The initial purchase consideration was £116 million in respect of the properties plus working capital balances relating to the investment properties as shown in the table below.

Consideration	Purchase on 20 September 2017 £	Purchase on 26 March 2018 £
Ordinary shares issued	16,000,000	—
Cash	8,983,674	117,897,415
Amount due at 31 March 2018	257,681	(399,016)
Total consideration transferred	**25,241,355**	**117,498,399**
Recognised amounts of identifiable assets acquired and liabilities assumed:		
Investment property	133,511,791	116,000,000
Trade receivables	1,509,278	2,146,108
Prepayments and accrued income	345,494	241,312
Cash at bank	2,654,319	2,529,007
Unamortised debt issue costs	264,111	—
Trade payables	(389,311)	(624,181)
Other payables and accruals	(2,077,174)	(806,059)
Deferred income	(1,670,140)	(1,987,788)
Borrowings	(27,800,000)	—
Loan to shareholders	(81,107,013)	—
Total	**25,241,355**	**117,489,399**

27. Capital management

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

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

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but be subject to a maximum 50% loan-to-value. The intention is to maintain borrowings at a level of approximately 35% loan-to-value.

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

28. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £54,000 and at 31 March 2018, a balance of £nil was outstanding. Further information is given in note 5 and in the Directors' remuneration report on pages 55 to 57.

The initial portfolio, purchased on 20 September 2017 (as detailed in note 26) was acquired from the shareholders of Tilstone Holdings Limited and Tilstone Warehouse Holdco Limited. Mr Barrow and Mr Hope were both shareholders of these companies as well as being Non-Executive Directors of the Company. Mr Barrow and connected persons received the repayment of his loan, cash and 6,430,652 shares and Mr Hope and connected persons received the repayment of his loan, cash and 6,845,966 shares for his share of the assets.

Investment Manager

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services 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 Board of Directors.

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

During the period, the Group incurred £792,000 in respect of investment management fees. As at 31 March 2018, £409,000 was outstanding.

Subsidiaries

As at 31 March 2018, the Company owns a 100% controlling stake in Tilstone Holdings Limited, Tilstone Warehouse Holdco Limited, Tilstone Industrial Warehouse Limited, Tilstone Retail Warehouse Limited, Tilstone Industrial Limited, Tilstone Retail Limited, Tilstone Trade Limited, Tilstone Basingstoke Limited, Tilstone Glasgow Limited, Quantum North Limited, CHIP (One) Ltd, CHIP (Two) Ltd, CHIP (Three) Ltd, CHIP (Four) Ltd, CHIP (Five) Ltd, CHIP (Ipswich) One Ltd and CHIP (Ipswich) Two Ltd. Quantum North Limited was incorporated on 27 November 2017 and is a dormant company.

29. Ultimate controlling party

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	**31 March 2018 £'000**	31 July 2017 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	32	**25,913**	—
		25,913	—
Current assets			
Cash and cash equivalents	33	**104**	12
Trade and other receivables	34	**135,855**	38
		135,959	50
Total assets		**161,872**	50
Liabilities			
Current liabilities			
Trade and other payables	35	**(1,056)**	—
Total liabilities		**(1,056)**	—
Net assets		**160,816**	—
Equity			
Share capital		**1,660**	50
Capital reduction reserve		**161,149**	—
Retained earnings		**(1,993)**	—
Total equity		**160,816**	50
Number of shares in issue		**166,000,000**	50,000
NAV per share (pps)		**96.88**	100.00

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 21 May 2018 and signed on its behalf by:

Neil Kirton

Company number: 10880317

The accompanying notes on pages 97 to 99 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reduction reserve £'000	Total £'000
Balance at 24 July 2017	—	—	—	—	—
Redeemable ordinary shares issued	50	—	—	—	50
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	**—**	**—**	**(1,660)**	**—**	**(1,660)**
Balance at 31 March 2018	**1,660**	**—**	**(1,993)**	**161,149**	**160,816**

The accompanying notes on pages 97 to 99 form an integral part of these Company financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the period ended 31 March 2018

	1 August 2017 to 31 March 2018 £'000	24 July 2017 to 31 July 2017 £'000
Cash flows from operating activities		
Operating loss	**(373)**	—
Adjustments to reconcile profit for the period to net cash flows:		
Decrease in other receivables and prepayments	**27**	—
Increase in other payables and accrued expenses	**562**	—
Net cash flow used in operating activities	**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**	12
Share issuance costs paid	**(3,191)**	—
Cash paid to subsidiary companies	**(135,844)**	—
Interest received	**41**	—
Finance expenses	**(1)**	—
Dividends paid in the period	**(1,424)**	—
Net cash flow generated from financing activities	**25,531**	—
Net increase in cash and cash equivalents	**92**	12
Cash and cash equivalents at start of the period	**12**	—
Cash and cash equivalents at end of the period	**104**	12

The accompanying notes on pages 97 to 99 form an integral part of these Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the period ended 31 March 2018

30. 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 listed on the Official List of the UK Listing Authority and admitted to trading on AIM, a market operated by the London Stock Exchange.

31. 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 period ended 31 March 2018. Comparative figures are for the previous accounting period, the period 24 July 2017 to 31 July 2017.

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 72 to 91.

32. Investment in subsidiary companies

	31 March 2018 £'000	31 July 2017 £'000
Investment in subsidiary companies		
Total acquisitions	25,913	—
Total	25,913	—

	31 March 2018 £'000	31 July 2017 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	21,017	—
Tilstone Warehouse Holdco Limited	4,896	—
	25,913	—

Accounting policy

Investments in subsidiary companies which are all 100% owned by the Company are included in the statement of financial position at cost less impairment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

For the period ended 31 March 2018

33. Cash and cash equivalents

	31 March 2018 £'000	31 July 2017 £'000
Cash and cash equivalents	104	12
Total	**104**	12

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.

34. Trade and other receivables

	31 March 2018 £'000	31 July 2017 £'000
Amounts due from subsidiary companies	135,843	–
Prepayments and other receivables	12	–
Total	**135,855**	–

35. Other payables and accrued expenses

	31 March 2018 £'000	31 July 2017 £'000
Other expenses payable	1,056	–
Total	**1,056**	–

36. 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, interest-bearing loans and borrowings, 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.

PROPERTY PORTFOLIO

Property	Town	Postcode	Area (sq ft)
North Seaton Industrial Estate	Ashington	NE63 0YH	21,272
Pentagon Retail Park	Ballymena	BT43 5LU	17,954
Tramway Industrial Estate	Banbury	OX16 5TU	150,596
Britannia Retail Park	Bangor	LL5 4SU	10,363
Churchfield Court	Barnsley	S70 2JT	27,752
Daneshill Industrial Estate	Basingstoke	RG24 8PD	113,281
Shadsworth Industrial Park	Blackburn	BB1 2PT	15,828
South Bradford Trading Estate	Bradford	BD12 0NQ	24,776
Kendal House	Burgess Hill	RH15 9NF	27,326
Rossendale Industrial Estate	Burnley	BB11 5SY	39,344
Falcon Business Park	Burton on Trent	DE14 1SG	29,513
Crown Street	Carlisle	CA2 5AB	11,729
Currock Road	Carlisle	CA2 5AE	13,806
Kingsditch Trading Estate (i)	Cheltenham	GL51 9PL	14,826
Kingsditch Trading Estate (ii)	Cheltenham	GL51 9PL	17,572
Bumpers Farm Industrial Estate	Chippenham	SN14 6LH	10,125
Shieling Court	Corby	NN18 9QD	22,313
Austin Drive	Coventry	CV6 7NS	31,711
Radway Green Business Park	Crewe	CW2 5PR	241,874
Parkway, Deeside Industrial Estate	Deeside	CH5 2NS	60,081
Delta Court	Doncaster	DN9 3GN	35,935
Shaw Lane Industrial Estate	Doncaster	DN2 4SQ	65,622
Peartree Lane Industrial Estate	Dudley	DY2 0QU	20,803
Cairn Court	East Kilbride	G74 4NB	87,226
23 South Gyle Crescent	Edinburgh	EH12 9EB	47,745
South Fort Street Trade Park	Edinburgh	EH6 5PE	26,224
Ross Road	Ellesmere Port	CH65 3DB	6,382
Thornton Road Industrial Estate	Ellesmere Port	CH65 5EX	32,253
Queenslie Industrial Estate	Glasgow	G33 4BD	348,358
Goodridge Business Park	Gloucester	GL2 5EB	11,438
Roman Way Industrial Estate	Godmanchester	PE29 2LN	52,766
Gainsford Drive	Halesowen	B62 8BQ	14,522
Pellon Lane	Halifax	HX1 5RA	21,124
Ikon Trading Estate	Hartlebury	DY10 4EU	158,801
Foxholes Business Park	Hertford	SG13 7QE	17,949
New England Industrial Estate	Hoddesdon	EN11 0BZ	22,337
Nightingale Road	Horsham	RH12 2NW	22,268
Stukeley Meadows Industrial Estate	Huntingdon	PE29 6EF	28,762
Farthing Road Industrial Estate	Ipswich	IP1 5AP	100,626
Yale Business Park	Ipswich	IP3 9RR	30,628
Europa Trading Estate	Kearsley	M26 1GG	40,000
Ashmead Industrial Estate	Keynsham	BS31 1TU	38,164
Nexus	Knowsley	L34 9HX	184,799
Haines Park	Leeds	LS7 1QQ	13,119
Roseville Business Park	Leeds	LS8 5DR	29,174
Sussex Avenue	Leeds	LS10 2LF	30,118

Property	Town	Postcode	Area (sq ft)
Vantage Point	Leeds	LS27 0BN	62,332
Wyther Lane	Leeds	LS5 3BP	15,973
Barshaw Business Park	Leicester	LE4 1ET	19,467
Stadium Industrial Estate	Luton	LU4 0JF	66,109
Wren Industrial Estate	Maidstone	ME15 9YT	19,618
Quantum Park	Manchester	M40 8FZ	46,507
The Oakfield Centre	Manchester	M22 4UX	14,514
Wardley Industrial Estate	Manchester	M28 2DP	38,901
Anglia Way	Mansfield	NG18 4LP	20,341
Linkway Trading Estate	Middleton	M24 2AE	48,075
Connaught Business Centre	Mitcham	SE23 1AH	10,536
Lynx Business Park	Newmarket	CB8 7NY	41,608
Carisbrooke Retail Park	Newport (Isle of Wight)	PO30 5LG	54,036
Celtic Business Park	Newport (Wales)	NP19 4QZ	48,149
Wern Industrial Estate	Newport (Wales)	NP10 9FQ	22,736
St James Mill Business Park	Northampton	NN5 5JF	42,253
Oldbury Point	Oldbury	B69 4HT	95,636
Maxwell Road (i)	Peterborough	PE2 7JE	65,118
Maxwell Road (ii)	Peterborough	PE2 7JE	60,842
St Modwen Road	Plymouth	PL6 8LH	65,681
Lincoln Park	Preston	PR5 8NA	32,832
Oak Tree Park	Redditch	B98 9NW	8,508
Webb Ellis Industrial Park	Rugby	CV21 2NP	44,648
Jensen Court	Runcorn	WA7 1PJ	65,612
Portland Business Park	Sheffield	S13 8HS	59,384
Smeed Dean Centre	Sittingbourne	ME10 3EW	33,891
Pikelaw Place	Skelmersdale	WN8 9PP	124,306
Warwick House	Solihull	B91 3DG	15,452
Priestly Court	Stafford	ST18 0LQ	10,015
Walton Industrial Estate	Stone	ST15 0LT	57,449
Groundwell Farm Industrial Estate	Swindon	SN25 4AU	90,801
Marlborough House	Swindon	SN1 3EP	8,919
Tewkesbury Business Park	Tewkesbury	GL20 8HF	59,629
Cleton Business Park	Tipton	DY4 7TR	38,351
Birkenshaw Retail Park	Uddingston	G71 5PR	66,669
Leanne Business Centre	Wareham	BH20 4DY	13,082
Ryan Business Park	Wareham	BH20 4DY	30,259
Clarendon Court	Warrington	WA2 8QP	36,542
Gawsworth Court	Warrington	WA3 6NJ	94,882
Trinity Court	Warrington	WA3 6QT	29,608
Glover Industrial Estate	Washington	NE37 3ES	18,773
Links Estate	Weymouth	DT4 9TY	21,576
Road One	Winsford	CW7 3PL	76,628
Wharton Retail Park	Winsford	CW7 3GZ	18,300
Witan Park Industrial Estate	Witney	OX28 4YQ	112,211
Lynx Trading Estate	Yeovil	BA20 2PJ	24,413

SHAREHOLDER INFORMATION

The Company was incorporated on 24 July 2017. Initial accounts to 31 July 2017 have already been prepared and filed with the Registrar of Companies and this Annual Report and Financial Statements therefore covers the period from 1 August 2017 to 31 March 2018.

The Company's ordinary shares were admitted to trading on AIM on 20 September 2017 following a placing and offer for subscription 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 166,000,000 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 gross asset value of the Company at the time of investment;
- the Company will target a portfolio with no one tenant accounting for more than 10% of the gross contracted rents of the Company at the time of purchase. In any event, no more than 20% of the gross assets of the Company will be exposed to the creditworthiness of any one tenant at the time of purchase;
- the portfolio will be diversified by location across the UK with a focus on areas with strong underlying investment fundamentals; and
- the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds.

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

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

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

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

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

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

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

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

Share dealing and share prices

Shares can be traded through your usual stockbroker. The Company's shares are listed 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	166,000,000
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 on telephone number 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 Association of Investment Companies.

Financial calendar

May 2018
Announcement of final results

July 2018
Payment of interim dividend for period ended 31 March 2018

September 2018
Annual General Meeting
Half-year end
Payment of first interim dividend

November/December 2018
Announcement of half-yearly results

December 2018
Payment of second interim dividend

March 2019
Year end
Payment of third interim dividend

June 2019
Payment of fourth interim dividend

GLOSSARY

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

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

AGM
Annual General Meeting

AIC
Association of Investment Companies

AIFMD
Alternative Investment Fund Managers Directive

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

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

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

EPRA earnings
IFRS profit after taxation excluding movements relating to changes in values of investment properties and the related tax effects

EPRA earnings per share ("EPRA EPS")
A measure of EPS on EPRA earnings designed to present underlying earnings from core operating activities based on the average number of shares in issue during the year

EPRA guidelines
The EPRA Best Practices Recommendations Guidelines November 2016

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

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

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

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

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

Group
Warehouse REIT plc and its subsidiaries

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

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

NAV
Net asset value

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

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

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

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

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

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

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

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

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

CONTACT DETAILS OF THE ADVISERS

Alternative Investment Fund Manager
G10 Capital Limited
(part of the Lawson Conner Group)
136 Buckingham Palace Road
London SW1W 9SA

Investment Manager
Tilstone Partners Limited

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

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

Company website
www.warehousereit.co.uk

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

Auditor
Deloitte LLP
2 New Street Square
London EC4A 3BZ

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

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

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

Legal Adviser
Corporate

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

Property and Banking

Temple Bright LLP
81 Rivington Street
London EC2A 3AY

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

Savills plc
33 Margaret Street
London W1G 0JD

Registrar
Link Asset Services
Shareholder Services Department
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0871 664 0300
(or +44 (0)371 664 0300
from outside the UK)

Email: enquiries@linkgroup.co.uk
Website: www.linkassetservices.com

Secretary and registered office
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Telephone: 01392 477504

Valuers
CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Gerald Eve LLP
72 Welbeck Street
London W1G 0AY

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