

30 March 2023

Warehouse REIT progresses disposal strategy with £54.7 million of sales

Disposals, active management and robust UK warehouse tenant demand has increased portfolio occupancy to 95.9%, up from 92.7%

Warehouse REIT ("the Company"), the industrial warehouse investor, announces continued progress delivering on its strategy to capture the inbuilt reversion across its 8.3 million sq ft portfolio, whilst also recycling proceeds through sales to pay down its overall level of debt.

Asset Disposals

In line with its strategy, the Company has recently concluded the sale of two distribution estates totalling 269,000 per sq ft, for £29.5 million, generating an ungeared IRR of 9%.

The disposals comprise:

- 12 Exeter Way, Theale, a vacant 92,000 sq ft warehouse with a high office component, acquired by an owner occupier for £15.0 million.
- Temple House, Harlow, for £14.5 million. The asset has been sold ahead of a potential vacancy and capital expenditure costs, following the receipt of notice to break from the main tenant in March 2023.

These disposals, in addition to the £13.9 million of sales announced at the half year results on 8 November 2022, have been augmented by another £11.3 million of smaller asset sales, taking total H2 disposals to £54.7 million.

Asset Management

Additionally, reflecting the robustness of the UK occupational market, the Company has reduced portfolio vacancy through active asset management initiatives and disposals, increasing the portfolio occupancy to 95.9% (as at 28 February 2023), from 92.7% (as at 7 November 2022).

Significant transactions include Midpoint 18, where the Company has exchanged on a new 10-year lease with a 5 year break, on previously vacant commercial space, to Inhealth Intelligence, a leading software provider of information management solutions for the UK healthcare sector, generating rent of £0.2 million per annum. Midpoint 18 is strategically located near the M6 motorway in Cheshire and totals c. 600,000 sq ft of multi and single tenant space.

Separately, the Company has also completed the construction, for £3.9 million, of an open storage scheme on surplus land at Midpoint 18. Brit European, an international specialist logistics occupier, has agreed a 15 year lease for the purpose built facility, generating £0.3m per annum of rent. Brit European is being relocated from the Company's nearby Radway Green Estate, facilitating vacant possession and advancing the wider redevelopment.

Paul Makin, Investment Director of the Investment Advisor, Tilstone Partners Limited, commented:

"We continue to make strong progress on delivering on the Company's strategy to minimise vacancy, capture the portfolio's inbuilt reversion and reduce debt. We have taken advantage of continued investor demand for exposure to the sector by arranging for the Company to undertake two further opportunistic disposals of assets requiring significant capital expenditure, simultaneously demonstrating the ongoing liquidity of the Company's real estate. In total, the Company has completed £54.7 million of sales during H2.

"Occupationally, the UK logistics market remains robust, evidenced by the progress on increasing occupation across the portfolio. The transactions at Midpoint 18 also demonstrate the acute shortage of good quality accommodation in the North West market, as well as the benefits of the locations of the Company's assets, close to key infrastructure and employment hubs."

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Further information on Warehouse REIT is available on its website:
<http://www.warehousereit.co.uk>

About Warehouse REIT

Warehouse REIT plc invests in and manages urban and 'last-mile' industrial warehouse assets.

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

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

The Company is listed on the Main Market of the London Stock Exchange and is an alternative investment fund ("AIF") for the purposes of the AIFM Directive and as such is required to have an investment manager who is duly authorised to undertake the role of an alternative investment fund manager. The Investment Manager is currently G10 Capital Limited.

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