6 June 2023

Warehouse REIT plc

(the “Company” or “Warehouse REIT”, together with its subsidiaries, the “Group”)

Strong operational performance, successful disposal programme and weighting towards multi-let sector provide a strong platform for growth

Neil Kirton, Chairman of Warehouse REIT commented:

“This financial year saw a marked divergence between equity market valuations and the continued strength of the occupier market. Operationally, our performance has been strong; our focus on multi-let assets in key industrial hubs where demand remains firm but supply is constrained is paying off with like-for-like growth in contracted rents of 5.3%. We were not immune from the rapid rise in interest costs, which impacted both our valuation and our earnings, but we acted decisively, with £90 million of non-core disposals in line with our plan, supporting the balance sheet and further focusing the business on its core assets.

Since year end, there are clearer signs that investors are returning to the market, evidenced by activity across the sector and our most recent sales, which are ahead of book. At Radway, our flagship scheme in Crewe, we are now in advanced negotiations for a significant pre let, a major milestone which validates our ambitious but highly disciplined approach to development. This opportunity, coupled with an improved financial position and our 71% weighting towards multi-let assets, the strongest part of our market, leaves us well positioned for the future.”

Maintained strong operational performance, capturing in-built portfolio reversion and driving growth

- £45.3 million contracted rent, including:
  - £3.0 million from 40 new lettings, 29.1% ahead of previous contracted rent
  - £1.0 million from renewals, 15.8% ahead of previous contracted rent
  - £2.0 million from rent reviews, 21.5% ahead of previous contracted rent
- 5.3% like-for-like rental growth, with 17.6% portfolio reversion as at 31 March 2023
- Occupancy up 3.1% from 30 September 2022 to 95.8%
- c.99.0% of FY23 rent collected
- In advanced negotiations for a 350,000 sq ft pre let at the first phase of Radway 16, Crewe

£158.5m of targeted capital activity, delivering on disposal strategy and further focusing the business on its core assets

- £59.6 million of asset disposals, crystallising an ungeared IRR of 8.0%; further £29.9 million completing post period end
- £64.0 million of acquisitions including Bradwell Abbey, a multi-let industrial estate in Milton Keynes, 45.0% reversionary
- £5.0 million of capital investment or 0.5% of GAV, driving rents and values

Portfolio valuation impacted by sector-wide asset re-pricing

- Like-for-like portfolio valuation decreased 18.5% to £828.8 million (2022: £1,012.0m); 131 bps equivalent yield expansion partially offset by strong like-for-like growth in rental values of 6.2%, reflecting a robust occupier market
- EPRA NTA per share 122.6p (2022: 173.9p) with total accounting return of (25.7%) (2022: 33.2%); five year total accounting return of 10.8%

Resilient financial performance and strengthened balance sheet

- Adjusted earnings of £19.8m (2022: £27.2m), primarily reflecting increased debt costs
- Adjusted EPS of 4.7p (2022: 6.4p), with the dividend maintained at 6.4p
- Two interest rate caps of £100m acquired; 75.2% of debt hedged against interest rate volatility
- £320.0 million of debt refinanced with improved covenants
- LTV at 33.9%, with further headroom of £14.0 million in available resources; pro forma LTV at 30.5% adjusting for post balance sheet sales

Progressing our sustainability strategy

- 60.2% of the portfolio now EPC A-C rated; advanced our pathway to Net Zero

Financial highlights

Year ended 31 March	2023	2022
Gross property income	£47.8m	£48.7m
Operating profit before change in value of investment properties	£32.2m	£35.4m
IFRS (loss)/profit before tax	(£182.8m)	£191.2m
IFRS earnings per share	(43.0)	45.0p
EPRA earnings per share	3.9p	6.4p
Adjusted earnings per share[2]	4.7p	6.4p
Dividends per share[3]	6.4p	6.4p
Total accounting return[4]	(25.7%)	33.2%
Total cost ratio[5]	28.4%	27.1%
As at	**31 March 2023**	**31 March 2022**
Portfolio valuation	£828.8m	£1,012.0m
IFRS net asset value	£528.5m	£739.0m
IFRS net asset value per share	124.4p	173.9p
EPRA net tangible assets ("NTA") per share[6]	122.6p	173.8p
Loan to value ("LTV") ratio	33.9%	25.1%

Operational highlights

As at	31 March 2023	31 March 2022
Contracted rent	£45.3m	£44.0m
Passing rent	£41.2m	£40.6m
WAULT[7] to expiry	5.5 years	5.6 years
WAULT to first break	4.5 years	4.5 years
EPRA topped up yield	5.5%	4.4%
Occupancy	95.8%	93.7%

Meeting

A meeting for investors and analysts will be held at 9.00am on 6 June 2023 at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD.

The results presentation is available in the Investor Centre section of the Group's website. For further details, please email FTI Consulting at warehousereit@fticonsulting.com

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

Notes

Warehouse REIT is a FTSE 250 UK Real Estate Investment Trust that invests in UK warehouses, focused on multi-let assets in industrial hubs across the UK.

We provide a range of warehouse accommodation in key locations which meets the needs of a broad range of occupiers. Our focus on multi-let assets means we provide occupiers with greater flexibility so we can continue to match their requirements as their businesses evolve, encouraging them to stay with us for longer.

We invest in our business by selectively acquiring assets with potential and by developing opportunities we have created. Through pro-active asset management we unlock the value inherent in our portfolio, helping to capture rising rents and driving an increase in capital values to deliver strong returns for our investors over the long term. Sustainability is embedded throughout our business, helping us meet the expectations of our stakeholders today and futureproofing our business for tomorrow.

The Company 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 (“AIFM”). The AIFM and the Investment Manager is currently G10 Capital Limited (Part of the IQEQ Group).

Forward-looking Statements

Certain information contained in these half-year results may constitute forward looking information. This information relates to future events or occurrences or the Company’s future performance. All information other than information of historical fact is forward looking information. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “predict” and “potential” and similar expressions are intended to identify forward looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this announcement should not be relied upon. Forward-looking information speaks only as of the date of this announcement.

The forward-looking information included in this announcement is expressly qualified by this cautionary statement and is made as of the date of this announcement. The Company and its Group do not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

Chairman's statement

The operational fundamentals of our business remained strong throughout the year, but this robust performance has been overshadowed by macro events which resulted in a step change in interest rates, driving property yields higher and impacting valuations across the sector.

Amid this volatility, we have maintained our focus on driving the value of our portfolio through active asset management. The long-term trends which have underpinned occupier demand in recent years continue to support our leasing activity, which this year delivered an additional £3.5 million in rent, bringing contracted rent to £45.3 million as at 31 March 2023.

We continue to let space significantly ahead of previous rent, demonstrating the reversionary potential of our portfolio and that occupiers are prepared to pay higher rents for the right space in the right locations. Our activity drove a like-for-like increase in contracted rents of 5.3%, with the like-for-like estimated rental value of our space up 6.2% reflecting sound underlying market fundamentals. In addition, building on our strategic focus on multi-let industrial space, we acquired Bradwell Abbey, a multi-let estate near the gateway city of Milton Keynes. Multi-let assets allow greater flexibility for occupiers because they can take multiple or different-sized units and more easily scale up or down according to their needs, accelerating our ability to capture rental growth. This also means we are well placed to appeal to a broader range of occupier as demand diversifies in new directions. This year alone we have let space to a software provider to the healthcare industry, an electronic bike and scooter company and an automotive parts manufacturer. Our multi-let bias also means we can create our own increased rental tone through targeted capex helping to capture reversion at lease events.

Following the market correction in the second half, we successfully executed on our strategy to reduce the level of variable-rate debt through targeted asset disposals of non-core properties. These totalled £59.6 million over the year and crystallised an unlevered IRR of 8.0%. Encouragingly, there are clear signs that liquidity is returning to the investment markets, with the majority of these transactions completing towards the end of the second half and post year end we have exchanged a further £29.3 million of sales, on average 17.2% ahead of book value.

This activity further focuses the portfolio on our core assets, enabling Tilstone Partners, our Investment Advisor, to concentrate on opportunities which best drive value for shareholders.

Radway 16 in Crewe is the best example of this and an excellent case study of Tilstone's expertise in site assembly. Initially, it comprised a 250,000 sq ft multi-let estate with surplus land. It was acquired within a portfolio purchase and has grown through careful acquisition of adjacent sites from just 25 acres to be an exciting development site of over 100 acres, strategically located on Junction 16 of the M6. Inevitably, macro conditions have impacted its valuation, but its combination of best-in-class, sustainable space and superb connectivity make it highly attractive to a wide range of occupiers. We are pleased that discussions for a significant pre-let on the first phase of this scheme are well advanced and only subject to legal documentation. We will update stakeholders on any developments in due course.

Financial performance and returns

The dramatic increase in interest rates over the course of the financial year to address levels of inflation not seen since the 1980s significantly reduced liquidity in investment markets. Valuers reacted quickly, increasing yields to reflect the new funding environment, and significantly reducing property valuations across all commercial real estate markets. We have not been immune and as a result of significant yield expansion, the value of the portfolio declined by 18.5% on a like-for-like basis over the 12 months. This was partially offset by an increase in ERV of 6.2% contributing to a fall in EPRA NTA to 122.6 pence per share at the year end (31 March 2022: 173.8 pence) and a negative total accounting return of (25.7%) (31 March 2022: 33.2%). However, reflecting our very strong performance in the years following IPO our five-year total accounting return is 10.8%.

When it became clear that interest rates would trend upwards, in July 2022, two additional interest rate caps of £100.0 million each were acquired for a total premium payable of £10.9 million ahead of significant rate rises. These cap the variable SONIA rate at 1.5% until July 2025 and July 2027 respectively. 75.2% of our total debt of £306.0 million is fixed with the remaining 24.8% subject to variable rates.

However, the increased cost of our variable rate debt had a negative impact on earnings. While we met our target dividend of 6.4 pence per share, adjusted earnings of 4.7 pence per share meant that for the full year, the dividend was uncovered. Following the disposals undertaken during the period, our efforts are now focused on continuing to capture the reversion embedded within the portfolio and reduce the variable rate component of our debt.

As at 31 March 2023, the Group's loan to value remains within our target range of 30% to 40%, at 33.9% as at year end, with £14.0 million of headroom within our new facilities and with additional headroom created following further asset disposals that have exchanged, but not yet completed.

Environmental, social and governance matters

We continued to make significant progress with our ESG agenda under the leadership of my colleague Aimée Pitman, who chairs our Sustainability Committee. We have further strengthened how we integrate ESG factors in everyday decisions, modelled our climate-related risks and formulated a pathway to net zero for our Scope 1 and 2 emissions by 2030. We continued to improve Energy Performance Certificate ("EPC") ratings across the portfolio. We have eradicated non-compliant F and G ratings ahead of statutory requirements and have a capital expenditure programme aimed at improving the ratings of all D and E rated units in England and Wales to progress meeting expected future legislative requirements for all commercial properties.

In July 2022 the Company transferred from AIM to the Main Market. Given our already robust approach to corporate governance and our comprehensive disclosure, compliance with the requirements of the Listing Rules and related guidance has been straightforward and we now benefit from access to a wider pool of shareholder capital. We continue to follow and comply with the AIC Code of Corporate Governance.

In May 2023, Tilstone Partners Limited, the Investment Advisor, appointed Simon Hope, one of its co-founders, as Executive Chairman and Co-Managing Director alongside Andrew Bird. This follows Simon's move to an executive role at Tilstone.

In a separate announcement today, Martin Meech has indicated that he will not stand for re-election at the AGM this September. Martin has served on the Board since 2017 as the Senior Independent Director and has been a hardworking, respected and valued colleague having served on the Audit, Management Engagement and more recently the Sustainability Committees. I would like to thank him for all his efforts on our behalf and wish him well as he takes up an executive position in the real estate industry.

As reported in elsewhere, this year the Board underwent an externally facilitated Board evaluation. It is envisaged that the outputs of that evaluation will be able to assist the Nomination Committee in identifying Martin's successor. The Board have already commenced the process using external consultants to find a successor.

Outlook

Based on the performance of industry benchmarks and our own experience, there are clear signs that the investment market is stabilising and investors are returning, reflecting the very favourable supply-demand dynamics in our markets. However, as an industry, we are highly sensitive to the future path of interest rates and the outlook remains uncertain, so the Board will continue to manage the business diligently and carefully.

In this context, the ability to drive growth organically is key to delivering returns. Occupier demand for space remains robust and our sector continues to benefit from strong tailwinds, including the growth of online retail and heightened focus on supply chain resilience. In addition, our strong bias towards multi-let space in economically relevant locations means we are well placed to capture demand and drive rents. Selected development opportunities provide further upside and we will commit to these as and when the time is right.

I am confident that the business is well placed to deliver on behalf of shareholders moving forward. Our primary focus in the near term is continuing to optimise the portfolio earnings growth through active asset management. It should be clear that the Board remain very focused on total shareholder returns. As we pay down more variable rate debt, further capture the significant reversionary potential in the portfolio and continue the value creation process at Radway Green, we believe we have a clear path to further growth in our adjusted earnings per share and therefore our dividend cover.

Neil Kirton

Chairman

5 June 2023

Objectives and strategy

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

Our objectives

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

Total accounting return

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

Outcome in 2022/23

Not achieved.

The total accounting return for the year was (25.7%), reflecting the impact of adverse interest rates and market conditions on the portfolio valuation, partially offset by improvements in occupancy and interest rate caps. Our average total accounting return is on track at 10.8%.

Plan for 2023/24

We continue to target an average return of 10% per annum.

Dividends

Our target for this year was a total dividend of at least 6.4 pence per share.

Outcome in 2022/23

Achieved.

We declared total dividends of 6.4 pence per share.

Plan for 2023/24

Our target for 2023/24 is to maintain the dividend at 6.4 pence per share.

Sustainability

Our new environmental performance target is a 4.2% annual reduction in our like-for-like Scope 1 and 2 emissions.

Our strategy

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

Investment strategy	**Risks:**	**What we achieved:**	**Post year end activity:**
We look for: • sites close to major transport links and large conurbations,	• poor performance of the Investment Advisor, Tilstone;	• acquired one asset totalling c.335,000 sq ft in the highly	• exchanged on a further £29.3m of sales

with high occupier demand and a suitable workforce; • buildings or land with a range of uses and long-term flexibility, including the potential to change permitted use; and • assets that match occupiers' current and future needs, including their ESG objectives. Multi-let estates spread risk and offer more asset management opportunities than single-let assets. Rental increases can also be reflected across the estate. We generally target buildings of less than 100,000 sq ft and have an average size of 12,000 sq ft.	• poor returns on portfolio; and • acquisition of inappropriate assets or unrecognised liabilities, or a breach of the investment strategy. **Progress measured by:** • like-for-like valuation change; • EPRA NAV; • dividend per share; and • Total accounting return	attractive location of Milton Keynes; and • disposed of 16 assets for £59.6 million, generating an internal rate of return of 8.0%.	
Asset management strategy We budget to spend 0.75% of our gross asset value ("GAV") on capital expenditure each year, with a target return of at least 10%. We also target a vacancy level of 5-7%, since vacant properties allow us to carry out asset management activities. Improving the sustainability performance of our assets, for example by improving their energy efficiency, is an important part of maintaining property values and occupier appeal.	**Risks:** • poor performance of Tilstone. **Progress measured by:** • occupancy; • like-for-like rental income growth; • rental increases agreed versus valuer's ERV; • number of energy efficient initiatives; and • portfolio EPC performance	**During the year we:** • invested £5.0 million, or 0.5% of GAV, in capital expenditure; • completed 40 new lettings, at rents 13.0% ahead of ERV; • completed 22 lease renewals, with a 15.8% increase in headline rents; • completed 21 rent reviews with a 21.5% increase in headline rents; • continued to progress our development project at Radway 16, Crewe; and	**Post year end activity:** • 8 new lettings and 3 renewals, 39.5% ahead of prior rents and 1.6% above March 2023 ERV; and • 2 rent reviews, 22.5% ahead of prior rent, 19.5% ahead of ERV at the time of the rent review.

		• 18 EV chargers installed.	
Financial strategy We fund the business through shareholders' equity, bank debt and any disposal proceeds we generate. We look to raise equity at times when we can make investments that are accretive to shareholders. Our strategy for debt financing is to maintain a prudent level of debt, with an LTV range of 30-40% in the longer term. We look to hedge the interest on a significant proportion of our debt, to provide greater certainty over our financing costs.	**Risks:** • significant volatility in interest rates; • inability to attract investors; and • breach of borrowing policy or loan covenants. **Measured by:** • LTV ratio	**During the year we:** • moved the Company's listing to the Premium Segment of the Main Market of the London Stock Exchange, thereby increasing the number of potential investors in the Company's shares, in the UK and overseas; • took out two interest rate caps of £100.0 million each, for three and five years, capping the SONIA rate in the debt facilities at 1.5%; • reduced leverage through the disposal programme described above; and • maintained the LTV ratio in line with our target of c.35%.	**Post year end activity:** • Refinancing with new club of lenders agreed with improved reporting covenants for a further 5 years

Key performance indicators

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

Occupancy

2019: 92.0%

2020: 93.4%

2021: 95.6%

2022: 93.7%

2023: 95.8%

Description

Total open market rental value of the units leased divided by total open market rental value, excluding development property and land, and equivalent to one minus the EPRA vacancy rate.

Why is this important?

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

How we performed

Active asset management, asset disposals and the robust occupational market helped us to increase occupancy during the year to 95.8%.

Link to strategy

Asset management

Like-for-like rental income growth

2019: 2.1%

2020: 2.0%

2021: 2.9%

2022: 3.0%

2023: 5.3%

Description

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

Why is this important?

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

How we performed

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

Link to strategy

Asset management

Rental increases agreed versus valuer's ERV

2019: 10.0%

2020: 5.1%

2021: 4.3%

2022: 6.0%

2023: 10.2%

Description

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

Why is this important?

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

How we performed

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

Link to strategy

Asset management

Like-for-like valuation change

2019: 4.3%

2020: 2.5%

2021: 18.8%

2022: 19.4%

2023: (18.5)%

Description

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

Why is this important?

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

How we performed

After two years of exceptionally strong valuation increases, investment market conditions led to an 18.5% fall in the like-for-like valuation.

Link to strategy

Investment

Asset management

Total cost ratio

2019: 29.4%

2020: 27.1%

2021: 29.5%

2022: 27.1%

2023: 28.4%

Description

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

Why is this important?

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

How we performed

The total cost ratio declined further in the year due to non-recoverable holding costs on larger vacant buildings. Excluding vacancy costs, the EPRA cost ratio was 26.8%.

Link to strategy

Not applicable

EPRA NTA

2019: 109.7p

2020: 109.5p

2021: 135.1p

2022: 173.8p

2023: 122.6p

Description

This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. The measure excludes the fair value of financial instruments that are used for hedging purposes where the Company has the intention of keeping the hedge position until the end of the contract duration (this is regardless of whether hedge accounting under IFRS is applied).

Why is this important?

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

How we performed

The decline in capital values relative to the market contributed to an 29.5% reduction in EPRA NTA per share.

Link to strategy

Investment

Asset management

Dividends per share

2019: 6.0p

2020: 6.2p

2021: 6.2p

2022: 6.4p

2023: 6.4p

Description

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

Why is this important?

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

How we performed

We achieved our dividend target for the year of at least 6.4 pence per share.

Link to strategy

Investment

Loan to value ratio

2019: 39.7%

2020: 40.2%

2021: 24.6%

2022: 25.1%

2023: 33.9%

Description

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.

Why is this important?

Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.

How we performed

The increase in the LTV primarily reflects our acquisition in the year and the reduction in the value of the portfolio, partially offset by proceeds from asset disposals.

Link to strategy

Financing

Investment Advisor's report

The Group performed well from an operational perspective, as we continued to successfully implement the strategy, with a particular focus on driving value from the portfolio through active asset management and progressing the development opportunities, notably at Radway 16, Crewe.

On a statutory basis, the Group's earnings per share of (43.0) pence reflected the loss on revaluation of the investment properties at the year end of £193.4 million, as a result of the conditions in the investment market. The Group had recognised gains on revaluation of £163.7 million and £105.0 million in the previous two financial years.

On an adjusted basis the Group's results were affected by the increased cost of debt in the year, as a result of rising interest rates, and to a lesser extent by higher vacancy costs during the year. As a result, adjusted earnings per share of 4.7 pence were 26.0% lower than the previous financial year, resulting in dividend coverage of 73.0%.

Investment portfolio

During the year, the Group acquired two assets and disposed of a number of other properties.

Acquisition

The Group acquired Bradwell Abbey Industrial Estate in Milton Keynes for £62.0 million, excluding acquisition costs. The multi-let industrial asset comprises 69 units across c.335,000 sq ft and is let to occupiers including Argos, F&F Stores and Taylor Kerr Engineering. The current rent of c.£7.83 per sq ft, offers good reversionary potential compared to an ERV of £9.89 per sq ft. We see clear opportunities to generate upside through strategic capital expenditure, working with the existing occupiers and improving the estate's sustainability credentials, and we have made good progress with our asset management plan since purchase.

Disposals

The Group's asset management strategy includes an ongoing programme of disposing of mature or non-core assets, so it can redeploy the capital or use the proceeds to pay down debt. We keep the portfolio under constant review to identify assets that are candidates for disposal.

During the first half, the Group disposed of two assets, for gross proceeds of £4.8 million. In the second half, we progressed the Group's short-term strategy to reduce the level of variable-rate debt with the disposal of 14 assets, for headline consideration of £54.7 million, crystallising a profit on cost of £3.3 million and generating an ungeared IRR of 8.9%. This brought the aggregate proceeds for the year to £59.6 million. On a statutory basis, due to the high watermark of March 2022 valuations, a £13.1 million loss was realised for the year ended 31 March 2023.

The sale of the assets demonstrate the liquidity of the portfolio and include:

- Exeter Way, Theale, a vacant 92,000 sq ft warehouse with a high office component, sold to an owner-occupier for £15.0 million; and

- Temple House, Harlow, for £14.5 million, sold ahead of a potential vacancy and capital expenditure costs, following the receipt of notice to break from the main occupier in March 2023.

The other assets disposed of included a range of smaller properties for £25.2 million with a net initial yield of 6.5% and generating an ungeared IRR of 15.4%. These are assets we had identified as being non-core.

Asset management

<u>Working with occupiers</u>

The Group has a diverse base of 490 occupiers, with the top 15 occupiers accounting for 35.8% of the contracted rent roll from the investment portfolio. The spread of the Group's occupiers across different industries and business sizes means it is not reliant on any one occupier or industry. This increases the Group's resilience and helps to mitigate financial and leasing risks.

We continue to actively monitor the strength of the occupiers' covenants using credit software such as Dun & Bradstreet, enabling us to keep abreast of the impact of the current economic environment on the Group's occupiers, in particular those where energy is a high proportion of their costs. However, we have not identified an increase in corporate failures, as reflected in the Group's rent collection performance and bad debts (see the financial review for more information). As at 2 June 2023, we had collected c.99.0% of the rent due in respect of the year and we expect this to increase as we work with occupiers to collect the outstanding amounts.

<u>Leasing activity</u>

The UK occupational market remains robust and strong occupier demand has helped us to continue to capture the inbuilt reversion in the portfolio through lease renewals and new lettings. New leases continue to exceed ERVs, while lease renewals and rent reviews are achieving strong average uplifts against previous rental levels. As a result, like-for-like contracted rent increased by 5.3% year on year and ERVs by 6.2%, providing significant opportunities to capture the portfolio reversion in future periods.

New leases

The Group completed 40 new leases on 0.5 million sq ft of space during the year, which will generate annual rent of £3.0 million, 29.1% ahead of previous contracted rent and 13.0% ahead of 31 March 2022 ERV. The level of incentives remains steady on all multi-let estates.

Highlights included new leases for:

- 23,700 sq ft at Midpoint 18, Middlewich, to a leading software provider to the UK healthcare sector, on a ten-year lease with a five-year break, at a rent of £237,000 per annum, 97.5% ahead of previous contracted rent and inline with the 31 March 2022 ERV;

- 138,500 sq ft at Daimler Green, Coventry, to an automotive parts manufacturer, on a ten-year term at a rent of £623,000, 25.9% ahead of previous contracted rent and 16.9% above the 31 March 2022 ERV;

- 38,600 sq ft at Swift Valley Industrial Estate, Rugby, on a 20-year lease at £8.60 per sq ft, 11.0% ahead of ERV;

- 20,200 sq ft at Granby Trade Park, Milton Keynes, on a ten-year lease with no break at £10.00 per sq ft;
- 15,200 sq ft at Gateway Park, Birmingham, to an electronic bike and scooter company, on a five-year term at a rent of £7.65 per sq ft, and 17.7% above the 31 March 2022 ERV; and
- 36,100 sq ft at Carisbrooke Industrial Estate, Isle of Wight, for a headline rent of £185,000 per annum for ten years with a break at five years, equivalent to £5.12 per sq ft, 54.2% above previous contracted rent and 7.7% ahead of the 31 March 2022 ERV. The occupier is a leading manufacturing business.

Lease renewals

The Group continues to retain the majority of its occupiers, with 59.0% remaining in occupation at lease expiry and 67.6% with a break arising in the year, including units that were vacated and re-let in the period, this increased the Group's effective retention rate on lease renewals to 88.2%.

There were 22 lease renewals on 0.2 million sq ft of space during the year, with an average uplift of 15.8% above the previous passing rent and 2.7% above the ERV.

Highlights included:

- 31,900 sq ft of lease renewals at Queenslie Park, Queenslie, across nine units, securing £196,500 at an average of 22.8% ahead of previous contracted rent and 10.6% ahead of 31 March 2022 ERV;
- a five-year renewal at Cairn Court, East Kilbride. The new lease generates total rent of £67,700 per annum and is 33.3% ahead of the previous rent and 20.0% ahead of 31 March 2022 ERV;
- a five-year renewal at Linkway Industrial Estate, Middleton. The new lease generates total rent of £67,200 per annum and is c.11.0% ahead of both the previous rent and 31 March 2022 ERV;
- 22,000 sq ft lease renewal at Gateway Park, Birmingham, securing £176,700, 22.5% ahead of previous contracted rent and 6.6% ahead of 31 March 2022 ERV.

Rent reviews

During the year 21 rent reviews were completed, generating an additional £0.3 million per annum, 21.5% ahead of previous rent and 5.2% ahead of the 31 March 2022 ERV.

Highlights included:

- rent reviews on two leases at Air Cargo Centre, Glasgow, which were settled at £440,000, 25.9% ahead of the previous contracted rent and 11.8% ahead of the 31 March 2022 ERV;
- settled a rent review at Tewkesbury Business Park, Tewkesbury, for £330,000, 20.0% ahead of the previous contracted rent and 9.8% ahead of the 31 March 2022 ERV;
- settled a rent review at Austin Drive, Coventry, for £275,000, 14.6% ahead of the previous contracted rent and the ERV at the date of the rent review; and
- rent reviews on two leases at Chittening Industrial Estate, Bristol, which were settled at £210,000, 22.0% ahead of the previous contracted rent and 4.8% ahead of the ERV at the date of the rent review.

Development activity

Since 2017, we have assembled land for a flagship multi-let logistics park development at Radway 16, Crewe. The Group now owns 112 acres in this premier logistics location in the North West, a market characterised by low vacancy rates and high take up in the region providing strong opportunities for above-average rental growth. Radway 16 will provide state-of-the-art, sustainable warehouse space that is suitable for a diverse range of occupiers.

As previously reported, the Group has planning approval for more than 1.8 million sq ft of warehousing at Radway 16, having secured unanimous committee approval in July 2022 on phase 2 (1.02 million sq ft), to add to previously approved consent for 0.8 million sq ft secured in 2021. Since securing the approval on remaining scheme, we have now satisfied the pre-commencement planning conditions of phase 1 to enable a start on site.

In Q4 2022, we launched a marketing campaign, generating significant occupier interest. We have also finalised the marketing for the wider scheme, which can be configured in a number of ways to provide a single 1 million sq ft unit or a number of smaller units.

We continue to make progress with the Group's other development projects, where we will only commence development once a pre-let agreement has been signed.

Capital expenditure

We deploy carefully targeted capital expenditure to increase rents and capital values and improve the assets' ESG performance. On average, the Group aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes development projects and is therefore based on GAV excluding developments.

Total capital expenditure in the year was £5.0 million, equivalent to 0.5% of GAV excluding developments. At the year end, approximately 1.3% of the portfolio's ERV was under refurbishment (31 March 2022: 1.6%). In line with the Group's ESG strategy, all capital expenditure projects have long-term sustainable features which target an improvement in the Group's overall EPC rating.

Portfolio analysis

At the year end, the Group's portfolio comprised 833 units across 8.2 million sq ft of space (31 March 2022: 867 units across 8.5 million sq ft). The table below analyses the portfolio as at 31 March 2023:

	Value (£m)	**Occupancy by ERV (%)**	**NIY (%)**	**NRY (%)**	**WAULT to expiry (years)**	**WAULT to break (years)**	**Average rent (£ per sq ft)**	**Capital value (£ per sq ft)**
Multi-let more than 100k sq ft	384.0	95.2%	5.5%	6.5%	4.6	3.6	5.88	92.13
Multi-let less than 100k sq ft	153.9	92.3%	6.4%	7.4%	5.4	4.0	6.63	89.95
Single let- Regional distribution	131.9	100.0%	5.1%	5.8%	7.8	7.6	5.22	95.55
Single let- last mile	83.3	100.0%	5.6%	6.9%	6.2	5.2	5.74	89.64
Total	**753.1**	**95.8%**	**5.6%**	**6.6%**	**5.5**	**4.5**	**5.90**	**91.97**
Development land	75.7							
Total portfolio	**828.8**							

At the year end, the contracted rent roll for the investment portfolio (excluding developments) was £45.3 million, with the ERV of £53.3 million showing the reversionary potential in the portfolio. Total contracted rents increased by 5.3% on a like-for-like basis during the year.

The NIY of the investment portfolio was 5.6% at 31 March 2023, with an equivalent yield of 6.5% and a reversionary yield of 6.6%. The WAULT for the investment portfolio stood at 5.5 years at 31 March 2023 (31 March 2022: 5.6 years).

Occupancy improved across the investment portfolio and was 95.8% at the year end (31 March 2022: 93.7%). Effective occupancy, which excludes units under offer to let or undergoing refurbishment, was 98.4% at the year end (31 March 2022: 95.8%), with 1.1% of the investment portfolio under offer to let and a further 1.5% undergoing refurbishment at that date.

Financial review

Performance

Rental income for the year was £45.8 million (year ended 31 March 2022: £44.0 million), with the movement reflecting like-for-like rental growth and the initial contribution from the acquisition of Bradwell Abbey Industrial Estate, less revenue foregone from the assets disposed of during the year. EPRA like-for-like rental growth was 6.0%.

The Group's operating costs include its running costs (primarily the management, audit, company secretarial, other professional and Directors' fees), and property-related costs (including legal expenses, void costs and repairs). Total operating costs for the year were £18.9 million (year ended 31 March 2022: £16.0 million). The Investment Advisor fee for the year increased by £0.5 million, primarily as a result of the significant net asset growth in the second half of the previous financial year. The reduced valuation at 31 March 2023 will result in savings for the Group on the Investment Advisor fee in FY 2024 as this is calculated on net assets.

The Company incurred one-off costs in the year of £1.1 million, in relation to its move from trading on AIM to the Main Market of London Stock Exchange. There were no one-off costs in the period to 31 March 2022.

The net increase in the expected credit loss allowance was £0.2 million (year ended 31 March 2022: £0.3 million). This modest change reflects the diversity and quality of the Group's occupiers and our close relationships with them. The Group also often has rent deposits, giving it additional protection from bad debts.

The total cost ratio, which is the adjusted cost ratio including direct vacancy costs, was 28.4% (year ended 31 March 2022: 27.1%), with the increase driven by holding costs relating to non-recoverable property expenses. Excluding void costs, the adjusted cost ratio is 24.4% (year ended 31 March 2022: 24.3%). The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was 1.3% (year ended 30 March 2022: 1.2%).

The Group disposed of 16 assets in the year, resulting in a net loss on disposal of £13.1 million due to the strong revaluation uplifts since the assets were acquired. Against the assets' purchase price, the Group recorded an internal rate of return of 8.0%. There were no disposals in the prior year.

At 31 March 2023, the Group recognised a loss of £193.4 million on the revaluation of its investment properties (year ended 31 March 2022: gain of £163.7 million).

Financing income in the year was £6.9 million (year ended 31 March 2022: £0.3 million), including £2.0 million interest receipts (year ended 31 March 2022: £nil) from interest rate derivatives held by the Company and £4.9 million change in fair value of interest rate derivatives as at 31 March 2023 (year ended 31 March 2022: £nil).

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging). Total finance expenses were £15.5 million (year ended 31 March 2022: £8.2 million). The increase reflects the higher average debt in the year following the acquisition of Bradwell Abbey and the higher weighted average cost of debt, which was partly mitigated by the interest rate caps taken out in the first half (see below). The all-in cost of debt for the year was 4.3% (year ended 31 March 2022: 2.6%). We expect interest costs to reduce in FY 2024, as a result of the reduction in variable-rate debt following the asset disposals in the second half of the year.

The statutory loss before tax was £182.9 million (year ended 31 March 2022: £191.2 million profit).

The Group has continued to comply with its obligations as a REIT and the profits and capital gains from its property investment business are therefore exempt from corporation tax. The corporation tax charge for the year was therefore £nil (year ended 31 March 2022: £nil).

Earnings per share ("EPS") under IFRS was (43.0) pence (year ended 31 March 2022: 45.0 pence). EPRA EPS was 3.9 pence (year ended 31 March 2022: 6.4 pence). Adjusted earnings per share was 4.7 pence (year ended 31 March 2022: 6.4 pence).

Dividends

The Company has declared the following interim dividends in respect of the financial year:

Quarter to	Declared	Paid	Amount (pence)
30 June 2022	17 August 2022	3 October 2022	1.60
30 September 2022	8 November 2022	30 December 2022	1.60
31 December 2022	28 February 2023	3 April 2023	1.60
31 March 2023	6 June 2023	7 July 2023	1.60
Total			**6.40**

The total dividend of 6.40 pence per share met the Group’s target for the year and was 72.9% covered by adjusted EPS. All four interim dividends were property income distributions. The cash cost of the total dividend paid during the year was £27.6 million (year ended 31 March 2022: £26.3 million).

Valuation and net asset value

The portfolio was independently valued by CBRE as at 31 March 2023, in accordance with the internationally accepted RICS Valuation - Global Standards 2020 (incorporating the International Valuation Standards) (the "Red Book"), and the RICS Valuation - Global Standards 2017 - UK national supplement.

The portfolio valuation was £828.8 million (31 March 2022: £1,012.0 million). This represented an 18.5% like-for-like valuation decline, after taking account of capital expenditure of £13.3 million, with the outward yield shift in the year being only partly offset by rising rental values. The EPRA NIY was 5.0% (31 March 2022: 4.0%) and the EPRA topped-up NIY was 5.5% (31 March 2022: 4.4%).

The valuation resulted in an EPRA NTA of 122.6 pence per share at the year end (31 March 2022: 173.8 pence per share).

Debt financing and hedging

At the year end, the Group had a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs until January 2025, with an option to extend for a further two years, and comprises an RCF of £138.0 million and a term loan of £182.0 million, to give a total facility of £320.0 million.

At 31 March 2023, £124.0 million was drawn against the RCF and £182.0 million against the term loan. This gave total debt of £306.0 million (31 March 2022: £271.0 million), with the Group also holding cash balances of £25.1 million (31 March 2022: £16.7 million); the Group’s net debt as at 31 March 2023 is £280.9 million (31 March 2022: £254.3 million). The LTV ratio at 31 March 2023 was therefore 33.9% (31 March 2022: 25.1%), with the increase reflecting the acquisition in the year and the lower portfolio valuation, partially offset by the asset disposals.

The Group remains substantially within its covenants in the debt facilities, which place a limit on the LTV of 55% and require minimum interest cover of 2.0 times. Interest cover for the year was 2.9 times.

The Group’s debt facilities carry the cost of SONIA plus a lending margin. During the first half of the year, the Group took out two interest rate caps of £100.0 million each, for three and five years respectively at a cost of £10.9 million payable over the term, which cap the SONIA rate in the debt facilities at 1.5%. The Group also has an interest rate cap of £30.0 million, which expires in November 2023 and caps SONIA at 1.75%. A further interest rate cap of £30.0 million expired in November 2022. The Group had hedged approximately 75.0% of its year-end debt against interest rate volatility.

We continue to explore opportunities to diversify the Group's sources of debt funding, hedging requirements, extend the average maturity of its debt and further reduce the average cost of debt.

Post year end activity

Post-year end, the Group entered into a new five-year debt facility totalling £320.0 million, replacing the existing facility. The refinancing consists of £220.0 million term loan and an RCF of £100.0 million, with a club of lenders consisting of HSBC, Bank of Ireland, NatWest and Santander.

The new facility extends the tenure of the of the Group’s debt and with improved reporting covenants.

In addition, the Group has exchanged on two further disposals for an aggregate of £29.3 million.

Compliance with the investment policy

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

Investment policy	Status	Performance
The Group will only invest in warehouse assets in the UK.	✓	All of the Group’s assets are UK-based urban warehouses.
No individual warehouse will represent more than 20% of the Group’s last published gross asset value (“GAV”), at the time it invests.	✓	The largest individual warehouse represents 6.2% of GAV.
The Group will target a portfolio with no one occupier accounting for more than 20% of its gross contracted rents at the time of purchase. No more than 20% of its gross assets will be exposed to the creditworthiness of a single occupier at the time of purchase.	✓	The largest occupier accounts for 6.7% of gross contracted rents and 7.1% of gross assets.
The Group will diversify the portfolio across the UK, with a focus on areas with strong underlying investment fundamentals.	✓	The portfolio is well balanced across the UK.
The Group can invest no more than 10% of gross assets in other listed closed-ended investment funds.	✓	The Group held no investments in other funds during the year.
The Group will consider where appropriate an element of speculative development, provided the exposure to these assets, assessed on a cost basis, shall not exceed 10% of the gross assets of the Company.	✓	Other than refurbishing vacant units, the Group did not undertake any speculative development in the period.
The Group may invest directly, or through forward funding agreements or forward commitments (provided within the overall exposure limited stated above), 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	✓	The Group’s exposure to developments at the year end was 9.1% of GAV.

• we intend to hold the completed development as an investment asset.		
The Group views an LTV of between 30% and 40% as optimal over the longer term but can temporarily increase gearing up to a maximum of LTV of 50% at the time of an arrangement, to finance value enhancing opportunities.	✓	The LTV at 31 March 2023 was 33.9%.

Investment Manager

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

Investment Advisor

Tilstone Partners Limited is Investment Advisor to the Company and the Investment Manager.

Tilstone Partners Limited

5 June 2023

Principal risks and uncertainties

PRINCIPAL RISKS AND UNCERTAINTIES

Our ability to identify, understand and manage our risks and uncertainties is key to delivering our strategy and generating returns for investors.

Our approach and culture

Our understanding of the potential risks associated with our business activities, and our ability to implement robust management arrangements linked to our risk appetite are essential for a successful business. Our risk management activities enable us to identify and manage risks arising internally – from our decision-making and strategy; and from external risks - which arise when we are impacted by changes in the external market and environment.

Our culture of practical, pragmatic risk awareness and management has been particularly important during the economic challenges of the last financial year, which include increasing interest rates, rising inflation, and significant increases in energy and utility costs. These financial challenges in particular had an impact on our occupiers and the population of potential occupiers, leading to some changes in our risk profile and risk mitigation plans.

Risk management framework

Our strong culture is underpinned by a structured approach to the understanding and management of risk, with a risk management framework which is reviewed and approved by the Board, via the Audit and Risk Committee, each year.

The framework is clear and focused, setting out the Board's risk appetite, with defined responsibilities; processes for the regular review of risk and consideration of emerging risk; and reporting arrangements. This clarity is designed to enable the Group's Investment Advisor to take advantage of opportunities and make effective business decisions, whilst staying within an agreed set of parameters.

During the year, the risk framework and risk appetite were enhanced to reflect our growing focus on ESG and climate-related risks. We also took the decision to review our risk evaluation matrix, to reflect the increasing size of the business, and our move from AIM to the Main Market.

Risk appetite

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

The level of risk considered appropriate to accept in achieving business objectives is determined by the Board:

- The Group has no appetite for risk in areas relating to regulatory compliance, and the health, safety and welfare of our occupiers, stakeholders, and the wider community in which we work
- Appetite for risk relating to climate change is low, and the Group is actively focusing on the identification and mitigation of physical and transitional risks for its portfolio
- We have a moderate appetite for risk in relation to activities which are directed towards driving revenues and increased financial returns for its investors

The Board

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

- The design and implementation of risk management and internal control systems which identify the risks facing the business and enable the Board to make an assessment of principal risks
- Determining the nature and extent of the principal risks faced, and those risks which the Group is willing to take
- Agreeing how principal risks are managed or mitigated to reduce their likelihood or impact
- Ensuring that there is sufficient relevant, reliable and valid assurance about the mitigation of risk

The Audit and Risk Committee

The majority of the operations of the Group are outsourced, and the Audit and Risk Committee relies on risk information from its service providers, primarily the Investment Advisor.

To fulfil its responsibilities the Audit and Risk Committee:

- Monitors key risks and changes in risk throughout the year
- Seeks to identify and consider potential emerging risks to the Group, arising both externally and internally
- Considers each of the principal risks, the business's mitigation strategies, and assurances from both management and independent sources
- Undertakes an annual review of the effectiveness of the risk management process, including:
  - The operation of risk management and control systems
  - Integration of risk management and internal control with strategy and business planning
  - Changes in the nature, likelihood and impact of principal risks
  - The quality of risk reporting
  - Any issues dealt with in reports reviewed during the year, in particular the incidence of significant control failings or weaknesses that have been identified, and the extent of the impact which they had or could have had
  - The effectiveness of the Company's public reporting processes
- Takes advice from the Sustainability Committee with respect to updating climate-related risks and mitigations.

The Sustainability Committee

The Sustainability Committee has oversight of the Group's approach to the management of climate related risks. It provides the Audit and Risk Committee and Board with updates and information in relation to climate risk generally, and progress with the strategy agreed for the Group to manage risks in this area.

The Investment Advisor

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

DOCUMENTATION AND REPORTING

The corporate risk register is the core of the risk management process. It contains an assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level. It is maintained and reviewed regularly by the Investment Advisor, and formally reviewed at each meeting of the Audit and Risk Committee.

A standard evaluation matrix is used to assess the exposure to risks, and that is reviewed and approved as part of the risk management framework at least annually.

Risks are categorised into:

- **Business risk** – the risk of making poor business decisions, implementing decisions ineffectively, or being unable to adapt to changes in its environment. In particular this includes our property investment risk, and our acquisition, disposal and tenancy decision making processes.
- **Compliance risk** - the risk of legal or regulatory sanctions, financial loss, or loss to reputation a regulated business may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.
- **Climate-related-risk –** risks to the business from the impact of climate change. This includes direct physical impacts such as flooding, or excessive indoor temperatures during periods of extreme heat; and transitional risks such as changes in demand from occupiers, or the cost of complying with changes in building standards.
- **Financial risk** – the risk of financial loss resulting from risks such as market, credit and liquidity risks:
  - Market risk - economic losses resulting from price changes in the capital markets.
  - Credit risk - change in the financial situation of a counterparty, such as an issuer of securities or other debtor with liabilities or arising out of investments and payment transactions with investors.
  - Liquidity risk - not meeting the criteria of the borrowing policy and payment obligations at all times.
- **Operational risk –** the risk of a loss resulting from inadequate processes, technical failure, human error or external events.

EMERGING RISK

The regular risk reviews undertaken by the Investment Advisor specifically include review of emerging risks, and this is also part of the review by and discussions with the Audit and Risk Committee. The assessment considers internal changes, and external changes trends, and incidents, and considers:

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

During the year, we have made some changes to the risks on the register, enhancing risk definitions and the evaluation of some risks, to reflect the challenges being presented by the current cost of financing, and more difficult economic and market conditions.

One new principal risk was agreed during the year, relating to the Group's ability to raise funding – be that equity, loan financing or through asset disposals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") RISK

We have continued to invest in and develop our knowledge and plans to manage risk exposure around our sustainable ambitions and climate-related risks. The associated risks are integrated in the Group's risk management process and corporate risk register, and we have also developed an additional, more granular ESG risk register. Climate change risk remains one of the Group's principal risks.

Our governance framework has been enhanced with a Sustainability Committee (a sub-committee of the Board/Investment Advisor), having regular oversight of the Group's responsible business agenda, sustainability strategy and external ESG reporting plus being provided with regular updates on regulatory requirements and general market expectations. Following the climate risk scenario modelling undertaken this year, the Sustainability Committee will review the Group's climate related risks and mitigation strategies in detail via the focused ESG risk register and recommend any required updates to the Audit and Risk Committee.

Climate-related risks, particularly physical risks, are incorporated in our decision-making protocols for portfolio changes and capital developments. Costs associated with the Group's sustainability and climate-related ambitions e.g. minimum energy efficiency standards ahead of legislative requirements for properties and net zero carbon pathway, are included in our financial modelling and budgeting. Capital project planning also includes a focus on energy usage reduction and implementing building efficiency measures such as building management systems, replacement of high emission fittings, reduction of water usage and support of sustainable transport initiatives. A climate risk scenario modelling has been completed, to enable us to assess the exposure of our portfolio to physical climate-related risks across certain climate scenarios. The assessment provided a clear overview of the impact likelihood that modelled hazards pose to the portfolio, enabling us to make strategic decisions on where to focus mitigation actions and harness opportunities. We are introducing targeted surveys of occupiers to understand their challenges and requirements, to enable us to work together to reduce risk and further understand our energy consumption baseline.

Principal risks

Principal risks are those which are considered material to the Group's development, performance, position or future prospects. The principal risks are captured in the corporate risk register and are reviewed by the Board and Audit and Risk Committee, who consider:

- any substantial changes to principal risks;
- material changes to control frameworks in place;
- changes in risk scores; and
- any significant risk incidents arising.

Changes in principal risks during the year

One new principal risk was agreed during the year, relating to the Group's ability to raise funding – be that equity, loan financing or through asset disposals. Previously, risks covering this area were included in the risk register, but were not considered to be significant principal risks. However, the combination of a hardening market for asset disposals, market uncertainties impacting on our share price, the timing of our refinancing, and the increasing cost of capital have all combined to result in an increased exposure.

In some cases the evaluation of principal risks has changed during the year, and the detailed risks section on the following pages shows those changes, with additional information setting out the reasons for changes and risk mitigation plans.

	Risk	**Risk mitigation**	**Change and commentary**	**Category**
A	**Interest rate changes** Changes in interest rates could directly impact on our cost of capital, and indirectly may impact on market stability. Interest rates continued to increase during 2022/23.	Increases in interest rates are not within our control, and our focus is therefore primarily on mitigation of the impact. Interest rate caps are in place, and we are revising and renegotiating our funding arrangements. The Investment Advisor maintains detailed records of the property portfolio, and financial scenario testing is undertaken to assess the potential impact of changes in financing costs. Whilst we remain comfortable that appropriate new funding arrangements will be put in place, changes in interest rates could have an impact on returns and profitability.	⇔ Interest rates have increased significantly over the last 12 months, and there is still the risk of further increases. However, during the year we have reduced our exposure, by increasing hedging and reducing debt levels, and our plans and forecasts have taken the current high interest rates into account. Overall, we consider that the level of risk is therefore unchanged from previous years.	Financial
B	**Unable to raise funding through equity, debt or asset disposals sufficient to raise capital and finance the Group's activities.** There are three areas of potential risk: - Inability to attract additional equity investment - Difficulty in securing new loan funding for the business, at an affordable rate	The downturn in the economy during the year has had an impact on each of these potential risk areas. We have a framework of mitigations in place, designed to address the risks, but recognise that market conditions are more challenging. We have regular investor communications and performance reporting against our strategy, and have the benefit of an enlarged investor base following previous fundraises. The Investment Advisor completed the refinance of the Group's financing arrangements.	New This is the first year this has been considered a principal risk, and this decision has been driven by the combination of pressures on each of the three areas.	Financial

	- Our ability to raise funds through the disposal of assets could be impacted by a hardening market if the economic outlook deteriorates further	The Investment Advisor maintains close contact with agents to ensure that disposal proceeds and the timing of sales are optimised. The monitoring of financial covenants also enables efficient disposal planning.		
C	**Poor portfolio returns** There is a risk that the returns generated by the portfolio may not be in line with our plans and forecasts. There are many factors that could drive this, including : - Inappropriate investment strategy set by the Board - Poor delivery of the strategy by the Investment Advisor - Poor yields from the property portfolio because of reduced capital valuations or rental income This would have an impact on the financial performance of the REIT, and returns for our investors.	The investment strategy is set by the Board, and performance against key targets and KPIs is reviewed and reported to the Board on an ongoing basis. Significant decisions, relating to assets or occupiers follow established protocols, ensuring there is proper assessment, at the right levels.	⇧ The external economic environment has increased the potential for occupier defaults and liquidations, which in turn may impact both rental income and portfolio valuations.	Business
D	**Impact of climate change on our portfolio** Climate change is likely to have an increasing impact across the business, which could include: - Extreme weather events impacting on properties - Increasing costs of suppliers/disruption to supplies for maintenance and development - Properties not meeting regulatory/occupier requirements relating to energy efficiency, building standards, or location for logistics - Increasing costs of compliance as requirements around energy efficient solutions and building standards continue to strengthen. There is also a potentially significant resource requirement for the collection and maintenance of the different data required for reporting (eg. carbon emissions), because of the size and make up of the portfolio - A reduction in property	We have a Sustainability Committee, which challenges, approves and monitors our sustainability strategy and progress. The committee members have received training on climate related risks from MEES, and this training will be rolled out to the Investment Advisor. During the year we have obtained support from external specialists to assist us with defining our ambitions, including our decarbonisation pathway, climate-related governance and the resulting TCFD reporting. An environmental specialist completed a climate risk scenario modelling to assess the exposure of our portfolio to physical hazards. We continue to invest in resource and expertise in this area, as we recognise the importance and the challenges ahead. . Our Investment Advisor, along with our Property Managers, are working with occupiers to understand their energy usage and how we can support them to meet their sustainability objectives and net zero plans. Capital development and refurbishment works include detailed consideration of energy efficient solutions, emissions management, and options to reduce waste and resource usage through the	⬄	Business

	values and achievable rents, if assets are not developed/maintained to appropriate standards It may also impact on investor interest, our reputation compared to our peers, and our ability to access green funding options.	use of existing or low carbon material. Although the challenges in this area are increasing, we have made good progress this year towards understanding our climate-related risk and consider the results highlighted to date and our approach to investments and improvements made this year have resulted in no overall change to the current level of risk.		
E	**Poor performance of the Investment Advisor or Investment Manager** The Group outsources it activities and is reliant on the performance of third-party service providers. In particular, poor performance of the Investment Advisor could have a significant impact on the performance of the Group, as it is fundamental to the management and delivery of all aspects of the business.	There are contracts in place between the Company, the Investment Advisor and the Investment Manager, setting out responsibilities. Both provide regular quarterly reports to the Board, which include key performance targets and KPIs. The Management Engagement Committee carries out an annual service review, which is reported to the Board. Members of the Investment Advisor team have investments in the Group, which reduces the risk of reduced or poor service levels.	⇔	Business
F	**Significant rent arrears/irrecoverable bad debt** A substantial increase in our bad debt, or the level of arrears and slow payment could have a direct impact on cash flow and profitability, and could also have an impact on average lease lengths, and void levels and costs. Furthermore, poor payment performance would increase the focus required from the Property Managers and Investment Advisor Asset Managers, impacting on resource availability to manage other aspects of the business.	Our diverse portfolio of assets, and wide range of occupiers, is key to maintaining a low risk profile in relation to bad debts. We have approximately 490 occupiers across our portfolio of around 76 estates, and our top ten occupiers generate less than 30% of our rent roll. This is closely monitored to ensure that we are not at significant risk from any individual occupier. At an operational level, we have robust processes in place across our tenancy management activities, ensuring that we accurately record, invoice and collect amounts due. There is a rigorous due diligence process prior to the acceptance of occupiers, with rent guarantees or rent deposits taken where appropriate. Occupier management routines include credit control processes to identify any potential arrears problems and ensure that debt is recovered or actions taken at an early stage. Enhanced automated monitoring on the occupier portfolio has been implemented during the year through subscriptions to credit management software. In addition, disposals in 2022 targeted those more granular assets with exposure to smaller SMEs, which has also reduced our risk.	⇧ We consider it sensible to increase our assessment of risk in these areas, as whilst our rent collection performance remains good, with bad debts consistently below our level of provisioning, the current economic challenges and high inflation increase the likelihood that some occupier businesses will fail.	Operational
G	**Inappropriate acquisitions, breach of the investment policy**	We have comprehensive governance procedures supporting acquisition decisions, including an acquisition protocol which is linked to the matters	⇔	Operational

	Inappropriate acquisitions could increase risk in relation to portfolio returns, as properties may be harder to let, may not generate appropriate revenues, or may require additional costs to support.	reserved for the Board and the delegated authority matrix. The protocol sets out detailed due diligence steps which must be completed and fully evidenced as part of the decision-making process. Acquisition decisions are approved by the Investment Advisor Investment Committee and the Investment Manager Investment Committee, and any higher risk acquisition decisions (by value or complexity) are escalated to the Board. The REIT's Depositary, Crestbridge, is also required to approve acquisition decisions.		
H	**Loss of REIT status** Loss of our REIT status, through failing to meet regulatory requirements or the Listing Rules, would have a significant impact on our reputation and the financial returns for our investors.	The Board has approved a clear governance framework which incorporates the matters reserved for the Board and delegated authorities, which are further supported by the clear, contracted allocation of responsibilities to our third-party service providers. The Investment Advisor reviews the position against REIT legislation with Link quarterly, and this is reported to the Audit and Risk Committee and Board. We are further supported by Deloitte, who complete our PID tracker. Dividend cover and cash is continuously monitored and forecast forward, and the position reported to the Audit and Risk Committee and Board.	⇔	Compliance
7	**Breach of loan covenants or our borrowing policy.** Our loan funding is subject to conditions, and breach of those could result in restrictions to funding and activities going forward. In addition to the loan covenants, the Board approved and communicated our borrowing policy, and breach of those limits may risk financial and reputation damage.	Our financial position is closely and regularly monitored, and in particular the Investment Advisor monitors LTV % against our loan covenant and borrowing policy on an ongoing basis. In addition, forward forecasts are prepared and reviewed both to assess the business's position, and to ensure that any acquisition decisions include consideration of the cash and funding impact. The Board receives a formal update each quarter, and there is a quarterly compliance letter prepared for the bank.	⇔	Compliance

Going concern and viability statement

Going concern

The Board monitors the Group's ability to continue as a going concern. Specifically, at quarterly Board meetings, the Board reviews summaries of the Group's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows. Throughout the year, the Board met, in conjunction with the Investment Advisor, Tilstone, to review the uncertainties created by geopolitical tensions and rising inflation and interest rates, and specifically their potential impact on rent collection, cash resources, loan facility headroom, covenant compliance, acquisitions and disposals of investment properties, discretionary and committed capital expenditure and dividend distributions.

The Group ended the year with £19.0 million of unrestricted cash and £14.0 million of headroom readily available under its facilities. Disposals are an important part of our approach to portfolio optimisation and we continually review the portfolio to identify opportunities to increase efficiency and dispose of any assets that are considered ex-growth or non-core, recycling that capital into accretive acquisitions or to reduce debt. The Group made disposals totalling £59.5 million during the year and exchanged on two further disposals for £29.3 million post year end.

The Group has completed a new five year £320.0 million facility with a club of lenders extending the tenure of the previous financing arrangements past 2025. In making this an assessment on going concern, the Board have considered covenant compliance based on the new terms of the facility.

The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants. Valuations would need to fall by 32.9% or rents by 30.5%, when compared with 31 March 2023, before these covenants would be breached, which, based on available market data, is considered unlikely.

As at 5 June 2023, c.99.0% of rents invoiced in relation to the year ended 31 March 2023 have been received. Furthermore, current debt and associated covenants are summarised in note 28, with no covenant breaches during the period.

Tilstone has prepared projections for the Group covering the going concern period to 30 June 2024, which have been reviewed by the Directors. As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no discretionary capital expenditure, adverse refinancing conditions and minimum dividend distributions under the REIT rules.

Accordingly, based on this information, and in light of mitigating actions available and the recent refinancing, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements.

Assessment of viability

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

The Directors have conducted their assessment over a three-year period to June 2026, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

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

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

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

(i) increased occupier churn and occupier defaults;

(ii) increased void periods following break or expiry;

(iii) decreased rental income;

(iv) decrease in property valuation; and

(v) increased interest rates.

The sensitivity analysis identifies the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants as set out in the Going Concern section above. Taking into account mitigating actions, the results of the sensitivity analysis and stress testing demonstrated that the Group would have sufficient liquidity to meet its ongoing liabilities as they fall due, maintain compliance with banking covenants and maintain compliance with the REIT regime over the period of the assessment.

Furthermore, the Board, in conjunction with the Audit and Risk Committee, carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, strategy, future performance, solvency or liquidity over the three-year period. The risk review process provided the Board with assurance that the mitigations and management systems are operating as intended. The Board believes that the Group is well positioned to manage its principal risks and uncertainties successfully, taking into account the current economic and political environment.

The Board's expectation is further supported by regular briefings provided by Tilstone. These briefings consider market conditions, opportunities, changes in the regulatory landscape and the current economic and political risks and uncertainties. Additionally, the trend for increased warehouse space driven by online sales and the need to reinforce supply chains, combined with the shortage of supply nationally, is seen as mitigation. These risks, and other potential risks which may arise, continue to be closely monitored by the Board.

Viability statement

The period over which the Directors consider it is feasible and appropriate to report on the Group's viability is a three-year period to June 2026. This period has been selected because it is the period that is used for the Group's medium-term business plans. Underpinning this plan is an assessment of each individual unit's performance, driving the overall letting assumptions and corresponding forecast cash flows.

Having made an assessment of each individual unit's performance, the forecast cash flows, covenant compliance and the impact of sensitivities in combination, the Directors confirm that, taking account of the Group's current position, the principal risks and in light of the current economic uncertainty, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Neil Kirton
Chairman

5 June 2023

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 UK adopted international accounting standards and applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements of the Group and the Company in accordance with UK adopted international accounting standards. Additionally, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that year.

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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, including ensuring the annual report and the financial statements are made available. 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. As such, the Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements and 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.

- The Directors confirm that, pursuant to their responsibilities under DTR4, to the best of their knowledge: the financial statements, prepared in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company (and Group as a whole); and

- this Annual Report includes a fair review of the development and performance of the business and the position of the Company (and Group as a whole), together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, 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

5 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

Continuing operations	Notes	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Gross property income	3	**47,845**	48,714
Service charge income	3	**3,340**	2,682
Service charge expenses	4	**(3,767)**	(3,011)
Net property income		**47,418**	48,385
Property operating expenses	4	**(5,454)**	(4,789)
Gross profit		**41,964**	43,596
Administration expenses	4	**(9,716)**	(8,244)
Operating profit before (losses)/gains on investment properties		**32,248**	35,352
Fair value (losses)/gains on investment properties	13	**(193,367)**	163,685
Realised (loss) on disposal of investment properties	13	**(13,105)**	—
Operating (loss)/profit		**(174,224)**	199,037
Finance income	7	**2,039**	321
Finance expenses	8	**(15,528)**	(8,154)
Changes in fair value of interest rate derivatives	18	**4,850**	—
(Loss)/profit before tax		**(182,863)**	191,204
Taxation	9	**—**	—
Total comprehensive (loss)/ income for the period		**(182,863)**	191,204
(Loss)/Earnings per share (basic and diluted) (pence)	12	**(43.0)**	45.0

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	**31 March 2023 £'000**	31 March 2022 £'000
Assets			
Non-current assets			
Investment property	13	**842,269**	1,026,066
Interest rate derivatives	18	**11,228**	337
		853,497	1,026,403
Current assets			
Investment property held for sale	14	**625**	—
Cash and cash equivalents	15	**25,053**	16,706
Trade and other receivables	16	**9,258**	9,849
		34,936	26,555
Total assets		**888,433**	1,052,958
Liabilities			
Non—current liabilities			
Interest—bearing loans and borrowings	17	**(304,093)**	(268,216)
Other payables and accrued expenses	20	**(11,300)**	(16,550)
Head lease liability	19	**(14,320)**	(14,200)
		(329,713)	(298,966)
Current liabilities			
Interest rate derivatives	18	**(3,841)**	—
Other payables and accrued expenses	20	**(18,584)**	(6,855)
Deferred income	20	**(7,115)**	(7,487)
Head lease liability	19	**(705)**	(696)
		(30,245)	(15,038)
Total liabilities		**(359,958)**	(314,004)
Net assets		**528,475**	738,954
Equity			
Share capital	21	**4,249**	4,249
Share premium	22	**275,648**	275,648
Retained earnings	23	**248,578**	459,057
Total equity		**528,475**	738,954
Number of shares in issue (thousands)		**424,862**	424,862
Net asset value per share (basic and diluted) (pence)	24	**124.4**	173.9

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 5 June 2023 and signed on its behalf by:

Neil Kirton

Company number: 10880317

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2021		4,249	275,648	294,194	574,091
Total comprehensive income		—	—	191,204	191,204
Dividends paid	11	—	—	(26,341)	(26,341)
Balance at 31 March 2022		**4,249**	**275,648**	**459,057**	**738,954**
Total comprehensive income		—	—	**(182,863)**	**(182,863)**
Dividends paid	11	—	—	**(27,616)**	**(27,616)**
Balance at 31 March 2023		**4,249**	**275,648**	**248,578**	**528,475**

Further details of retained earnings are presented in Note 23.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Cash flows from operating activities			
Operating (loss)/profit		**(174,224)**	199,037
Adjustments to reconcile profit for the period to net cash flows:			
Losses/(gains) from change in fair value of investment properties	13	**193,367**	(163,685)
Realised loss on disposal of investment properties	13	**13,105**	—
Head lease movement in asset value		**(42)**	181
Operating cash flows before movements in working capital		**32,206**	35,533
Decrease/(increase) in other receivables and prepayments		**329**	(6,318)
Increase/(decrease) in other payables and accrued expenses		**2,788**	(970)
Net cash flow generated from operating activities		**35,323**	28,245
Cash flows from investing activities			
Acquisition of investment properties		**(66,053)**	(45,178)
Capital expenditure		**(4,628)**	(7,536)
Development expenditure		**(7,141)**	(1,133)
Purchase of interest rate caps		**(2,200)**	—
Interest received		**989**	—
Disposal of investment properties		**58,101**	—
Net cash flow used in investing activities		**(20,932)**	(53,847)
Cash flows from financing activities			
Bank loans drawn down	17	**65,000**	49,000
Bank loans repaid	17	**(30,000)**	—
Loan interest and other finance expenses paid		**(11,810)**	(5,288)
Other finance expenses paid		**(390)**	(799)
Recurrent loan fees		**(396)**	(392)
Head lease payments		**(832)**	(1,057)
Dividends paid in the period	11	**(27,616)**	(26,341)
Net cash flow (used in)/generated from financing activities		**(5,648)**	15,123
Net increase/(decrease) in cash and cash equivalents		**8,347**	(10,479)
Cash and cash equivalents at start of the period		**16,706**	27,185
Cash and cash equivalents at end of the period	15	**25,053**	16,706

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. General information

Warehouse REIT plc is a closed—ended Real Estate Investment Trust ("REIT") with an indefinite life incorporated in England and Wales on 24 July 2017. The Company began trading on 20 September 2017. The registered office of the Company is located at 65 Gresham Street, London EC2V 7NQ. The Company's shares are admitted to trading on the Premium Listing Segment of the Main Market, a market operated by the London Stock Exchange.

The Group's consolidated financial statements for the year ended 31 March 2023 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 5 June 2023.

2. Basis of preparation

The financial information set out in these financial statements does not constitute the Company's statutory accounts for the year ended 31 March 2023, but is derived from those accounts. Statutory accounts for the year ended 31 March 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor has reported on those accounts; their report was unqualified, did not draw to attention any matters by way of emphasis of matter without qualifying their report and did not contain statements under s498(2) or (3) of the Companies Act 2006. The text of the Auditor's Report can be found in the full Annual Report.

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

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern. They carefully considered areas of potential financial risk and reviewed cash flow forecasts, evaluating a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure and minimum dividend distributions under the REIT rules.

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

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.

1. Changes to accounting standards and interpretations

New standards and interpretations effective in the current period

There were a number of new standards and amendments to existing standards which are required for the Group's accounting period beginning on 1 April 2022, which have been considered and applied as follows:

• Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);

• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

• Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and

• References to Conceptual Framework (Amendments to IFRS 3).

There was no material effect from the adoption of the above-mentioned amendments to IFRS effective in the period. They have no significant impact to the Group as they are either not relevant to the Group's activities or require accounting which is already consistent with the Group's current accounting policies.

New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2023 or later. The Group is not adopting these standards early. The following are the most relevant to the Group:

Amendments to IAS 1 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of, or actual events after, the reporting date. The amendments also give clarification to the definition of settlement of a liability.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies the distinction between accounting policies and accounting estimates and also replaces the definition of accounting estimates. Under the new definition, estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are not expected to have a significant impact on the preparation of the financial statements.

2.2 Significant accounting judgements and estimates

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

Judgements

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

Estimates

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

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external independent valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January

2020 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property and land values per acre for development properties. The valuers have considered the impact of climate change and that this has not had a material impact on the valuation at the current time. See notes 13 and 25 for further details.

2.3 Summary of significant accounting policies

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

a) Basis of consolidation

The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2023. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these financial statements, intra—group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

b) Functional and presentation currency

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

c) Segmental reporting

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

3. Property income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Rental income	**45,750**	44,020
Insurance recharged	**1,592**	1,507
Dilapidation income	**503**	3,187
Gross property income	**47,845**	48,714
Service charge income	**3,340**	2,682
Total property income	**51,185**	51,396

No occupier accounts for more than 10% of rental income.

Accounting policy

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

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight—line basis over the lease term. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, once the rental uplifts are agreed.

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

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

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

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

4. Property operating and administration expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Service charge expenses	**3,767**	3,011
Premises expenses	**2,481**	2,313
Insurance	**1,735**	1,558
Rates	**716**	490
Utilities	**335**	87
Loss allowance on trade receivables	**187**	341
Property operating expenses	**5,454**	4,789
Investment Advisor fees	**6,970**	6,484
Costs associated with the transfer to the Main Market	**1,069**	—
Directors' remuneration (including social security costs)	**179**	175
Head lease asset depreciation	**189**	181
Other administration expenses	**1,309**	1,404
Administration expenses	**9,716**	8,244
Total	**18,937**	16,044

Main Market expenses are costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange. On 12 July 2022, Warehouse REIT transferred the trading of its ordinary shares to the Premium Segment of the Main Market of the London Stock Exchange.

Details of how the Investment Advisor fees are calculated are disclosed in note 29.

Accounting policy

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

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

5. Directors' remuneration

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Neil Kirton	**48**	47
Lynette Lackey	**38**	37
Martin Meech	**38**	37
Aimée Pitman	**38**	37
Total	**162**	158

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.

6. Auditor's remuneration

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Audit fee	**192**	148
Total	**192**	148

The Group reviews the scope and nature of all proposed non—audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees are comprised of the following items:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Group year—end Annual Report and Financial Statements	**172**	130
Subsidiary accounts	**20**	18

Total	**192**	148

Non-audit fees payable to the Group's Auditor comprised of the following:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Services as reporting accountant relating to Main Market move	**110**	—
Total	**110**	—

There were no non—audit services provided by the Auditor in the year to 31 March 2022. The Audit Committee receives assurance from the Auditor that its independence is not compromised. The Group's Auditor for the year ended 31 March 2023 was BDO LLP.

7. Finance income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Interest from cash and short—term deposits	**12**	—
Interest from derivatives	**2,027**	—
Total	**2,039**	—

Accounting policy

Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income. See note 18 for details on the accounting policy for interest rate derivatives.

8. Finance expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loan interest	**14,057**	5,816
Head lease interest	**961**	1,030
Loan arrangement fees amortised	**1,052**	898
Recurrent loan fees	**607**	392
Bank charges	**5**	18
	16,682	8,154
Less: amounts capitalised on the development of properties	**(1,154)**	—
Total	**15,528**	8,154

The interest capitalisation rates for the year ended 31 March 2023 ranged from 3.2% to 4.3%(31 March 2022: nil).

Accounting policy

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are capitalised as part of the cost of the asset. Ongoing services fees relating to the maintenance of the loan are expensed in the period in which they occur. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that the Group incurs in connection with bank and other borrowings. Fair value movements on derivatives are recorded in finance expenses or in finance income depending on the fair value movement during the year. See note 19 for the accounting policy on head lease interest expensed.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Corporation tax on residual income	**—**	—
Total	**—**	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
(Loss)/profit before tax	**(182,863)**	191,204
Corporation tax at 19.0% (2022: 19.0%)	**(34,744)**	36,329
Change in value of investment properties	**36,740**	(31,092)
Realised loss on disposal of investment properties	**2,490**	-
Tax—exempt property rental business	**(4,486)**	(5,237)
Total	**—**	—

Accounting policy

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

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

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

The United Kingdom Government has announced an increase to the main rate of corporation tax from 19% to 25% from April 2023. As the Company is a REIT, it is not anticipated that the change in the corporate tax rate will have a material impact on the Group, however tax charges on any non-property income will increase.

10. Operating leases

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non—cancellable leases have a remaining term of up to 15 years.

Future minimum rentals receivable under non—cancellable operating leases as at 31 March 2023 are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Within one year	**42,033**	42,364
Between one and two years	**33,340**	35,838
Between two and three years	**26,998**	27,002
Between three and four years	**22,360**	21,154
Between four and five years	**18,457**	17,058
Between five and ten years	**34,394**	35,641
More than ten years	**19,607**	22,578
Total	**197,189**	201,635

11. Dividends

For the year ended 31 March 2023	**Pence per share**	**£'000**
Third interim dividend for year ended 31 March 2022 paid on 1 April 2022	**1.55**	**6,585**
Fourth interim dividend for year ended 31 March 2022 paid on 30 June 2022	**1.75**	**7,435**
First interim dividend for year ended 31 March 2023 paid on 3 October 2022	**1.60**	**6,798**
Second interim dividend for year ended 31 March 2023 paid on 30 December 2022	**1.60**	**6,798**
Total dividends paid during the year	**6.50**	**27,616**
Paid as:		
Property income distributions	**6.50**	**27,616**
Non—property income distributions	**-**	**-**
Total	**6.50**	**27,616**

For the year ended 31 March 2022	**Pence per share**	**£'000**
Third interim dividend for year ended 31 March 2021 paid on 1 April 2021	1.55	6,585
Fourth interim dividend for year ended 31 March 2021 paid on 30 June 2021	1.55	6,586

First interim dividend for year ended 31 March 2022 paid on 1 October 2021	1.55	6,585
Second interim dividend for year ended 31 March 2022 paid on 30 December 2021	1.55	6,585
Total dividends paid during the year	6.20	26,341
Paid as:		
Property income distributions	6.20	26,341
Non—property income distributions	-	-
Total	6.20	26,341

As a REIT, the Group is required to pay property income distributions (“PIDs”) equal to at least 90% of the property rental business profits of the Group.

A third interim property income dividend for the year ended 31 March 2023 of 1.60 pence per share was declared on 28 February 2023 and paid on 3 April 2023.

Accounting policy

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

12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments in issue, basic and diluted EPS are identical.

The European Public Real Estate Association ('EPRA') publishes guidelines for calculating adjusted earnings on a comparable basis. EPRA EPS is a measure of EPS designed by EPRA to enable entities to present underlying earnings from core operating activities, which excludes fair value movements on investment properties.

The Company has also included an additional earnings measure called "Adjusted Earnings" and "Adjusted EPS." Adjusted Earnings and Adjusted EPS is based on EPRA's Best Practices Recommendations and recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Company's floating interest rate exposure. Also included in adjusted earnings is the add back of the costs associated with the transfer to the Premium Segment of the Main Market of the London Stock exchange, as these costs will not be reoccurring.

The Board deems this a more relevant indicator of core earnings as it reflects our ability to generate earnings from our portfolio.

	Year ended 31 March 2023 £’000	Year ended 31 March 2022 £’000
IFRS earnings	**(182,863)**	191,204
EPRA earnings adjustments:		
Loss on disposal of investment properties	**13,105**	—
Fair value losses/(gains) on investment properties	**193,367**	(163,685)
Interest from derivatives	**(2,027)**	—
Changes in fair value of interest rate derivatives	**(4,850)**	(321)
EPRA earnings	**16,732**	27,198

Group—specific earnings adjustments:		
Interest from derivatives	2,027	
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	**1,069**	—
Adjusted earnings	**19,828**	27,198

	Year ended 31 March 2023 Pence	Year ended 31 March 2022 Pence
Basic IFRS EPS	**(43.0)**	45.0
Diluted IFRS EPS	**(43.0)**	45.0
EPRA EPS	**3.9**	6.4
Adjusted EPS	**4.7**	6.4

	Year ended 31 March 2023 Number of shares	Year ended 31 March 2022 Number of shares
Weighted average number of shares in issue (thousands)	**424,862**	424,862

13. UK investment property

	Completed investment property £'000	**Development property and land £'000**	**Total investment property £'000**
Investment property valuation brought forward as at 1 April 2022	**913,035**	**98,950**	**1,011,985**
Transferred in the period	**5,449**	**(5,449)**	**—**
Acquisition of properties	**64,512**	**2,216**	**66,728**
Capital expenditure	**5,035**	**8,295**	**13,330**
Movement in rent incentives	**1,272**	**28**	**1,300**
Disposal of properties	**(71,206)**	**—**	**(71,206)**
Assets transferred to held for sale	**(625)**	**—**	**(625)**
Fair value losses on revaluation of investment property	**(164,987)**	**(28,380)**	**(193,367)**
Total portfolio valuation per valuer's report	**752,485**	**75,660**	**828,145**
Adjustment for head lease obligations	**14,124**	**—**	**14,124**
Carrying value at 31 March 2023	**766,609**	**75,660**	**842,269**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2021	751,930	40,870	792,800
Acquisition of properties	30,027	13,364	43,391
Capital expenditure	6,467	1,103	7,570
Movement in rent incentives	4,545	(6)	4,539
Fair value gains on revaluation of investment property	120,066	43,619	163,685
Total portfolio valuation per valuer's report	913,035	98,950	1,011,985
Adjustment for head lease obligations	14,081	—	14,081
Carrying value at 31 March 2022	927,116	98,950	1,026,066

All investment properties are charged as collateral on the Group's borrowings. One asset is also subject to a second ranking charge in relation to deferred consideration outstanding. See note 20 for details.

Included within the carrying value of investment properties as at 31 March 2023 is £10.4 million (31 March 2022: £9.1 million) in respect to rent incentives as a result of the IFRS treatment of leases with rent-free periods, which require recognition on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property on which revaluations are measured.

During March 2023, the Group reached practical completion of the development at Valley Court, Middlewich, at which point the asset became income-producing. The transfer between development property and land and completed investment property reflects the completion of this development.

During the period the Group capitalised £1.2 million (31 March 2022: nil) of interest paid in development properties. Please see note 8 for details on the capitalisation rate used.

Realised loss on disposal of investment properties

	31 March 2023 £'000	31 March 2022 £'000
Net proceeds from disposals of investment property during the year	**58,101**	—
Carrying value of disposals	**(71,206)**	—
Realised loss on disposal of investment properties	**(13,105)**	—

Accounting policy

Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment properties are recognised upon legal completion of the contract, where costs are reliably measured and future economic benefits that are associated with the property flow to the entity.

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

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed and they have the potential to be fully income-generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses for assets with approved planning permission. In addition, it is the Group's policy to capitalise finance costs relating to the development of the assets with planning permission, see note 8 for details.

Subsequent to initial recognition, investment property is stated at fair value (see note 25). Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the period in which they arise under IAS 40 Investment Property.

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

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

Where an investment property is held under a leasehold interest, the headlease is initially recognised as an asset at cost plus the present value of minimum ground rent payments and is subsequently measured at fair value. The corresponding rental liability to the head leaseholder is included in the balance sheet as a finance lease obligation (see note 19).

14. Investment properties held for sale

	Completed investment property	**Development property and land**	**Total investment property**
	£'000	**£'000**	**£'000**
Investment property held for sale	**625**	**—**	**625**
Carrying value at 31 March 2023	**625**	**—**	**625**
Carrying value at 31 March 2022	—	—	—

As at 31 March 2023, Ellesmere Port, Burnell Road is designated as held for sale, as sales contracts were exchanged on 3 March 2023 and will be completed during the year ended 31 March 2024.

Accounting policy

An asset will be classified as held for sale in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations if its carrying value is expected to be recovered though a sale transaction rather than continuing use. An asset will be classified in this way only when a sale is highly probable, management are committed to selling the asset at the year-end date, the asset is available for immediate sale in its current condition and the asset is expected to be disposed of within 12 months after the date of the Consolidated Statement of Financial Position.

15. Cash and cash equivalents

	31 March 2023 £'000	31 March 2022 £'000
Unrestricted cash and cash equivalents	**18,990**	10,787
Restricted cash and cash equivalents	**6,063**	5,919
Total	**25,053**	16,706

Restricted cash comprises £6.1 million (31 March 2022: £5.9 million) of cash held by the Company's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 3 April 2023 as disclosed in note 11.

Accounting policy

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

16. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Rent and insurance receivables	**3,952**	5,445
Payments in advance of property completion	**2,080**	2,090
Interest receivable on derivatives	**1,050**	—
Occupier deposits	**698**	535
Prepayments	**191**	198
Other receivables	**1,287**	1,581
Total	**9,258**	9,849

The rent and insurance receivables balance represents gross receivables of £4.2 million (31 March 2022: £6.2 million), net of a provision for doubtful debts of £0.2 million (31 March 2022: £0.8 million).

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

Accounting policy

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

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

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

17. Interest—bearing loans and borrowings

	31 March 2023 £'000	31 March 2022 £'000
At the beginning of the year	**271,000**	222,000
Drawn in the year	**65,000**	49,000
Repaid in the year	**(30,000)**	—
Interest—bearing loans and borrowings	**306,000**	271,000
Unamortised fees at the beginning of the year	**(2,784)**	(2,901)
Loan arrangement fees paid in the year	**(175)**	(781)
Amortisation charge for the year	**1,052**	898
Unamortised loan arrangement fees	**(1,907)**	(2,784)
Loan balance less unamortised loan arrangement fees	**304,093**	268,216

At the year end, the Group had a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs until January 2025, with an option to extend for a further two years (subject to lender consent), and comprises an RCF of £138.0 million and a term loan of £182.0 million, to give a total facility of £320.0 million.

At 31 March 2023, £124.0 million was drawn against the RCF and £182.0 million against the term loan. This gave total debt of £306.0 million (31 March 2022: £271.0 million); with the Group also holding cash balances of £25.1 million (31 March 2022: £16.7 million), the Group's net debt as at 31 March 2023 is £280.9 million (31 March 2022: £254.3 million). The LTV ratio at 31 March 2023 was therefore 33.9% (31 March 2022: 25.1%), with the increase reflecting the acquisition in the year and the lower portfolio valuation, partially offset by the asset disposals. All borrowings under these agreements attract a margin of 2.0% - 2.2% per annum above SONIA, plus a credit adjustment spread equal to 11.93 bps.

As at 31 March 2023, there is £14.0 million (31 March 2022: £49.0 million) available to draw.

The debt facility includes interest cover and market value covenants that are measured at a Group level. The Group has complied with all covenants throughout the financial period.

Accounting policy

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

18. Interest rate derivatives

	31 March 2023 £'000	31 March 2022 £'000
At the start of the period	**337**	16
Additional premiums paid and accrued	**10,926**	—

Changes in fair value of interest rate derivatives	**4,850**	321
Interest rate derivative premium payable	**(8,726)**	—
Balance at the end of the period	**7,387**	337

Current	**(3,841)**	—
Non-current	**11,228**	337
Balance at the end of the period	**7,387**	337

On 20 July 2022, the Group entered into interest rate caps with a premium of £2.2 million paid in the year ending 31 March 2023. The remaining premium of £8.7 million is due in quarterly instalments with the final payment due in January 2025.

The instruments have a combined notional value of £230.0 million with £200.0 million at a strike rate of 1.50% and the remaining £30.0 million at a strike rate of 1.75%. The £30.0 million instrument has a termination date of 20 November 2023, £100.0 million has a termination date of 20 July 2025 and £100.0 million has a termination date of 20 July 2027.

Accounting policy

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

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

All receipts of income from the instrument are recognised as finance income in note 8 of the financial statements separate from the fair value measurement recorded.

19. Head lease obligations

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

	31 March 2023 £'000	31 March 2022 £'000
Current liabilities		
Within one year	**705**	696
Non—current liabilities		
After one year but not more than five years	**2,975**	2,931
Later than five years	**11,345**	11,269
	14,320	14,200
Total head lease obligations	**15,025**	14,896

	31 March 2023 £'000	31 March 2022 £'000
Head lease liability — opening balance	**14,896**	14,897
Cash flows	**(832)**	(1,057)
Non—cash movements		
Interest	**961**	1,030
Head lease accrual	**—**	26
Head lease obligations – closing balance	**15,025**	14,896

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

	31 March 2023 £'000	31 March 2022 £'000
Current liabilities		
Within one year	**1,052**	1,053
Non—current liabilities		
After one year but not more than five years	**4,219**	4,211
Later than five years	**85,530**	85,526
Total	**90,801**	90,790

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

Accounting policy

At the commencement date, head lease obligations are recognised at the present value of future lease payments using the discount rate implicit in the lease, if determinable, or, if not, the property specific incremental borrowing rate.

20. Other liabilities — other payables and accrued expenses, provisions and deferred income

	31 March 2023 £'000	31 March 2022 £'000
Administration expenses payable	**2,170**	2,576
Deferred consideration payable	**4,500**	—
Capital expenses payable	**3,864**	2,042
Loan interest payable	**3,691**	1,444
Property operating expenses payable	**855**	465
Other expenses payable	**3,504**	328
Total other payables and accrued expenses — current	**18,584**	6,855

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

	31 March 2023	31 March 2022

	£'000	£'000
Capital expenses payable	**11,300**	16,550
Total other payables and accrued expenses – non—current	**11,300**	16,550

During the year ended 31 March 2021, the Group exchanged contracts to acquire land for £15.0 million. The first three instalments were paid for a total of £2.5 million to the year ended 31 March 2022 with an additional £1.5 million paid during the year ended 31 March 2023. The final instalment of £11.3 million is due to be paid on 1 September 2024.

Deferred consideration payable of £4.5 million is in relation to a property acquired during the year ended 31 March 2020. The deferred consideration is due in September 2023, or earlier if the property is sold before that date. The consideration is secured on a second ranking charge over the asset.

	31 March 2023 £'000	31 March 2022 £'000
Total deferred income	**7,115**	7,487

No discounting is applied to deferred consideration on the grounds of materiality.

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.

21. Share capital

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

		31 March 2023		31 March 2022
Ordinary shares of £0.01 each	**Number**	**£'000**	Number	£'000
Authorised, issued and fully paid:				
At the start of the period	424,861,650	4,249	424,861,650	4,249
Shares issued	—	—	—	—
Balance at the end of the period	424,861,650	4,249	424,861,650	4,249

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

22. Share premium

Share premium comprises the following amounts:

	31 March 2023 £'000	31 March 2022 £'000
At the start of the period	**275,648**	275,648
Shares issued	**—**	—
Share premium	**275,648**	275,648

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

23. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 March 2023 £'000	31 March 2022 £'000
Capital reduction reserve	**161,149**	161,149
Total unrealised gains on investment properties	**96,011**	289,378
Total unrealised gain on interest rate caps	**5,046**	196
Total realised profits	**82,208**	76,554
Dividends paid from revenue profits	**(95,836)**	(68,220)
Retained earnings	**248,578**	459,057

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties and interest rate caps contained within this reserve are not distributable until any gains crystallise on the sale of the investment property and settlement of the interest rate caps. The capital reduction reserve is a distributable reserve established upon cancellation of the share premium of the Company on 17 November 2017.

As at 31 March 2023, the Group had distributable reserves available of £147,521,000 (31 March 2022: £169,483,000).

24. Net asset value per share

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

	31 March 2023 £'000	31 March 2022 £'000
IFRS net assets attributable to ordinary shareholders	**528,475**	738,954
IFRS net assets for calculation of NAV	**528,475**	738,954
Adjustment to net assets:		
Fair value of interest rate derivatives (note 18)	**(7,387)**	(337)
EPRA NTA	**521,088**	738,617

	31 March 2023 Pence	31 March 2022 Pence
IFRS basic and diluted NAV per share (pence)	**124.4**	173.9
EPRA NTA per share (pence)	**122.6**	173.8

	31 March 2023 Number of shares	31 March 2022 Number of shares
Number of shares in issue (thousands)	**424,862**	424,862

25. Fair value

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

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

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

Interest rate derivatives

The fair value of the interest rate cap contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial.

The fair value of is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

Investment properties

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

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

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

Development property and land has been valued by adopting the ‘comparable method’ of valuation and where appropriate supported by a ‘residual development appraisal’. The comparable method involves applying a sales rate per acre to relevant sites supported by comparable land sales. Residual development appraisals have been completed where there is sufficient clarity regarding planning and an identified or indicative scheme. In a similar manner to ‘income capitalisation’, development inputs include the capitalisation of future rental streams with an appropriate yield to ascertain a gross development value. The costs associated with bringing a scheme to the market are then deducted, including construction costs, professional fees, finance and developer’s profit, to provide a residual site value.

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

	31 March 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value	**£’000**	**£’000**	**£’000**	**£’000**
Investment properties and assets held for sale	—	—	**828,770**	**828,770**
Interest rate derivatives	—	**7,387**	—	**7,387**
Total	—	**7,387**	**828,770**	**836,157**

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

Explanation of the fair value hierarchy:

1. Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. 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
3. Level 3 – use of a model with inputs that are not based on observable market data.

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

The following table analyses:

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

	Fair value £'000	Valuation technique	Key unobservable inputs	Range
31 March 2023				
Completed	**753,110**	**Income capitalisation**	**ERV**	**£2.38 per sq ft — £17.50 per sq ft**
investment property			**Equivalent yield**	**5.03% - 19.77%**
Development property and land	**75,660**	**Comparable method**	**Sales rate per acre**	**£200,000 – £925,000**
	828,770			
31 March 2022				
Completed	913,035	Income capitalisation	ERV	£3.00 per sq ft — £17.50 per sq ft
investment property			Equivalent yield	3.5% – 13.23%
Development property and land	98,950	Comparable method/		£300,000 - £1,750,000
	1,011,985			

The weighted average ERV and equivalent yield for completed investment property is 6.8% and £7.26 per sq ft respectively (31 March 2022: 5.3% and £6.49 per sq ft). The weighted average sales rate per acre for development property and land is £622,000 (31 March 2022: £864,000).

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

Generally, a change in the assumption made for the ERV is accompanied by:

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

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

As at 31 March 2023

Completed investment property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 5%	37,656	(37,656)
Change in net equivalent yields of 25 basis points	28,012	(30,341)

Development property and land	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in sales rate per acre of 5%	3,756	(3,756)

As at 31 March 2022

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

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

Interest rate derivatives	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in SONIA by 50 basis points	1,359	(1,360)

The sensitivity analysis for a change in SONIA has not been prepared for the year ended 31 March 2022 on the basis that the movements are immaterial.

Losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £193,367,000 (31 March 2022: gain of £163,685,000) and are presented in the consolidated statement of comprehensive income in line item 'fair value (losses)/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.

26. Financial risk management objectives and policies

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

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

Market risk

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

Interest rate risk

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

The instruments have a combined notional value of £230.0 million, with £200.0 million at a strike rate of 1.50% and the remaining £30.0 million at a strike rate of 1.75%. The £30.0 million instrument has a termination date of 20 November 2023, £100.0 million has a termination date of 20 July 2025 and £100.0 million has a termination date of 20 July 2027.

As at 31 March 2023, the unhedged exposure to changes in interest rates is £76.0 million (31 March 2022: £211.0 million).

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

	2023		2022	
	Increase in interest rates by 1%	**Decrease in interest rates by 1%**	Increase in interest rates by 1%	Decrease in interest rates by 1%
Effect on profit before tax:	**£'000**	**£'000**	£'000	£'000
Increase/(decrease)	**(760)**	**760**	(2,498)	2,498

Credit risk

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

All cash deposits are placed with approved counterparties, currently HSBC Bank plc. In respect of property investments, in the event of a default by a occupier, the Group will suffer a shortfall and additional costs concerning re—letting of the property. The Investment Advisor monitors the occupier arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

Credit risk is not considered material due to the diverse number of occupiers in the investment property portfolio.

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

	31 March 2023	31 March 2022
	£'000	£'000
Cash and cash equivalents	**18,990**	10,787

Restricted cash	**6,063**	5,919
Trade and other receivables[1]	**6,987**	7,561
Total	**32,040**	24,267

[1]Excludes prepayments.

Liquidity risk

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

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

			2023		2022
	Fair value hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair value
		£'000	**£'000**	£'000	£'000
Held at amortised cost					
Cash and cash equivalents	**n/a**	**18,990**	**18,990**	10,787	10,787
Restricted cash	**n/a**	**6,063**	**6,063**	5,919	5,919
Trade and other receivables[1]	**n/a**	**6,987**	**6,987**	7,561	7,561
Other payables and accrued expenses[2]	**n/a**	**(26,629)**	**(26,629)**	(23,209)	(23,209)
Head lease liabilities	**n/a**	**(15,025)**	**(15,025)**	(14,896)	(14,896)
Interest—bearing loans and borrowings	**n/a**	**(304,093)**	**(304,093)**	(268,216)	(268,216)
Held at fair value					
Interest rate derivatives (assets)	**2**	**7,387**	**7,387**	337	337

[1]Excludes prepayments and payments in advance of completion.

[2]Excludes VAT liability and deferred income.

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

Year ended 31 March 2023	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest—bearing loans and borrowings	—	**13,993**	**321,112**	—	—	**335,105**
Other payables and accrued expenses	**10,829**	**4,500**	**11,300**	—	—	**26,629**
Head lease obligations	**263**	**789**	**1,055**	**3,164**	**85,530**	**90,801**
Total	**11,092**	**19,282**	**333,467**	**3,164**	**85,530**	**452,535**

Year ended 31 March 2022	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest—bearing loans and borrowings	—	5,329	7,098	276,776	—	289,203
Other payables and accrued expenses	6,159	500	4,875	11,675	—	23,209
Head lease obligations	263	790	1,052	3,159	85,526	90,790
Total	6,422	6,619	13,025	291,610	85,526	403,202

27. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Tilstone Holdings Limited	UK	63,872 ordinary shares	100%
Tilstone Warehouse Holdco Limited	UK	94,400 ordinary shares	100%
Tilstone Property Holdings Limited	UK	9,102 ordinary shares	100%
Tilstone Industrial Warehouse Limited[1]	UK	23,600 ordinary shares	100%
Tilstone Retail Warehouse Limited[1]	UK	20,000 ordinary shares	100%
Tilstone Industrial Limited[1]	UK	20,000 ordinary shares	100%
Tilstone Retail Limited[1]	UK	200 ordinary shares	100%
Tilstone Trade Limited[1]	UK	20,004 ordinary shares	100%
Tilstone Basingstoke Limited[1]	UK	1,000 ordinary shares	100%
Tilstone Glasgow Limited[1]	UK	1 ordinary share	100%
Tilstone Radway Limited[1]	UK	100 ordinary shares	100%

Tilstone Oxford Limited[1]	UK	1,000 ordinary shares	100%
Tilstone Liverpool Limited[1]	UK	100 ordinary shares	100%
Warehouse 1234 Limited[1]	UK	100 ordinary shares	100%
Tilstone Chesterfield Limited[1]	UK	15,000,001 ordinary shares	100%

1. Indirect subsidiaries.

The registered office of all subsidiaries is located at 65 Gresham Street, London EC2V 7NQ.

Accounting policy

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

Under the Definition of a Business (Amendments to IFRS 3 Business Combinations), to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The optional ‘concentration test’ is also applied; where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where an acquisition is considered to be a business combination the consolidated financial statements incorporate the results of business combinations using the acquisition method.

In the Group statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Any excess of the cost of a business combination over the Group’s interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill.

Where the fair value of identifiable assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration, the difference is treated as a gain on bargain purchase and credited to the Group profit or loss.

The results of acquired operations are included in the Group profit or loss from the date on which control is obtained until the date on which control ceases.

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

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not 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.

28. Capital management

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

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

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group’s investment programme;

- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but be subject to a maximum 50% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

The Group is subject to banking covenants in regards to its debt facility and these include a prescribed methodology for interest cover and market value covenants that are measured at a Group level.

The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include loan to value ("LTV"), interest cover ratio and loan to projected project cost ratio. The Group LTV at the year end was 33.9% (2021: 25.1%) and there is substantial headroom within existing covenants.

29. Related party transactions

Directors

The Directors (all Non—Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration (including social security costs) for the period totalled £179,000 (31 March 2022: £175,000) and at 31 March 2023, a balance of £nil (31 March 2022: £nil) was outstanding. During the year the Directors who served during the year received £1.6 million in dividend payments (31 March 2022: £1.5 million). Further information is given in note 5.

Investment Advisor

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

For its services to the Company, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Company up to £500 million and at a lower rate of 0.9% thereafter.

During the year, the Group incurred £6,970,000 (31 March 2022: £6,484,000) in respect of investment management fees. As at 31 March 2023, £1,529,000 (31 March 2022: £1,715,000) was outstanding.

During the year, the Group reimbursed £86,900 (31 March 2022: £nil) in respect of direct costs incurred by the Investment Advisor relating to the movement to the Premium Segment of the Main Market, as well as £16,665 (31 March 2022: £16,192) of incidental travel related costs.

30. Ultimate controlling party

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

31. Notes to the statement of cash flows

Reconciliation of changes in liabilities to cash flows generated from financing activities

	Interest payable £'000	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2022	**1,444**	**268,216**	**14,896**	**284,556**
Changes from financing cash flows:				
Bank loans drawn down	—	**65,000**	—	**65,000**
Bank loans repaid	—	**(30,000)**	—	**(30,000)**
Loan arrangement fees paid in the year	—	**(175)**	—	**(175)**
Loan interest paid	**(11,810)**	—	—	**(11,810)**
Head lease payments	—	—	**(832)**	**(832)**
Total changes from financing cash flows	**(11,810)**	**34,825**	**(832)**	**22,183**
Amortisation charge for the year	—	**1,052**	—	**1,052**
Head lease interest	—	—	**961**	**961**
Interest and commitment fee	**14,057**	—	—	**14,057**
Accrued head lease expense	—	—	—	—
Balance as at 31 March 2023	**3,691**	**304,093**	**15,025**	**322,809**

	Interest payable £'000	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2021	916	219,099	14,897	234,912
Changes from financing cash flows:				
Bank loans drawn down	—	49,000	—	49,000
Bank loans repaid	—	—	—	—
Loan arrangement fees paid in the year	—	(781)	—	(781)
Interest and commitment fees paid	(5,288)	—	—	(5,288)
Head lease payments	—	—	(1,057)	(1,057)
Total changes from financing cash flows	(5,288)	48,219	(1,057)	41,874
Amortisation charge for the year	—	898	—	898
Head lease interest	—	—	1,030	1,030
Interest and commitment fee	5,816	—	—	5,816
Accrued head lease expense	—	—	26	26
Balance as at 31 March 2022	1,444	268,216	14,896	284,556

32. Post balance sheet events

A third interim dividend in respect of the year ended 31 March 2023 of 1.6 pence per share was paid to shareholders on 3 April 2023.

A fourth interim dividend in respect of the year ended 31 March 2023 of 1.6 pence per share will be payable to shareholders on the register on 16 June 2023. The ex-dividend date will be 15 June 2023.

On 2 June 2023, the Group entered into a new five-year debt facility totalling £320.0 million, replacing the existing facility. The refinancing consists of £220.0 million term loan and an RCF of £100.0 million, with a club of lenders consisting of HSBC, Bank of Ireland, NatWest and Santander.

The new facility extends the tenure of the of the Group’s debt and with improved reporting covenants.

In addition, the Group has exchanged on two further disposals for an aggregate of £29.3 million.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2023

The Group is a member of the European Public Real Estate Association (“EPRA”). EPRA has developed and defined performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards.

The Group presents adjusted earnings per share (“EPS”), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations, calculated in accordance with EPRA guidance, as Alternative Performance Measures (“APMs”) to assist stakeholders in assessing performance alongside the Group’s statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group’s performance and are used by research analysts covering the Group.

EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group’s peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies’ adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Table 1: EPRA performance measures summary

	Notes	**2023**	**2022**
EPRA EPS (pence)	Table 2	**3.9**	6.4
EPRA cost ratio (including direct vacancy cost)	Table 6	**30.8%**	27.1%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**26.8%**	24.3%
EPRA NDV per share (pence)	Table 3	**124.4**	173.9
EPRA NRV per share (pence)	Table 3	**135.9**	190.0
EPRA NTA per share (pence)	Table 3	**122.6**	173.8
EPRA NIY	Table 4	**5.0%**	4.0%
EPRA ‘topped-up’ net initial yield	Table 4	**5.5%**	4.4%
EPRA vacancy rate	Table 5	**5.0%**	6.3%
EPRA LTV	Table 10	**36.1%**	26.8%

Table 2: EPRA income statement

	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Total property income	3	**51,185**	51,396
Less: service charge income	3	**(3,340)**	(2,682)
Less: dilapidation income	3	**(503)**	(3,187)
Less: insurance recharged	3	**(1,592)**	(1,507)
Rental income		**45,750**	44,020
Property operating expenses	4	**(5,454)**	(4,789)
Service charge expenses	4	**(3,767)**	(3,011)
Add back: service charge income	3	**3,340**	2,682
Add back: dilapidation income	3	**503**	3,187
Add back: insurance recharged	3	**1,592**	1,507
Gross profit		**41,964**	43,596
Administration expenses	4	**(9,716)**	(8,244)
Operating profit before interest and tax		**32,248**	35,352
Interest from cash and short—term deposits	7	**12**	—
Finance expenses	8	**(15,528)**	(8,154)
Profit before tax		**16,732**	27,198
Tax on adjusted profit		—	—
EPRA earnings		**16,732**	27,198
Weighted average number of shares in issue (thousands)		**424,862**	424,862
EPRA EPS (pence)		**3.9**	6.4

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
EPRA earnings	**16,732**	27,198
Add: Interest from derivatives	**2,027**	—
Add: Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	**1,069**	—
Adjusted earnings	**19,828**	27,198
Weighted average number of shares in issue (thousands)	**424,862**	424,862
Adjusted EPS (pence)	**4.7**	6.4

The Company has also included an additional earnings measure called "Adjusted Earnings" and "Adjusted EPS." Adjusted Earnings and Adjusted EPS is based on EPRA's Best Practices Recommendations and recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Company's floating interest rate exposure. Also included in adjusted earnings is the add back of the costs associated with the transfer to the Premium Segment of the Main Market of the London Stock exchange, as these costs will not be reoccurring and has been adjusted for as a "company-specific adjustment".

The Board deems this a more relevant indicator of core earnings as it reflects our ability to generate earnings from our portfolio.

Table 3: EPRA balance sheet and net asset value performance measures

In line with the European Public Real Estate Association ("EPRA") published Best Practice Recommendations ("BPR") for financial disclosures by public real estate companies. The Group presents three measures of net asset value: EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). EPRA NTA is considered to be the most relevant measure for Warehouse REIT's operating activities.

As at 31 March 2023	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	**828,770**	**828,770**	**828,770**
Net borrowings[2]	**(280,947)**	**(280,947)**	**(280,947)**
Other net liabilities	**(19,348)**	**(19,348)**	**(19,348)**
IFRS NAV	**528,475**	**528,475**	**528,475**
Exclude: fair value of interest rate derivatives	—	**(7,387)**	**(7,387)**
Include: real estate transfer tax[3]	—	**56,356**	—
NAV used in per share calculations	**528,475**	**577,444**	**521,089**
Number of shares in issue (thousands)	**424,862**	**424,862**	**424,862**
NAV per share (pence)	**124.4**	**135.9**	**122.6**

As at 31 March 2022	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**

Total properties[1]	1,011,985	1,011,985	1,011,985
Net borrowings[2]	(254,294)	(254,294)	(254,294)
Other net liabilities	(18,737)	(18,737)	(18,737)
IFRS NAV	738,954	738,954	738,954
Exclude: fair value of interest rate derivatives	—	(337)	(337)
Include: real estate transfer tax[3]	—	68,815	—
NAV used in per share calculations	738,954	807,432	738,617
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	173.9	190.0	173.8

1. Professional valuation of investment property (including assets held for sale).
2. Comprising interest—bearing loans and borrowings (excluding unamortised loan arrangement fees) of £306,000,000 (31 March 2022: £271,000,000) net of cash of £25,053,000 (31 March 2022: £16,706,000).
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

EPRA NDV details the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax.

EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NRV highlights the value of net assets on a long—term basis and reflects what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included.

Table 4: EPRA net initial yield

	31 March 2023	**31 March 2022**
	£'000	**£'000**
Total properties per external valuers' report	**828,770**	1,011,985
Less development property and land	**(75,660)**	(98,950)
Net valuation of completed investment property	**753,110**	913,035
Add estimated purchasers' costs[4]	**51,211**	62,086
Gross valuation of completed property including estimated purchasers' costs (A)	**804,321**	975,121
Gross passing rents[5] (annualised)	**41,241**	40,605
Less irrecoverable property costs[5]	**(1,279)**	(1,478)
Net annualised rents (B)	**39,962**	39,127
Add notional rent on expiry of rent—free periods or other lease incentives[6]	**4,068**	3,376
'Topped—up' net annualised rents (C)	**44,030**	42,503

EPRA NIY (B/A)	**5.0%**	4.0%
EPRA 'topped—up' net initial yield (C/A)	**5.5%**	4.4%

4 Estimated purchasers' costs estimated at 6.8%.

5 Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.

6 Adjustment for unexpired lease incentives such as rent-free periods, discounted rent period and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive. Rent-frees expire over a weighted average period of three months' passing rents. Irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.

EPRA NIY represents annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. It is a comparable measure for portfolio valuations designed to make it easier for investors to judge for themselves how the valuation of portfolio X compares with portfolio Y.

EPRA 'topped-up' NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

NIY as stated in the Investment Advisor's report calculates net initial yield on topped-up annualised rents but does not deduct non-recoverable property costs.

Table 5: EPRA vacancy rate

	31 March 2023	**31 March 2022**
	£'000	**£'000**
Annualised ERV of vacant premises (D)	**2,537**	3,241
Annualised ERV for the investment portfolio (E)	**50,736**	51,479
EPRA vacancy rate (D/E)	**5.0%**	6.3%

EPRA vacancy rate represents ERV of vacant space divided by ERV of the completed investment portfolio, excluding development property and land. It is a pure measure of investment property space that is vacant, based on ERV.

Table 6: Total cost ratio/EPRA cost ratio

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	**£'000**
Property operating expenses	**5,454**	4,789
Service charge expenses	**3,767**	3,011
Add back service charge income	**(3,340)**	(2,682)
Add back insurance recharged	**(1,592)**	(1,507)
Net property operating expenses	**4,289**	3,611
Administration expenses	**9,716**	8,244
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	**(1,069)**	—
Less ground rents[7]	**(189)**	(181)
Total cost including direct vacancy cost (F)	**12,747**	11,674
Direct vacancy cost	**(1,774)**	(1,224)
Total cost excluding direct vacancy cost (G)	**10,973**	10,450
Rental income	**45,750**	44,020
Less ground rents paid	**(832)**	(1,058)
Gross rental income less ground rents (H)	**44,918**	42,962
Less direct vacancy cost	**(1,774)**	(1,224)
Net rental income less ground rents	**43,144**	41,738
Total cost ratio including direct vacancy cost (F/H)	**28.4%**	27.1%
Total cost ratio excluding direct vacancy cost (G/H)	**24.4%**	24.3%

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	**£'000**
Total cost including direct vacancy cost (F)	**12,745**	11,674
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	**1,069**	—
EPRA total cost (I)	**13,814**	11,674
Direct vacancy cost	**(1,774)**	(1,224)
EPRA total cost excluding direct vacancy cost (J)	**12,040**	10,450
EPRA cost ratio including direct vacancy cost (I/H)	**30.8%**	27.1%
EPRA cost ratio excluding direct vacancy cost (J/H)	**26.8%**	24.3%

[7]Ground rent expenses included within administration expenses such as depreciation of head lease assets.

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income less ground rents. They are a key measure to enable meaningful measurement of the changes in the Group's operating costs.

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 March 2023 or the year ended 31 March 2022.

Table 7: Lease data

	Year 1	Year 2	Years 3- 10	Year 10+	Head rents payable	Total
As at 31 March 2023	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Passing rent of leases expiring in:	**5,812**	**4,327**	**27,533**	**4,773**	**(1,204)**	**41,241**
ERV of leases expiring in:	**9,239**	**5,062**	**33,716**	**6,460**	**(1,204)**	**53,273**
Passing rent subject to review in:	**15,782**	**8,522**	**18,139**	**2**	**(1,204)**	**41,241**

ERV subject to review in:	**21,055**	**10,280**	**23,140**	**2**	**(1,204)**	**53,273**

WAULT to expiry is 5.5 years and to break is 4.5 years.

As at 31 March 2022	Year 1 £'000	Year 2 £'000	Years 3- 10 £'000	Year 10+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	2,725	5,380	28,818	4,873	(1,191)	40,605
ERV of leases expiring in:	10,529	6,018	30,600	5,523	(1,191)	51,479
Passing rent subject to review in:	5,960	5,176	25,828	4,832	(1,191)	40,605
ERV subject to review in:	10,529	6,018	30,600	5,523	(1,191)	51,479

WAULT to expiry is 5.6 years and to break is 4.5 years.

Table 8: EPRA capital expenditure

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Acquisitions[8]	**66,728**	43,391
Development spend[9]	**8,295**	1,103
Completed investment properties:[10]		
No incremental lettable space – like—for—like portfolio	**5,035**	6,467
No incremental lettable space — other	—	—
Occupier incentives	—	—
Total capital expenditure	**80,058**	50,961
Conversion from accruals to cash basis	**(1,082)**	2,886

Total capital expenditure on a cash basis	**78,976**	53,847

8 Acquisitions include £64,512,000 completed investment property and £2,216,000 development property and land (2022: £30,027,000 and £13,364,000 respectively).

9 Expenditure on development property and land.

10 Expenditure on completed investment properties.

Table 9: EPRA like-for-like rental income

	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	% change
EPRA like-for-like rental income[11]		**40,722**	38,400	6.1%
Other[12]		**(815)**	-	
Adjusted like—for—like rental income		**39,907**	38,400	3.9%
Development lettings		**306**	483	
Properties acquired		**3,155**	863	
Properties sold		**2,382**	4,274	
Rental income		**45,750**	44,020	
Service charge income		**3,340**	2,682	
Dilapidation income		**503**	3,187	
Insurance recharged		**1,592**	1,507	
Total property income	3	**51,185**	51,396	

11 Like—for—like portfolio valuation as at 31 March 2023: £679.9 million (31 March 2022: £814.1 million).

12 Includes rent surrender premiums, back rent and other items.

Table 10: Loan to value ("LTV") ratio and EPRA LTV

Gross debt less cash, short—term deposits and liquid investments, divided by the aggregate value of properties and investments. The Group has also opted to present the EPRA loan to value, which is defined as net debt divided by total property market value. This measure was included as a new measure in EPRA's Best Practices Recommendations (issued in February 2022). The year ended 31 March 2023 is the first year this measure has been adopted and published.

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Interest-bearing loans and borrowings	17	**306,000**	271,000
Cash	15	**(25,053)**	(16,706)
Net debt (A)		**280,947**	254,294
Total portfolio valuation per valuer's report (B)	13,14	**828,770**	1,011,985
LTV ratio (A/B)		**33.9%**	25.1%

EPRA LTV

	Notes	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Interest-bearing loans and borrowings[1]	17	306,000	271,000
Net payables[2]		29,352	21,044
Cash	15	(25,053)	(16,706)
Net borrowings (A)		310,299	275,338
Investment properties at fair value	13,14	828,770	1,011,985
Interest rate derivatives	18	7,387	337
Head Lease Obligation		14,124	14,081
Total property value (B)		850,281	1,026,403
EPRA LTV (A/B)		36.5%	26.8%

1. Excludes unamortised loan arrangement fees asset of £1.9 million (2022: £2.8 million) (see note 17).
2. Net payables includes trade and other receivables and other payables and accrued expenses.

Table 11: Total accounting return

The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period.

	Note	Year ended 31 March 2023 Pence per share	Year ended 31 March 2022 Pence per share

Opening EPRA NTA (A)		**173.8**	135.1
Movement (B)		**(51.2)**	38.7
Closing EPRA NTA	24	**122.6**	173.8
Dividends per share (C)	11	**6.5**	6.2
Total accounting return (B+C)/A		**(25.7%)**	33.2%

Table 12: Ongoing charges ratio

Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies.

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Administration expenses	4	**9,716**	8,244
Less: costs associated with moving to Main Market		**(1,069)**	—
Less: head lease asset depreciation		**(189)**	(181)
Annualised ongoing charges (A)		**8,458**	8,063
Opening NAV as at 1 April		**738,954**	574,091
NAV as at 30 September		**678,578**	647,366
Closing NAV as at 31 March		**528,475**	738,954
Average undiluted NAV during the period (B)		**648,669**	653,470
Ongoing charges ratio (A/B)		**1.3%**	1.2%

GLOSSARY

Adjusted earnings per share ("Adjusted EPS")

EPRA EPS adjusted to exclude one—off costs, divided by the weighted average number of shares in issue during the year which ultimately underpins our dividend payments

Admission

The admission of Warehouse REIT plc onto the AIM of the London Stock Exchange on 12 July 2022

AGM

Annual General Meeting

AIC

The Association of Investment Companies

AIFM

Alternative Investment Fund Manager

AIFMD

The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative

Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds

Sourcebook forming part of the FCA Handbook

AIM

A market operated by the London Stock Exchange

APM

An Alternative Performance Measure is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these APMs, the Directors considered the key objectives and expectations of typical investors

Company

Warehouse REIT plc

Contracted rent

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

Development property and land

Whole or a material part of an estate identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating

Effective occupancy

Total open market rental value of the units leased divided by total open market rental value excluding assets under development, units undergoing refurbishment and units under offer to let

EPRA

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

EPRA cost ratio

The sum of property expenses and administration expenses as a percentage of gross rental income less ground rents, calculated both including and excluding direct vacancy cost

EPRA earnings

IFRS profit after tax excluding movements relating to changes in fair value of investment properties, gains/losses on property disposals, changes in fair value of financial instruments and the related tax effects

EPRA earnings per share ("EPRA EPS")

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

EPRA guidelines

The EPRA Best Practices Recommendations Guidelines October 2019

EPRA like-for-like rental income growth

The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes development property and land in either year and properties acquired or disposed of in either year

EPRA NDV / EPRA NRV / EPRA NTA per share

The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net disposal value ("EPRA NDV")

The net asset value measure detailing the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax

EPRA net initial yield ("EPRA NIY")

The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA net reinstatement value ("EPRA NRV")

The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets ("EPRA NTA")

The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

EPRA 'topped—up' net initial yield

The annualised passing rent generated by the portfolio, topped up for contracted uplifts, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA vacancy rate

Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS

Earnings per share

Equivalent yield

The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

ERV

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

FCA

Financial Conduct Authority

GAV

Gross asset value

Group

Warehouse REIT plc and its subsidiaries

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

IFRS earnings per share ("EPS")

IFRS earnings after tax for the year divided by the weighted average number of shares in issue during the year

IFRS NAV per share

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

Investment portfolio

Completed buildings and excluding development property and land

Interest cover

Adjusted operating profit before gains on investment properties, interest (net of interest received) and tax, divided by the underlying net interest expense

IPO

Initial public offering

Main Market

The Premium Segment of the London Stock Exchange's Main Market

LIBOR

The basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans

Like—for—like rental income growth

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

Like-for—like valuation increase

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

Loan to value ratio ("LTV")

Gross debt less cash, short—term deposits and liquid investments, divided by the aggregate value of properties and investments

NAV

Net asset value

Net initial yield ("NIY")

Contracted rent at the balance sheet date, expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

Net rental income

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

Net reversionary yield ("NRY")

The anticipated yield to which the net initial yield will rise (or fall) once the rent reaches the ERV

Occupancy

Total open market rental value of the units leased divided by total open market rental value excluding development property and land, equivalent to one minus the EPRA vacancy rate

Ongoing charges ratio

Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies

Passing rent

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

Property income distribution ("PID")

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

RCF

Revolving credit facility

Real Estate Investment Trust ("REIT")

A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

RPI

Retail price index

SONIA

Sterling Overnight Index Average

Total accounting return

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

Total cost ratio

EPRA cost ratio excluding one—off costs calculated both including and excluding vacant property costs

Weighted average unexpired lease term ("WAULT")

Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land