

25 August 2021

**Warehouse REIT plc  
(the 'Company' or 'Warehouse REIT')**

**Trading Update**

**New acquisitions take portfolio past 8.5 million sq ft whilst post-lockdown occupier demand drives 20 new leasing transactions achieving an average uplift of 7% on March 21 ERVs**

Warehouse REIT, (the “Company”), the AIM-listed specialist warehouse investor, announces a trading update covering the period since 25 May 2021.

During the period the Company completed four acquisitions, in separate transactions of which the majority were off-market, for a total consideration of £13.1 million, reflecting a blended net initial yield of 5.0%. Generating £0.7 million per annum of contracted rent (with an ERV of £0.9 million), the acquisitions take Warehouse REIT’s portfolio past 8.5 million sq ft and have increased its holdings in two existing key locations – in South Cambridge, one of the UK’s fastest growing employment and innovation centres, and Midpoint-18, Cheshire. In addition, contracts have been exchanged to acquire a further 16 acres of land immediately adjoining the existing Radway Green multi-let estate located at junction 16, M6 motorway, outside Crewe.

The Company also completed 20 new lettings, achieved at 7.0% ahead of 31 March 2021 ERVs, totalling 112,000 sq ft and generating £0.7 million of contracted rent. 13 lease renewals also completed, achieving an uplift of 20.2% compared to the previous rent. Totalling 87,000 sq ft of space, these transactions generate £0.6 million per annum of contracted rent<sup>1</sup>. The portfolio’s total occupancy decreased slightly to 94.2% (as at 31 July 2021) from 95.6%, however effective vacancy has reduced to just 2.0%, excluding units under refurbishment or under offer to let.

*Andrew Bird, Managing Director of Tilstone Partners Ltd, the investment advisor of Warehouse REIT, commented:*

“We continue to witness strong occupier demand across the portfolio from a range of both e-commerce related businesses as well as more traditional national operators and SMEs, allowing us to capture the significant reversionary potential as we continue to experience strong rental collection, in line with previous quarters. With lockdown restrictions easing, and H1 2021 take up 82% above long term take up (Savills July 2021), the chronic demand supply imbalance of modern industrial space, in economically relevant locations, will continue to underpin attractive rental growth, which the Company is ideally placed to capture given its increasing scale and asset management expertise.

“The sector’s compelling fundamentals continue to attract new entrants into the market, which is driving yield compression and underpinning strong valuations. Despite this increased competition, with nearly a decade of experience investing in the space, we have been able to curate excellent relationships with prospective vendors, allowing the Company to continue making accretive acquisitions deliberately focusing on adjoining ownerships to existing assets. Whilst our strategic priority is improving the quality of the income, we believe we can drive even stronger returns by complementing this approach through select tactical acquisitions with a value-add angle, as well as strategic development initiatives.”

---

<sup>1</sup> New lettings and renewals will now exclude deals for assets classified as development land, in particular for deals completed during the period 1 April 2021 to 31 July 2021 at Radway Green

## Market overview

The industrial and warehouse sector has continued to outperform the UK property market, reflecting its favourable structural drivers and growing appetite from investors attracted by secure income with rental growth, which is putting downward pressure on yields. According to the CBRE UK Monthly Index, industrial capital values increased by 7.7% in the four months to 31 July 2021, with rental growth of 0.5% month-on-month. The next valuation date for the Company's portfolio will be 30 September 2021.

## Asset management

The 20 new lettings represent 112,000 sq ft of floor space, generating rental income in excess of £0.7 million per annum, 7.0% ahead of the 31 March 2021 ERV. The Company has continued to capture reversionary potential from the portfolio, with 13 lease renewals generating a combined annual rent of £0.6 million, an uplift of 20.2% as compared to the previous rent.

Highlights during the period include:

- The letting of unit 5 (12,200sqft) at Midpoint-18 to an international manufacturing business for a new 15 year term at a rent of £7.00psf, as well as simultaneously acquiring the freehold of their existing adjoining premises with the occupier taking a lease back on similar terms.
- In Sheffield, 5,100sqft have been let for a term of 10 years at a rent equating to £5.65psf, reflecting 88% above the valuer's ERV.

In the period since 1 April 2021, the total portfolio occupancy fell slightly from 95.6% to 94.2%, whilst the effective vacancy fell to 2.0%, with 1.8% of the portfolio ERV under refurbishment and a further 2.0% under offer to let (as at 31 July 2021). The space under offer will deliver approximately £1.0 million per annum of rent. New lettings, renewals and vacancy will now exclude short-term temporary lettings of assets classified as development land, in particular for leases completed during the period 1 April 2021 to 31 July 2021 at Radway Green.

Rent collection has remained strong, with 94.5% of the total rent due on the June quarter date collected as at 17 August 2021. This is expected to continue to increase, in line with previous quarters.

## Acquisitions

During the period the Company has completed the acquisition of four properties totalling 100,500 sq ft, for a combined consideration of £13.1 million before costs, reflecting a blended net initial yield of 5.0%. These comprise:

- In two separate transactions the Company has increased its holding at Dales Manor Industrial Estate, Sawston South Cambridge by a further 62,200 sqft which, following the acquisition announced on 18th May 2021, takes the holding to over 130,000 sqft plus further development land in this key location seven miles south of Cambridge City Centre
- Two further transactions have increased the Company's holding at Midpoint-18, Cheshire by a further 38,300 sq ft. Our overall holding now extends beyond 600,000 sq ft in this strategically important NW location, situated just 2 miles from J18 of the M6.

Warehouse REIT has also exchanged contracts to acquire a further 16 acres of land immediately adjoining the north and eastern boundary of its existing Radway Green multi-let estate in Crewe. Earlier this year the Company announced that it had secured planning consent, submitted in collaboration with the adjoining landowner, for a combined 803,000 sq ft across six new high-bay warehouse units, ranging from 22,000 sq ft to 340,000 sq ft. This acquisition provides the Company with control over the whole site required to implement the proposed scheme which it will pursue on the back of occupier requirements.

## Enquiries

Warehouse REIT plc	via FTI Consulting
Tilstone Partners Limited Andrew Bird	+44 (0) 1244 470 090
G10 Capital Limited (part of the Lawson Conner Group), AIFM Maria Glew	+44 (0) 20 3696 1302
Peel Hunt (Financial Adviser, Nominated Adviser and Broker) Capel Irwin, Henry Nicholls, Carl Gough	+44 (0) 20 7418 8900
FTI Consulting (Financial PR & IR Adviser to the Company) Dido Laurimore, Richard Gotla, Ellie Perham-Marchant	+44 (0) 20 3727 1000

Further information on Warehouse REIT is available on its website:

<http://www.warehousereitplc.co.uk>

## Notes

Warehouse REIT is an AIM listed UK Real Estate Investment Trust that invests in and manages e-commerce urban and 'last-mile' industrial warehouse assets in strategic locations in the UK.

Occupier demand for urban warehouse space is increasing as the structural growth in e-commerce has driven the rise in internet shopping and investment by retailers in the "last mile" delivery sector, yet supply remains constrained giving rise to rental growth.

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. The Investment Manager is currently G10 Capital Limited.