

20 January 2020

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

Trading Update and Increased Dividend

Warehouse REIT, (the “Company”), the AIM-listed specialist warehouse investor, announces a trading update covering the period since 1 October 2019.

During the period the Company completed 24 new lettings and 20 lease renewals across 189,000 sq ft of space, achieved at 6.4% ahead of 30 September 2019 ERVs, generating £1.1 million per annum of contracted rent. The portfolio’s total occupancy increased to 92.6% from 91.5% (30 September 2019) with effective vacancy only 3.1% excluding units under refurbishment or under offer to let. The Company also completed the disposal of five smaller non-core assets for a combined price of £4.4 million, at an average of 5.6% ahead of 30 September 2019 book values and 12.4% ahead of cost.

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

“Alongside Warehouse REIT’s disciplined deployment of shareholders’ funds from our most recent fundraise, we continue to extract strong operational performance from the Company’s diversified portfolio of UK warehouse assets. The Company has achieved both rents and strategic disposals in excess of valuations, while competition for space from an ongoing broad range of tenants has translated into increased occupancy levels. Furthermore, the current rent roll does not reflect a number of income and value enhancing projects which we are confident will be delivered in the near term.

“We continue to see attractive acquisition opportunities that meet Warehouse REIT’s investment criteria, at both an individual asset and portfolio level, underpinned by solid occupational demand. We are confident that our conviction call on the well-located multi-let urban warehouse space – where rents are forecast to outperform – will allow the Company to deliver its shareholders with an attractive, progressive and well covered dividend.

“Underpinned by our confidence in the ongoing asset management and with the benefit of the recent deployment of capital ahead of target, the Company is today pleased to declare a quarterly dividend of 1.6p per share, reflecting a 6.7% increase on the previous quarterly dividend.”

Asset management

The 24 new lettings represent 143,000 sq ft of floor space, generating rental income in excess of £811,000 per annum, 7.5% ahead of the 30 September 2019 ERV. The Company has continued to capture reversionary potential from the portfolio, with 20 lease renewals generating a combined annual rent of £300,000, an uplift of 9.2% as compared to the previous rent.

Highlights during the period include:

- A new 10-year lease with no break, to a building materials manufacturer and distributor, on a 20,000 sq ft unit at Gawsworth Court, Warrington. The rent of £137,000 per annum represents an 11.8% premium to the 30 September 2019 ERV.
- A 5,600 sq ft letting to a sports charity, at Yale Business Park, Ipswich, on a ten-year lease with a break at year six, at £43,000 per annum, 18.5% ahead of the 30 September 2019 ERV.

- The renewal of a 2,500 sq ft unit at Smeed Dean Centre, Sittingbourne on a new seven-year lease. The average rent over the lease term represents a 63.6% premium to the previous rent.
- An 11,400 sq ft unit at Goodridge Business Park, Gloucester has been re-let on a four-year term, to a fluid technology company, at 18.9% ahead of the previous rent.

In the period since 30 September 2019, the total portfolio occupancy has increased from 91.5% to 92.6%, with the effective vacancy only 3.1% as 3.0% of the portfolio ERV is under refurbishment and a further 1.3% is under offer to let. The space under offer will deliver approximately £389,000 per annum of rent, with lettings 5.3% ahead of 30 September ERVs. Occupancy excluding units under offer and units undergoing refurbishment stands at 96.9%.

Contracted rent for properties owned throughout the period since 30 September 2019 has increased by 1.0%, reflecting the positive impact of new lettings as well as rent reviews and renewals which more than offset space returned. Total contracted rent is now £31.5 million.

Alongside ongoing asset management activity, in October 2019 planning permission was secured on 4.2 acres of surplus land at Warehouse REIT's existing Nexus estate in Knowsley for 35,000 sq ft of warehouse space, a petrol filling station with associated ancillary uses of 5,000 sq ft and a 2,200 sq ft drive-through. The existing estate comprises 12 units totalling 184,800 sq ft and has strong transport links being situated on Junction 4 of the M57, approximately seven miles from Liverpool city centre. Discussions with potential occupiers are progressing well. Progress is also being made working up value-accretive proposals on other schemes within the portfolio. For example, the Company's most recent purchase prior to this quarter (being the Echelon Portfolio acquired at an attractive 7% NIY on 27th September 2019) has already yielded meaningful lease renewal negotiations and a planning application has been submitted for a 27,000 sq ft warehouse extension.

Acquisitions and disposals

In October the Company completed the acquisition of the 29-acre Midpoint Estate in Middlewich, Cheshire. The 182,500 sq ft multi-let estate comprises 20 high quality warehouse units in a strategic location within two miles of Junction 18 of the M6 motorway and approximately twenty-six miles south of Manchester. The purchase price of £15.5 million represented a net initial yield of 6.6%. Since the acquisition the Company has already increased overall passing rents by 3.7% increasing the running yield to 6.8% and also extended the WAULT to expiry by 1.2 years to 6.5 years.

The disposals of five smaller assets totalling 82,517 sq ft were completed during the period for a combined price of £4.4 million, an average of 5.6% above 30 September 2019 book values, reflecting a blended 4.2% net initial yield. The sales are part of the ongoing strategy to dispose of non-core assets; Bangor has a retail tenant, Redditch and Swindon are offices, Wardley was vacant and like Blackburn, was sold to an owner occupier.

Dividend

The Company has today declared its third quarterly interim dividend for the financial year ending 31 March 2020 of 1.6 pence per ordinary share payable on 31 March 2019 to shareholders on the register on 28 February 2020. This represents an increase of 6.7% on the two interim dividends paid to date of 1.5 pence per ordinary share totalling 3.0 pence per ordinary share.

The increase reflects the Company successfully deploying the proceeds of the capital raise (April 2019), ahead of programme, by 30 September 2019 and the positive outlook for earnings. The

dividend target for the year has been increased to 6.2 pence per share from the previous target to pay dividends totalling at least 6.0 pence per share. Thereafter, the Company will adopt a progressive dividend policy, in line with anticipated growth in earnings.

The ex-dividend date will be 27 February 2020. The dividend of 1.6 pence per ordinary share will be paid in full as a Property Income Distribution.

Enquiries

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Further information on Warehouse REIT is available on its website:

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

Notes

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

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

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

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