24 May 2022

Warehouse REIT plc

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

RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Robust financial performance with strong valuation uplift

Positioned for rental growth, enhanced through asset management and material development opportunities

Warehouse REIT, the AIM-listed specialist warehouse investor, today announces its results for the year ended 31 March 2022.

Financial highlights[1]

Year to 31 March	**2022**	**2021**
Gross property income	£48.7m	£35.8m
Operating profit before gains on investment properties	£35.4m	£24.8m
IFRS profit before tax	£191.2m	£123.1m
IFRS earnings per share	45.0p	35.2p
EPRA earnings per share	6.4p	5.3p
Adjusted earnings per share[2]	6.4p	5.3p
Dividends per share[3]	6.4p	6.2p
Total accounting return[4]	33.2%	27.7%
Total cost ratio[5]	27.1%	29.5%
As at 31 March	**2022**	**2021**
Portfolio valuation	£1,012.0m	£792.8m
IFRS net asset value	£739.0m	£574.1m
IFRS net asset value per share	173.9p	135.1p
EPRA net tangible assets per share	173.8p	135.1p
Loan to value ratio	25.1%	24.6%

- EPRA net tangible assets ("NTA") per share up 28.6% to 173.8 pence (31 March 2021: 135.1 pence), primarily due to the revaluation increase of 38.5 pence per share
- Dividends totalling 6.4 pence per share paid or declared in respect of the year, ahead of the full-year target of at least 6.2 pence per share
- Total portfolio valued at £1,012.0 million (31 March 2021: £792.8 million), with a like-for-like valuation uplift of 19.4%
    - Portfolio valuation comprised £913.0 million in relation to the investment portfolio of completed assets and £99.0 million of development property and land (31 March 2021: £751.9 million and £40.9 million)
- Total accounting return for the year of 33.2% (year ended 31 March 2021: 27.7%)
- Continued strong rent collection performance, with 98.7% of rent due in relation to the year collected at 19 May 2022
- Bank debt of £271.0 million and cash balances of £16.7 million at the year end, resulting in a loan to value ("LTV") ratio of 25.1% (31 March 2021: 24.6%)

Operational highlights[6]

As at 31 March	**2022**	**2021**
Contracted rent	£44.0m	£43.0m
Passing rent	£40.6m	£38.6m
WAULT[7] to expiry	5.6 years	5.8 years
WAULT to first break	4.5 years	4.7 years
EPRA net initial yield	4.0%	4.7%
Occupancy	93.7%	95.6%

- Continued strong and increasingly diverse occupier demand, driven by ongoing growth in e-commerce and the need to reinforce supply chains, combined with growing constrained supply, contributing to significant market rental growth
- Acquired six investment assets totalling 176,500 sq ft plus adjacent development land in Cambridge and Crewe, reflecting a blended net initial yield of 4.2% (excluding the development land). Total consideration for the acquisitions was £43.4 million (including costs)
- Exchanged contracts to acquire an asset via a forward funded development arrangement for £35.0 million. A 12-month rent guarantee has been agreed with the vendor and would show a running yield in excess of 4.6%

- Further progress with the Group's sustainability strategy, including improvements to assets' sustainability performance and EPC ratings through asset management, conducting an ESG survey with more than 30 of our largest occupiers and setting a range of ESG targets to track progress with our strategy
- Unlocked further value from the portfolio through asset management:
    - Completed 116 lease events across 0.9 million sq ft of space, contributing to like-for-like rental growth of 3.0%
        - 62 new lettings, generating rent of £2.8 million per annum at 3.0% ahead of estimated rental value ("ERV"). If three agreements-for-lease agreed during the year and, due to complete shortly are included, this increases to 5.3%. The ERV across the portfolio has grown by 6.0% on a like-for-like basis
        - 54 lease renewals, securing income of £3.0 million and achieving a 22.2% increase over previous contracted rents
    - Investment portfolio capital expenditure of £6.5 million (year ended 31 March 2021: £1.9 million), to drive rental and capital value growth
    - Occupancy of 93.7% at the period end (31 March 2021: 95.6%). Effective occupancy, which excludes units undergoing refurbishment or under offer to let, was 95.8% (31 March 2021: 98.2%)
    - Planning application for another 1 million sq ft of new warehouse space submitted at Radway 16, Crewe, bringing the total developable space to 1.8 million sq ft
    - WAULT of 5.6 years at the period end (31 March 2021: 5.8 years), reflecting the benefit of acquisitions and asset management initiatives offsetting the natural reduction in WAULT over time

Post period end highlights
- In April 2022, exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs
- In May 2022, the Group extended the RCF by £25.0 million; the tenure and applicable interest rate are unchanged from the existing facility
- In May 2022, the Group signed an agreement with Panattoni to accelerate the development of its logistics park situated at Radway 16, Crewe just off J16 of the M6 motorway. The project will start on site Q4 2022 with first buildings being available for occupation 2023

Neil Kirton, Chairman of Warehouse REIT, commented:
"This has been another good year for the Group. The successful execution of our strategy since IPO has generated significant value for shareholders, as our high-quality portfolio has benefited from the consistent rerating of the asset class. We see further upside from the development potential of the land within the portfolio. The Company's move to the Main Market, which we have confirmed today, will make the shares available to a wider range of investors and increase their liquidity. In turn, this will help us to continue to deliver our strategy and create further value for all our stakeholders."

Andrew Bird, Managing Director of the Investment Advisor, Tilstone Partners Limited, added:
"Market conditions in recent months have been unprecedented, with continued growth in occupier demand and highly constrained supply resulting in material rental growth. We continue to capture this growth through active asset management, while progressing our plans to develop new space in areas of high demand. With new supply unable to keep pace with demand, we expect continued rental growth and strong returns."

Notes
1. The Group presents adjusted earnings per share ("EPS"), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations 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. EPRA EPS is set out in note 12. EPRA NTA is set out in note 22.
2. Adjusted earnings per share is based on IFRS earnings excluding unrealised fair value gains on investment properties and derivatives, profit on disposal of investment properties and one-off costs and ultimately underpins our dividend payments. There were no one-off costs in the year ended 31 March 2022 or in the prior year. For detailed calculations, please refer to note 12 of the financial statements and table two of the unaudited supplementary notes not part of the consolidated financial information.
3. Dividends paid and declared in relation to the year, including a third interim dividend paid on 1 April 2022 and a fourth interim dividend to be paid on 30 June 2022. Dividends paid during the year totalled 6.2 pence per share (year ended 31 March 2021: 4.7 pence per share). Please refer to note 11 of the consolidated financial statements.
4. Total accounting return based on the increase in EPRA NTA per share of 38.7 pence plus dividends paid per share of 6.2 pence, as a percentage of the opening EPRA NTA of 135.1 pence per share. Please refer to note 22 of the financial statements and table 11 of the unaudited supplementary notes.
5. Total cost ratio represents the EPRA cost ratio including direct vacancy cost but excluding one off costs. For detailed calculations, please refer to table six of the unaudited supplementary notes not part of the consolidated financial information.

6. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield ("NRY"), occupancy and capital expenditure in this report relate only to the investment portfolio of completed assets and exclude development property and land. Development property and land is where the whole or a material part of an estate is 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.
7. Weighted average unexpired lease term.

Meeting

A live webcast for investors and analysts will be held at 11:00 today and can be accessed via:

https://webcasting.brrmedia.co.uk/broadcast/6256b154c9c5d518b20f39f1

The conference call dial-in for the meeting is: +44 (0)330 165 4012 and participant access code is 4859470

Enquiries

Warehouse REIT plc	via FTI Consulting
Tilstone Partners Limited	
Andrew Bird, Peter Greenslade	+44 (0) 1244 470 090
G10 Capital Limited (part of the IQEQ Group), AIFM	
Maria Glew	+44 (0) 207 397 5450
Peel Hunt (Financial Adviser, Nominated Adviser and Broker)	
Capel Irwin, Henry Nicholls, Carl Gough	+44 (0) 20 7418 8900
Jefferies *(Financial Adviser and Broker)*	+44(0)20 7029 8000
Tom Yeadon, Gaudi Le Roux, Harry Randall	
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.warehousereit.co.uk

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.

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 and Tilstone Partners Limited are the Investment Advisor.

The Company's purpose is to own and manage warehouses in economically vibrant urban areas across the UK, providing the space its occupiers need for their businesses to thrive.

As the Company grows, its vision is to become the UK's warehouse provider of choice.

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

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 does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

CHAIRMAN'S STATEMENT

Overview

We are now at the end of the fourth full financial year since many of you supported the Company's IPO in September 2017. In the Prospectus that accompanied the IPO we made a clear statement about our strategy to generate attractive returns, explaining that we would acquire well-located pre-existing assets that showed strong potential for effective asset management and rental growth. At that time our proposition centred on the undervaluation of such assets given the evolving market environment, in particular around home shopping. The growth in e-commerce has now been augmented by other drivers, including shifting supply chain dynamics and greater onshoring requirements. We believe that both of these are unlikely to abate. As these drivers gathered momentum, we have witnessed some key changes in the market for our chosen asset class. These changes have been reflected in our strategic thinking and subsequent activity levels in the year we are now reporting on.

Returns performance

At the end of every year, we commission an externally led independent valuation of the investment portfolio. Between March 2018 and March 2022, the year-end valuation has progressed from £291.0 million to £1,012.0 million and valued our rental income on yields that have compressed from 7.0% in 2018 to 4.5% in 2022, reflecting the continued rerating of the asset class, whilst like-for-like ERV movement of 6.0% demonstrates rental growth potential embedded in the portfolio.

On the same timescale, the Company's net asset value has increased from IPO 100 pence to its current level of 173.8 pence as at 31 March 2022. With dividends included, this equates to a total shareholder return since IPO of 97.8%.

Throughout this timeframe, the Board has been delighted with the execution of the original strategy and its conversion into attractive returns for our investors. Capital has been deployed into a portfolio of assets in strong locations, with a number of very high-quality covenants and an increasing weighted average unexpired lease length, something we identified as key and targeted from the outset.

Financial highlights

The continued rerating of our chosen asset class was reflected in the 19.4% like-for-like portfolio valuation growth at the year end, underpinning a gross asset value exceeding £1 billion for the first time. The EPRA NTA per share at 31 March 2022 was 173.8 pence, an increase of 28.6% from 135.1 pence per share 12 months ago.

Capturing the potential rental growth embedded in the portfolio is an important part of our value creation strategy. Like-for-like rental growth was 3.0% in the year and new leases (including agreements-for-lease) exceeded the valuer's estimated rental value by an average of 5.3%.

Creating further value

Acquiring assets that offer attractive day one income remains central to our strategy. As the value of warehouse assets has rerated, we have consciously adopted an even greater level of discipline and rigour around screening and selecting assets we are prepared to acquire and, importantly, the price at which we are prepared to acquire them.

In my previous statements I have made a number of references to the fact that we have acquired 'lazy acres' as part of our portfolio construction, which we have known represented further upside for our shareholders. Perhaps the most significant current example is Radway 16, Crewe, which is an asset that Tilstone has assembled over a period of time and which now spans in excess of 100 acres of land immediately adjacent to the M6 near Junction 16, an area where no similar assets exist. We continue to progress planning at Radway 16, which has the potential to generate a substantial uplift in the site's value.

We have other smaller sites within the portfolio. Together with more innovative ways of deploying capital into the sector – for example, our recent transaction forward funding a development at Thame, Oxfordshire, these schemes are likely to comprise an increased element of our future activity, albeit within the investment policy parameters related to development activity.

A robust approach to ESG is increasingly important to value creation, since it helps us to ensure our assets remain fit for purpose and enhances their attraction to potential occupiers. My colleague Aimée Pitman chairs our Sustainability Committee, which we established last year and which drives our responsible business agenda across environmental, social and governance matters.

Move to the Main Market

We have taken the decision to move the listing for the Company's shares from AIM to the Main Market. This is a move that has been under review for some time. While we felt that we have prospered on AIM, we also believe that we have reached the stage of our evolution where shareholders would benefit from such a move. In moving to the Main Market we have several objectives, but key to this includes the continued enhancement of the liquidity of your shares, together with a further increase in our access to capital as we evolve and grow the Warehouse REIT brand. In this context, the appointment of Jefferies as joint corporate broker alongside Peel Hunt is important.

Outlook

Whilst we remain vigilant to the impact of near-term macro-economic pressures, in particular rising inflation, this is an exciting time for Warehouse REIT shareholders. Our focus on the regional distribution, multi-let industrial and last-mile segments of the market is key. They have the most diverse occupier base and high replacement costs have inhibited new development and rents are highly affordable. I am delighted to say that as yields have compressed we have a number of examples of situations where our asset management capabilities have generated significant increases in rents. Further details of this are available in this Report.

The Board sees a future of continued value creation from the assets within the portfolio and strong demand for both existing well-located warehouse assets and locations that will attract high-quality occupiers. We continue to be strongly committed to increasing dividends payable to our shareholders and look forward to the future with confidence.

Neil Kirton
Chairman
23 May 2022

OBJECTIVES AND STRATEGY

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

Our objectives

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

Total accounting return		
Target Our target is at least 10% per annum, through a combination of dividends and growth in NAV	**Outcome in 2021/22** Achieved The total accounting return for the year was 33.2%	**Plan for 2022/23** We continue to target a return of at least 10% per annum.
Dividends		
Target Our target for the year was a total dividend of 6.2 pence per share	**Outcome in 2020/21** Achieved We declared total dividends of 6.4 pence per share.	**Plan for 2022/23** Our target dividend for 2022/23 is at least 6.4 pence per share.

Our strategy

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

Investment strategy	**Risks:**	**During the year we:**	**Post year end activity:**
We look for: • sites close to major transport links and large conurbations, with high occupier demand, a suitable workforce and appropriate ESG credentials; • buildings or land with a range of uses and long-term flexibility, including the potential to change permitted use; and • buildings that match occupiers' current and future needs, including their sustainability 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	• poor performance of the Investment Advisor; • poor returns on portfolio; • significant rent arrears/irrecoverable bad debt; and • acquisition of inappropriate assets or unrecognised liabilities, or a breach of the investment strategy. **Progress measured by:** • like-for-like valuation increase; • EPRA NAV; and • dividend per share.	• acquired six investment assets totalling 176,500 sq ft, plus adjacent development land in Cambridge and Crewe, for £43.4 million; • exchanged on a 170,000 sq ft forward funded development, for a total commitment of £35.0 million; and • acquired 16 acres of land at Radway 16 and exchanged on a further 1 acre to give a total holding of 102 acres.	• in April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs

100,000 sq ft and have an average size of 10,000 sq ft.			
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 the Investment Advisor • impact of climate change **Progress measured by:** • occupancy; • like-for-like rental income growth; and • rental increases agreed versus valuer's ERV.	**During the year we:** • invested £6.5 million or 0.8% of GAV in capital expenditure; • completed 62 new lettings, at rents 3.0% ahead of ERV; • completed 54 lease renewals, with a 22.2% increase in headline rents; and • made progress with our development project at Radway 16, including submitting planning for 1 million sq ft of new space, agreed leases on the planned development assets at Nexus Industrial Estate, and worked to secure pre-lets at Queenslie Park.	**Post year end activity:** • completed two new lettings and two new lease renewals, 37.0% ahead of previous rent and 1.4% ahead of March 22 ERV
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 a LTV range of 30-40% in the longer term. We look to hedge the interest on a proportion of our debt, to provide certainty over our financing costs.	**Risks:** • interest rate changes; • loss of REIT status; and • breach of borrowing policy or loan covenants. **Progress measured by:** • LTV ratio • Interest cover ratio	**During the year we:** • progressed our plans to move 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; • maintained the LTV ratio to allow for future accretive acquisitions; and • engaged Lazard to review the structure of the Group's debt	**Post year end activity:** • intention to transfer listing notice AIM 41 issued on 24 May 2022 • the Group extended the RCF by £25.0 million; the tenure and applicable interest rate are unchanged from the existing facility

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%

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

Occupancy fell slightly over the period, largely due to the timing of refurbishment and letting activity. Adjusted for properties under refurbishment or under offer, occupancy was 95.8%.

Like-for-like rental income growth

2019: 2.1%
2020: 2.0%
2021: 2.9%
2022: 3.0%

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, as well as benefiting from strong market rental growth.

Rental increases agreed versus valuer's ERV

2019: 10.0%
2020: 5.1%
2021: 4.3%
2022: 6.0%

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 superior rental growth 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.

Like-for-like valuation increase

2019: 4.3%
2020: 2.5%
2021: 18.8%
2022: 19.4%

Description
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, 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
The portfolio saw another material increase in its valuation, benefiting from further market yield compression and our asset management programme.

Total cost ratio
2019: 29.4%
2020: 27.1%
2021: 29.5%
2022: 27.1%

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 less ground rents paid.

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 significantly in the year, reflecting the strong revenue increase and our focus on cost control.

EPRA NTA
2019: 109.7p
2020: 109.5p
2021: 135.1p
2022: 173.8p

Description
This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

Why is this important?
Shows our ability to acquire well and to increase capital values through active asset management.

How we performed
The significant growth in the portfolio valuation was the primary driver of the increase in the NTA during the year.

Dividends per share
2019: 6.0p
2020: 6.2p
2021: 6.2p
2022: 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 outperformed our dividend target for the year of at least 6.2 pence per share.

Loan to value ratio
2019: 39.7%
2020: 40.2%
2021: 24.6%
2022: 25.1%

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 LTV increased over the year to 25.1% and we continue to seek accretive acquisitions that will further raise the LTV towards our 35% target.

INVESTMENT ADVISOR'S REPORT
This was another very good year for the Group, with the strong financial performance reflecting the continued successful execution of the strategy. Market conditions remain favourable for asset owners, given the strength of occupier demand versus available supply in key locations. This is reflected in the ongoing success of our asset management strategy, as we capture rising rents and progress a number of development opportunities.

Acquisitions
The Group continued to add assets to its investment portfolio during the year, which increased the Group's holdings in existing locations. This gives us scope to add value, since we already understand occupiers' need for space and the rents being paid, and can also create marriage value, for example by extending existing buildings.

At Dales Manor Business Park near Cambridge, the Group completed three transactions and acquired 26 units totalling more than 130,000 sq ft. The blended net initial yield was 4.5%. This is a highly attractive location in the Oxford-Cambridge arc, with occupancy and prime rents at record highs. The acquisition offers scope for value creation through letting vacant space and through rental growth. The Group also bought an adjacent development site with planning permission for 14 units totalling 73,000 sq ft. We intend to undertake a phased development of this site, against partial pre-lets. The aggregate purchase price was £29.3 million, including the development land.

The Group completed two transactions that increased its holding at Midpoint 18, Middlewich, by a further 38,300 sq ft. The total cost was £4.0 million, reflecting a net initial yield of 5.2%. The Group's holding now extends beyond 600,000 sq ft in this strategically important North-West location.

The Group also extended its holding at Maxwell Road Industrial Estate, Peterborough, by 3,000 sq ft. The acquisition cost was £0.2 million, reflecting a net initial yield of 5.5%.

In March 2022, the Group exchanged contracts to acquire, via a forward funding agreement, a 170,000 sq ft multi-let industrial development in Thame, Oxfordshire. The developer will deliver the scheme under a fixed-price turn-key contract with a total commitment of £35.0 million. A 12-month rent guarantee has been agreed with the vendor and would show a running yield in excess of 4.6%, based on the total commitment. The scheme has detailed planning permission and is scheduled to practically complete in December 2022. It will be delivered to the highest sustainability specifications, achieving an EPC rating of A and a BREEAM Excellent certification. Features will include a renewable energy source on site and the buildings will be set up for electric vehicle charging. The acquisition further increases the Group's exposure to the Oxford-Cambridge arc, with some 16.5% of the portfolio now located in this key region. The Oxfordshire industrial market is characterised by an acute demand-supply imbalance and strong rental growth is forecast.

During the year, the Group made further progress with its development plans at Radway 16, Crewe, by completing the acquisition of an adjoining owner's 16-acre site for £7.5 million before costs and exchanging on a further acre of land with a long-stop date of February 2023 for £1.8 million.

Asset management
Working with occupiers
Multi-let estates make up around two thirds of the portfolio, enabling the Group to benefit from a large and diverse occupier base, spread across different industries and business sizes. This helps to mitigate financial and leasing risk and avoids reliance on any one occupier. The Group's top ten occupiers account for 29.9% of the contracted rent roll.

Property costs are typically a small proportion of overall costs for businesses and e-commerce continues to increase the income-generating capacity of industrial space. This means the space offered to the Group's occupiers remains affordable. However, we are conscious of the potential impact of other costs on occupiers, such as rising energy prices caused by factors such as inflationary environment, rising interest rates, and geopolitical conflicts. We did not experience any notable bad debts in the year and we continue to carry out assessments on all occupiers, so we can assess the spread of credit risk across the Group's portfolio. This enables us to strategically target specific occupiers or units from an asset management perspective.

The strength of the Group's occupiers continues to be reflected in our rent collection performance. As at 19 May 2022, we had collected 98.7% of the rent due in respect of the year and we expect this will continue to increase as we work with occupiers to collect the outstanding amounts.

Disposals

The Group did not dispose of any assets in the year. 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.

Capital expenditure

Carefully targeted capital expenditure is a key element of the asset management strategy. The Group aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes investment in development projects and is therefore based on GAV excluding developments. Total capital expenditure in the year was £6.5 million, equivalent to 0.8% of GAV. At the year end, approximately 1.6% of the portfolio's ERV was under refurbishment (31 March 2021: 1.5%).

Expenditure in the year included a series of smaller refurbishment projects, driven by lease renewals and expiries and linked to occupier dilapidation receipts. We have also undertaken more significant refurbishments, where we believe these will add value and drive rents. Significant projects in the year included £1.5 million of spend at Evolution 27, Nottingham; £1.3 million at Parkway Industrial Estate, Plymouth; £0.5 million at Granby Industrial Estate, Milton Keynes; and £0.5 million at Queenslie Park, Glasgow. These projects are designed to raise the quality of the assets and enhance their energy efficiency rating and green credentials, in line with the Company's sustainability strategy. For example, at Granby Industrial Estate, approximately half of the spend this year was devoted to a full refurbishment and redecoration of Unit 1, including investing in a new roof with a 25-year warranty and further improvements which combined should raise the building's EPC from D to B. Other initiatives include replacing standard lighting with energy efficient LEDs.

Leasing activity

The high level of occupier demand and shortage of available supply is enabling us to be even more selective in our leasing strategy. In addition to using lease expiries to improve assets through refurbishment, as described above, we have taken the opportunity to further enhance the occupational mix, focusing on high-quality occupiers with sustainable requirements, while increasing rents. In doing so, we have maintained the Group's record of leasing outperformance, with new lettings consistently achieving rents ahead of ERV and lease renewals driving strong growth over previous contracted rents. This reflects both the occupiers' confidence in their businesses and the shortage of available space in key locations.

New leases

The Group secured 62 new leases on 0.4 million sq ft of space during the year. These will generate annual rent of £2.8 million, achieved at 3.0% above the ERV. If three agreements-for-lease agreed during the year, but due to complete shortly are included, this increases to 5.3%. The level of incentives remains steady.

Notable new lettings in the year included:

- 12,200 sq ft at Midpoint 18, Middlewich to an international manufacturing business for a new 15-year term at a rent in excess of £7.00 per sq ft, as well as simultaneously acquiring the freehold of its adjoining premises with the occupier taking a lease back on similar terms;
- 22,700 sq ft of vacant space at Groundwell Industrial Estate, Swindon to an existing occupier specialising in print and digital marketing for ten-years for £117,400 at 8.9% above ERV, combined with a five-year lease extension over two units at an average of 26.8% ahead of previous rent;
- 18,750 sq ft of vacant space at Gawsworth Court, Warrington to an automotive trader for ten-year lease with a break in year five for £131,000 at 11.4% above ERV; and
- 4,000 sq ft of vacant space at Newport Road, Cardiff to a leading international food operator, on a new 15-year lease with no break. The rent of £105,000 per annum represents a 23.5% premium to 31 March 2021 ERV.

Lease renewals

The Group continues to retain the majority of its occupiers, with 69.1% remaining in occupation at lease expiry and 76.5% with a break arising in the year not exercised.

In total, there were 54 lease renewals on 0.5 million sq ft of space during the year. The renewals resulted in an average uplift of 22.2% above the previous passing rent and 8.5% above the ERV.

Notable lease renewals in the year included:

- a ten-year renewal, with no breaks, at Walton Road Industrial Estate, Stone. The agreement reflects an 18.6% uplift to previous rent paid, with a headline rent of £260,100 per annum or £6.32 per sq ft;
- a seven-year renewal, with a break at year three, at Queenslie Park, Glasgow to a large international telecommunications company for 13,100 sq ft of space, at an uplift of 30.6%;
- a ten-year lease renewal, with a break at year five at Units 1 & 2 Rossendale Industrial Estate in Burnley. The new lease generates total rent of £114,000 per annum and is 39.0% ahead of the previous rent; and
- a five-year renewal with a break after year three at Linkway Industrial Estate, Middleton. The agreed rent is £240,000 and is 50.6% ahead of the previous rent and 24.3% ahead of ERV.

Development activity

We look to extract value from unused or underutilised land, either on or adjacent to the Group's estates. This will enable us to create new assets for the portfolio at a yield ahead of acquiring similar pre-existing investment, while also accelerating the ongoing improvement in the portfolio's sustainability characteristics, for example by building to high energy efficiency standards. The Company's investment policy limits investment in development activity to 15% of GAV at the time of purchase and we will not build new space without first achieving a pre-let on at least some of the proposed space or de-risking the project in a similar alternative manner.

We made good progress with our plans at Radway 16, Crewe. As noted above, the Group completed the acquisition of 16 adjoining acres during the year, giving us full control of 41 acres which have planning consent for 803,000 sq ft of warehouse space. We are taking steps to secure vacant possession of the site and to undertake enabling works, such as demolition, realignment of the estate roads and installing enhanced utility services.

Having exchanged contracts on a further 60 greenfield acres adjoining Radway 16, in November 2021 we submitted a hybrid planning application for what will become phase two. This comprises a detailed application in respect of highways and landscaping and outline particulars for 1,020,000 sq ft of additional warehouse space. Securing this consent has the potential for a material uplift in value for the total site, with an anticipated completed investment value in the region of £300.0 million. In addition, the Group has exchanged contracts to acquire a further small adjoining plot, which will enable us to make more efficient use of the overall site. In parallel with the planning process, we have been exploring options for funding and building out part of the scheme.

At Queenslie Park, Glasgow, our proposal to develop underutilised plots is at the more detailed planning stage, with the Group working on the site's ecological conditions, landscaping and transportation conditions. On the construction side, the retained professional team are working up the scheme's detailed design. In parallel, we have advanced the pre-lettings strategy to de-risk the development. Overall, the project is on track to break ground in the coming year, producing up to 235,000 sq ft of modern, sustainable industrial space.

At Nexus Industrial Estate, Knowsley, the Group owns two parcels of land with outline consent for roadside use and a 30,000 sq ft warehouse. The Group has signed agreements for lease for a petrol filling station operator on the roadside site and for the warehouse, which enabled us to submit detailed planning and reserved matters respective applications in the second half of the year. The proposed leases are for 25 and 12 years, thereby increasing the estate's overall WAULT and improving the quality of income. The development also enhances the estate's ESG credentials through the provision of new and efficient warehouse space and delivers marriage value.

Portfolio analysis

The acquisitions and asset management activity during the year contributed to the portfolio valuation of £1,012.0 million at the year end (31 March 2021: £792.8 million), across a total of 8.5 million sq ft of space (31 March 2021: 8.5 million sq ft).

The table below analyses the portfolio as at 31 March 2022:

	Value (£'m)	Occupancy by ERV %	NIY (%)	NRY (%)	WAULT to expiry	WAULT to break	Average rent (£ per sq ft)	Capital value (£ per sq ft)
Regional distribution	176.9	100.0%	3.7%	4.0%	8.1	7.8	5.12	128.17
Last Mile	135.4	83.5%	3.6%	5.4%	6.6	4.9	5.11	111.96
Multi-let 100k sqft +	399.0	95.7%	4.7%	5.4%	4.7	3.6	5.47	100.72
Multi-let Less than 100k sqft	201.7	92.7%	5.4%	6.1%	5.4	3.8	6.34	101.01

Total	**913.0**	**93.7%**	**4.5%**	**5.3%**	**5.6**	**4.5**	**5.56**	**106.81**
Development land	99.0							
Total	**1,012.0**							

At the year end, the contracted rent roll for the investment portfolio, which excludes development property and land, was £44.0 million, compared with the ERV of £51.5 million. In addition, the Group had contracted rent of £0.4 million from development property. Total contracted rents increased by 3.0% on a like-for-like basis. The NIY of the investment portfolio was 4.5% at 31 March 2022, with a reversionary yield of 5.3%.

The WAULT for the investment portfolio stood at 5.6 years at the year end (31 March 2021: 5.8 years), with acquisitions and asset management initiatives partially offsetting the natural reduction in WAULT over time.
Occupancy across the investment portfolio was 93.7% at the year end (31 March 2021: 95.6%). Effective occupancy, which excludes units under offer to let or undergoing refurbishment, was 95.8% at the year end (31 March 2021: 98.2%), with 0.5% of the investment portfolio under offer to let and a further 1.6% undergoing refurbishment at that date.

Financial review

Performance
Rental income grew by 28.6% to £44.0 million (year ended 31 March 2021: £34.2 million), as a result of a full year of acquisitions made during the prior year, the initial contribution from assets acquired this year and underlying rental growth. EPRA like-for-like rental income rose by 3.9%.

Total property income, which includes insurance recharges, dilapidation income, service charge income and any surrender premiums, was £51.4 million (year ended 31 March 2021: £38.8 million).

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 £16.0 million (year ended 31 March 2021: £14.0 million). The Investment Advisor fee (which is based on EPRA NTA) was £6.5 million (year ended 31 March 2021: £4.4 million), primarily as a result of the strong net asset growth.

The net increase in the expected credit loss allowance was modest at £0.3 million (year ended 31 March 2021: £0.4 million), reflecting the diversity and quality of the Group’s occupiers and our close relationships with them. While some smaller occupiers did cease trading during the year, we typically have rent deposits in these cases, giving the Group some protection from bad debts.

The total cost ratio, which is the adjusted cost ratio including direct vacancy cost, was 27.1% (year ended 31 March 2021: 29.5%). This reflected the revenue growth in the year, our focus on cost control, including actively managing voids and associated costs, and the fixed or semi-fixed nature of a number of the Group's expenses. The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was also lower at 1.2% (year ended 31 March 2021: 1.4%).

There were no asset disposals in the year and hence no profit or loss on disposal (year ended 31 March 2021: £0.5 million loss).

At the year end, the Group recognised a gain of £163.7 million on the revaluation of its investment properties (year ended 31 March 2021: gain of £105.0 million).

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging). Net financing costs totalled £7.8 million in the year (year ended 31 March 2021: £6.2 million). The increase reflects increased borrowings as a result of the acquisitions completed and a small rise in the weighted average cost of debt of 50 basis points. The all-in cost of debt as at 31 March 2022 is 2.6% (year ended 31 March 2021: 2.1%).

Statutory profit before tax for the year was £191.2 million (year ended 31 March 2021: £123.1 million).

As a REIT, the Group's profits and capital gains from its property investment business are exempt from corporation tax. The corporation tax charge for the year was therefore £nil (year ended 31 March 2021: £nil).

Earnings per share ("EPS") under IFRS was 45.0 pence (year ended 31 March 2021: 35.2 pence). EPRA EPS was 6.4 pence (year ended 31 March 2021: 5.3 pence).

Dividends
The Company has declared the following interim dividends in respect of the year ended 31 March 2022:

Quarter to	Declared	Paid	Amount (pence)
30 June 2021	3 August 2021	1 October 2021	1.55
30 September 2021	9 November 2021	30 December 2021	1.55
31 December 2021	4 February 2021	1 April 2022	1.55
31 March 2022	24 May 2022	30 June 2022	1.75
Total			**6.40**

The total dividend for the year of 6.4 pence per share was ahead of the target of at least 6.2 pence and was fully covered by EPRA EPS. All four interim dividends were declared in full as property income distributions.
The cash cost of the total dividend paid during the year was £26.3 million (year ended 31 March 2021: £15.6 million).

Valuation and net asset value
The portfolio was independently valued by CBRE as at 31 March 2022, 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 £1,012.0 million (31 March 2021: £792.8 million). This represented a 19.4% like-for-like valuation increase, taking into account the total capital expenditure in the year of £7.6 million. The like-for-like valuation increase was primarily driven by yield compression, as well as income growth. The EPRA NIY was 4.0% (31 March 2021: 4.7%).

The valuation resulted in an EPRA NTA of 173.8 pence per share at the period end (31 March 2021: 135.1 pence per share). This primarily reflects the revaluation gain noted above, equivalent to 38.5 pence per share.

Debt financing and hedging
The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and transitioned from LIBOR to SONIA from July 2021.
At the start of the financial year, the facility comprised an RCF of £63.0 million, a term loan of £182.0 million and a remaining accordion of £55.0 million, giving a total facility of £245.0 million. This facility was drawn £222.0 million at 31 March 2021.
During the year we extended the RCF facility by a further £75 million to a give a total facility of £320.0 million, with £49.0 million undrawn.

As at 31 March 2022, £89.0 million was drawn against the RCF and £182.0 million against the term loan. This gave total debt of £271.0 million (31 March 2021: £222.0 million), with the Group also holding cash balances of £16.7 million (31 March 2021: £27.2 million). The LTV ratio at 31 March 2022 was therefore 25.1% (31 March 2021: 24.6%), with the increase reflecting the drawdown in the year, offset by the year-end valuation increase. The Group has two interest rate caps of £30.0 million each. They run until November 2022 and November 2023 and have respective rates of 1.50% and 1.75%, excluding lending margin. At the year end, the Group had therefore hedged the interest costs on 22.1% of its debt. There were no changes to the Group's interest rate hedging arrangements during the year.

As the portfolio grows, we continue to explore opportunities to diversify the Group's sources of debt funding, extend the average maturity of its debt and further reduce the average cost of debt.

Post year end activity
In April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs.

The Group has also completed on the disposal of Pentagon Retail Park, Ballymena for £1.8 million, 3.7% ahead of book value as at 31 March 2022.

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 or for

		sites for development into 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 7.3% of GAV.
The Group will target a portfolio with no one occupier accounting for more than 15% 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 6.8% of gross contracted rents and 7.3% 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 not speculatively develop properties, except for refurbishing or extending existing assets. Speculative developments are those which have not been at least partially leased, pre-leased or de-risked in a similar way.	✓	Other than refurbishing vacant units, the Group did not undertake any speculative development in the period.
The Group may invest directly, or through forward funding agreements or commitments, in developments (including pre-developed land), where: • the structure provides us with investment risk rather than development risk; • the development is at least partially pre-let, sold or de-risked in a similar way; and • we intend to hold the completed development as an investment asset. The Group's exposure to these developments cannot exceed 15% of gross assets at the time of purchase.	✓	The Group's exposure to developments at the year end was 9.8% of GAV.
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 2022 was 25.1%.

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

The Company has appointed Tilstone Partners Limited as Investment Advisor to the Company and the Investment Manager.

23 May 2022

PRINCIPAL RISKS AND UNCERTAININITY

Recognising and managing our risks is the key to successful delivery of our business ambitions

Managing our risk

We recognise the importance of identifying and managing both the financial and non-financial risks faced by the business, and the Board has agreed a robust risk management framework to facilitate this. The framework ensures that risk management responsibilities are allocated and those, along with the Board's appetite for risk, are clearly communicated and understood. This allows the REIT's Investment Advisor to take advantage of opportunities and make effective business decisions, within a recognised set of parameters.

Responsibilities

The Board

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

- ensuring 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 should be managed or mitigated to reduce the likelihood of their incidence or impact;
- ensuring that there is sufficient relevant, reliable and valid assurance about the mitigation of risk; and
- reviewing the disclosures to be included in the Annual Report and Accounts, to ensure that the statements made are supported by valid, relevant and reliable assurances received from the organisation.

The Audit Committee

The Audit Committee provides independent oversight of the framework, monitors principal risks, and undertakes the annual review of the Group's approach to risk management and compliance with the framework.

As the majority of the operations of the REIT are outsourced, the Board and Audit Committee must rely on representations and information in relation to the management of risk from its service providers, in particular from the Investment Advisor.

The external auditor will also provide information to the Audit Committee concerning the system of internal control and any material control weaknesses. Any significant issues are referred to the Board for consideration.

To fulfil its responsibilities the Audit Committee:

- monitors key risks and changes in risk throughout the year;
- periodically formally considers each of the principal risks, the business' mitigation strategies, and reviews assurances from both management and independent sources; and
- undertakes an annual review of the effectiveness of the risk management process, covering:
  - risk culture, and whether this culture is embedded within the organisation;
  - the operation of risk management and control systems, including the determination of those risks which are principal to the Company;
  - integration of risk management and internal control with strategy and business planning processes;
  - changes in the nature, likelihood and impact of principal risks, and the REIT's ability to respond to changes;
  - the extent, frequency and quality of the communication of the results of management's monitoring to the Board and Audit Committee in relation to risk and control;
  - any issues dealt with in reports reviewed during the year, in particular any significant control failings or weaknesses that have been identified, and the extent of the impact which they had or could have had; and
  - the effectiveness of the Company's public reporting processes.

The Investment Advisor

The Investment Advisor supports the Audit 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 Committee.

Risk culture and 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 are reliant 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 REIT has no appetite for risk in areas relating to regulatory compliance, and the health, safety and welfare of our Directors, occupiers and the wider community in which we work. We have a moderate appetite for risk in relation to activities which are directed towards driving revenues and increased financial returns for investors.

Documenting and reporting

The Group's corporate risk register is the core of the risk management process, containing an overall assessment of the risks faced by the Group together with the controls established to reduce those risks to an acceptable level.
We categorise our risks into groups, as although we recognise that they are all closely linked, in most cases these categories determine the allocation of responsibility for control, monitoring and reporting.
Our reputation is important to us, and we consider the potential for damage to reputation in the assessment of all our risks. We do not therefore include reputational risk as a category, as it underpins our approach to all risk evaluation and mitigation.

- ***Business risks*** – relating to the delivery of our business, including strategy, market, systems and processes and stakeholders.
- ***Operational risks*** - which focus on the REIT's core business, and include the composition of our portfolio, valuation, and tenancy management.
- ***Compliance risks*** - the regulatory environment in which we operate continues to develop and drive higher standards and expectations for the REIT. Compliance risk covers every aspect of our business, from listing rules, environmental rules, the requirements of the FCA, and general business regulation such as health and safety, taxation and modern slavery.
- ***Financial risks -*** arising from our strategy for the funding of business operations, including investors, joint ventures, debt and cash management, and covering market, credit and liquidity risk.

The corporate risk register is updated by the Investment Advisor throughout the year, and reports are provided to each meeting of the Audit Committee. Reports to the Audit Committee highlight changes in risk, changes to the controls in place, or changes to the evaluation of exposure of risks.

Emerging risks

A key element of our risk management process is the identification of emerging risks, to make an assessment of the potential impact on our business.

The regular risk reviews completed by the Investment Advisor specifically include review of emerging risks, and this is also part of the review by and discussions with the REIT's Audit Committee. The assessment considers:

- Is this risk relevant to the REIT'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 proactively monitor?

Our risk reviews during the year have resulted in the addition of new risks to the corporate risk register, although none of these emerging risks are currently considered to be principal risks. We have added emerging risks relating to:

- ***Development and capital programme delivery*** – the REIT has a programme of capital works to enhance the condition of existing assets, and we are also planning to commence a development programme, building new assets. The successful delivery of these programmes may be impacted by supply chain risks, including significant cost increases, availability of materials, and availability of skilled labour resources in the construction market. Our budgets and capital plans are developed to include contingency funding, and plans are stress tested to ascertain potential costs and returns in different economic conditions. Contracting arrangements will be designed to minimise the risk of variations for the REIT, but the supply chain challenges and cost increases being seen across the construction sector in the latter half of 2021 and early 2022 are increasing risk in this area.
- ***Delivering on our ESG and climate change related plans*** **–** we have invested in the development of our ESG programmes, and plans to mitigate climate change impacts, and have set challenging targets for the business. Failing to deliver on these could impact on our finances and reputation, and also impact on our current and potential occupiers. To help mitigate this risk, we have identified funding in our budgets to deliver on our ambitions, and have sought external specialist support to ensure the REIT is appropriately positioned.

Environmental, social and governance risk

The Group takes its ESG responsibilities seriously, investing time and resources to enhance knowledge and to develop and co-ordinate action plans across each of the pillars, aiming to deliver positive change and benefits as part of our day-to-day business.

We have integrated the consideration and evaluation of climate change risk within the Group-wide risk management process through the inclusion of ESG and specific climate change risks within the corporate risk register and have proactively considered ESG ambitions and their associated risks during our regular reviews. Climate change risk remains one of the Group's principal risks, as we seek to both reduce our impact on the environment and the impact of climate change on our activities, portfolio and finances.

The nature of the risks we face from climate change arise from both the physical aspects of climate change itself and also the potential for regulatory and commercial changes in the markets in which we operate. In particular, as governments seek to drive change through increasing regulation and cost for businesses (for example, changes to building standards, increased energy efficiency requirements, or the use of emission zones), there is the potential for some assets to become less attractive to occupiers, and for significant expenditure to be needed to ensure the portfolio is compliant with changing standards.

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 Committee, who consider:

- any substantial changes to principal risks;
- material changes to control frameworks in place;
- changes in risk scores;
- changes in tolerance to risk;
- any significant risk incidents arising; and
- progress with any additional mitigating actions which have been agreed.

Changes in principal risks during the year

The Audit Committee undertakes a regular and rigorous assessment of risks, particularly principal risks, throughout the year, considering external and commercial pressures and any changes arising from business activities and operations.

Based upon that assessment we have reduced the assessment of risk in relation to the Covid-19 pandemic, and no longer consider this to be a principal risk for the Group. There were no additional risks identified which are considered to be fundamental to the business, and therefore we have not added to the principal risks reported previously. However, the evaluation of exposure to some of our principal risks has changed during the year, as business pressures have changed. Our principal risks, along with mitigation strategies and an explanation of any changes from last year, are summarised below.

	Risk	Risk Mitigation	Change	Category
1	**Interest rate changes** Changes in interest rates could directly impact on our cost of capital, and indirectly may impact on market stability. Interest rates have increased, and it is expected that this will continue during the year ending 31 March 2023.	The Investment Advisor maintains detailed cash flow forecasts, which are subject to scenario testing. We have interest rate caps in place and will be revising our funding arrangements during the next 12 months, considering different financing options.	⇧ Interest rates have been extremely low for some time, but rates are rising across the market. Whilst we will be renegotiating our funding and seeking alternative financing options, increases in rates are not completely within our control. Whilst the new funding will provide the Group with the means to invest and grow the business, changes in interest rates could have an impact on returns and profitability.	Financial
2	**Impact of climate change on our portfolio** Climate change could have an increasing impact across the business. Potential impacts range from direct risk such as adverse weather affecting properties through flooding or extreme temperatures; to business impacts such as the increasing cost of utilities, general supply chain disruption, and the potential for property values to be impacted, where new building standards and materials are available elsewhere.	We have a Sustainability Committee, chaired by a Board member, which has developed and agreed our ESG strategy. This incorporates our plans to manage both our impact on the environment, and the potential impacts of climate change on the business. We have also appointed external expertise to assist us with plans and delivering to targets. Our plans include: • targets on EPC ratings for our assets; • developments to meet BREEAM or the relevant industry equivalent; and • new utility contracts to be renewables based. We are also working with our occupiers to ensure we are supporting them to meet their sustainability objectives. We are surveying our most significant occupiers to understand how we can work together to improve across a range of themes, including energy usage and wellbeing.	⬄	Business
3	**Inappropriate acquisitions, unrecognised liabilities, or breach of the investment policy** 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.	We have comprehensive governance procedures supporting acquisition decisions. These are driven by the matters reserved for the Board and delegated authority matrix, which are translated into operational processes through the acquisition protocol approved by the Board. 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's investment Committee and the Investment Manager's investment committee, and any higher risk acquisition decisions (by value or complexity) are escalated to the Board.	⬄	Operational
4	**Significant rent**	Our diverse portfolio of assets, and wide	⇩	Operational

	arrears/irrecoverable bad debt A substantial increase in our bad debt, level of arrears or slow payment could have a direct impact on cash flow and profitability and could also have an impact on average lease lengths, 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.	range of occupiers, is key to maintaining a low risk profile in relation to bad debts. We have 541 occupiers across our portfolio of 91 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. Occupiers management routines include credit control processes to identify any potential arrears problems and ensure that debt is recovered, or actions are taken at an early stage. We consider it appropriate to reduce the evaluation back to normal risk levels.	We had increased our evaluation of this risk previously, because of uncertainty around the impact of the Covid-19 pandemic and associated lockdowns. In the light of our positive collection performance over the last year, we consider it is appropriate to reduce the evaluation	
5	**Loss of REIT status** Loss of our REIT status, through failing to meet regulatory requirements or the AIM 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 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 Committee and Board.	⬄	Compliance
6	**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; and • 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	The investment strategy is set by the Board, and performance against key targets and KPIs is reviewed on an ongoing basis. The Investment Advisor and Investment Manager have the expertise required to deliver returns and have a successful track record of doing so. Significant decisions, relating to assets or occupiers follow established protocols, ensuring there is proper assessment, at the right levels. The Investment Advisor reports to the Board each quarter, with key financial and non-financial performance information, which is produced to an estate level.	⇧ The assessment has very slightly increased during the year, which we consider is related to the competition for assets increasing acquisition costs. Overall, the risk is mitigated by the increasing portfolio valuation.	Business

	investors.			
7	**Breach of loan covenants or our borrowing policy.** Our loan funding is subject to conditions, and breach of those could result in restrictions on 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' 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
8	**Poor performance of the Investment Advisor or Investment Manager** The REIT operates with an outsourced model and is reliant on the performance of its third-party service providers. In particular, poor performance of the Investment Advisor could have a significant impact on the performance of the REIT, as it is fundamental to the management and delivery of all aspects of the business.	Members of the Investment Advisor have investments in the REIT, which reduces the risk that the Investment Advisor may not fulfil its responsibilities and activities effectively. There are formal contracts in place with the Investment Advisor and Investment Manager (and other third-party service providers), setting out responsibilities and expectations. 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.	⇩ The Investment Advisor has continued to invest in staff and resources during the year, to build additional strength and depth, and to develop in-house expertise in specialist areas such as project management and data control. They have a proven track record, demonstrated by the REIT's consistently good performance.	Business

GOING CONCERN AND VIABILITY

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 had been meeting frequently, in conjunction with the Investment Advisor, to review the current uncertainties created by Covid-19, geopolitical tensions and rising inflation and interest rates, specifically rent collection, cash resources, loan facility headroom and covenant compliance, acquisitions and disposals of investment properties, discretionary and committed capital expenditure and dividend distributions.

The Group ended the year with £10.8 million of unrestricted cash and £49.0 million of headroom readily available under its facilities. An extension to the current facility has been agreed, providing the additional funding to complete on the acquisition of Bradwell Abbey, Milton Keynes. In light of the Group's objective to seek accretive acquisitions that will further raise the LTV towards our 35% target, the Group has engaged Lazard to review the current debt structure. Discussions are well progressed to develop and implement the next stage of the financing strategy, in order to provide the Group with the funding it requires to complete the other acquisition to which it is currently committed, being the forward funding development in Thame, Oxfordshire, as well as to enable it to enter into further accretive acquisitions. At the right point in time, the Group will also look to raise further equity through a share issue or placement programme. Furthermore, 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.

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 40.4% or rents by 53.4%, when compared with 31 March 2022, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 19 May 2022, 98.7% of rents invoiced in March 2022 in relation to the quarter to June 2022 were received.

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 acquisitions or discretionary capital expenditure, adverse refinancing conditions and minimum dividend distributions under the REIT rules. The Investment Advisor has prepared projections for the Group covering the going concern period to 31 May 2023, which have been reviewed by the Directors.

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.

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 May 2025, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

The principal risks detailed above 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; and
(iv) increased interest rates.

Current debt and associated covenants are summarised in note 16, with no covenant breaches during the period. 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.

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 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 the Investment Advisor. 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 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 May 2025. 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 units' 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.

On behalf of the Board

Neil Kirton
Chairman

23 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable UK law and 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 in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group 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; and
- 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.

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.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the AIM Rules and (where applicable) the Disclosure Guidance and Transparency Rules of the FCA.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with 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
- the Chairman's statement and Investment Advisor report include a fair review of the development and performance of the business and the position of the Company (and Group as a whole), together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Neil Kirton
Chairman
23 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

Continuing operations	Notes	**Year ended 31 March 2022 £'000**	Restated Year ended 31 March 2021 £'000
Gross property income	3	**48,714**	35,758
Service charge income	3	**2,682**	3,070
Service charge expense	4	**(3,011)**	(3,435)
Net property income		**48,385**	35,393
Property operating expenses	4	**(4,789)**	(4,247)
Gross profit		**43,596**	31,146
Administration expenses	4	**(8,244)**	(6,324)
Operating profit before gains on investment properties		**35,352**	24,822
Fair value gains on investment properties	13	**163,685**	105,023
Realised loss on disposal of investment properties	13	**—**	(504)
Operating profit		**199,037**	129,341
Finance income	7	**321**	26
Finance expenses	8	**(8,154)**	(6,257)
Profit before tax		**191,204**	123,110
Taxation	9	**—**	—
Total comprehensive income for the period		**191,204**	123,110
Earnings per share (basic and diluted) (pence)	12	**45.0**	35.2

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 2022

	Notes	**31 March 2022 £'000**	31 March 2021 £'000
Assets			
Non-current assets			
Investment property	13	**1,026,066**	807,063
Interest rate derivatives		**337**	16
		1,026,403	807,079
Current assets			
Cash and cash equivalents	14	**16,706**	27,185
Trade and other receivables	15	**9,849**	5,977
		26,555	33,162
Total assets		**1,052,958**	840,241
Liabilities			
Non—current liabilities			
Interest—bearing loans and borrowings	16	**(268,216)**	(219,099)
Other payables and accrued expenses	18	**(16,550)**	(17,050)
Head lease liability	17	**(14,200)**	(14,259)
		(298,966)	(250,408)
Current liabilities			
Other payables and accrued expenses	18	**(6,855)**	(7,573)
Deferred income	18	**(7,487)**	(7,531)
Head lease liability	17	**(696)**	(638)
		(15,038)	(15,742)
Total liabilities		**(314,004)**	(266,150)
Net assets		**738,954**	574,091
Equity			
Share capital	19	**4,249**	4,249
Share premium	20	**275,648**	275,648
Retained earnings	21	**459,057**	294,194
Total equity		**738,954**	574,091
Number of shares in issue (thousands)		**424,862**	424,862
Net asset value per share (basic and diluted) (pence)	22	**173.9**	135.1

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

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 23 May 2022 and signed on its behalf by:

Neil Kirton

Company number: 10880317

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2020		2,403	74,028	186,688	263,119
Total comprehensive income		—	—	123,110	123,110
Ordinary shares issued	19, 20	1,846	205,965	—	207,811
Share issue costs	20	—	(4,345)	—	(4,345)
Dividends paid	11	—	—	(15,604)	(15,604)
Balance at 31 March 2021		**4,249**	**275,648**	**294,194**	**574,091**
Total comprehensive income		**—**	**—**	**191,204**	**191,204**
Ordinary shares issued	19, 20	**—**	**—**	**—**	**—**
Share issue costs	20	**—**	**—**	**—**	**—**
Dividends paid	11	**—**	**—**	**(26,341)**	**(26,341)**
Balance at 31 March 2022		**4,249**	**275,648**	**459,057**	**738,954**

In the prior period the capital reduction reserve and retained earnings were presented separately. As both amounts represent distributable profits available to the members of the plc, the directors have made the decision to present them together as retained earnings.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 £'000**	Year ended 31 March 2021 £'000
Cash flows from operating activities			
Operating profit		**199,037**	129,341
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	13	**(163,685)**	(105,023)
Realised loss on disposal of investment properties	13	**—**	504
Head lease asset depreciation	4	**181**	134
Operating cash flows before movements in working capital		**35,533**	24,956
Increase in other receivables and prepayments		**(6,318)**	(4,173)
(Increase)/decrease in other payables and accrued expenses		**(970)**	3,415
Net cash flow generated from operating activities		**28,245**	24,198
Cash flows from investing activities			
Acquisition of investment properties		**(45,178)**	(224,803)
Capital expenditure		**(7,536)**	(1,041)
Development expenditure		**(1,133)**	(1,368)
Disposal of investment properties		**—**	15,945
Net cash used in investing activities		**(53,847)**	(211,267)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19,20	**—**	198,834
Share issuance costs paid	19	**—**	(4,345)
Bank loans drawn down	16	**49,000**	73,300
Bank loans repaid	16	**—**	(37,800)
Interest received	7	**—**	26
Loan interest and other finance expenses paid		**(6,087)**	(4,577)
Loan issue costs paid		**(392)**	(315)
Head lease payments		**(1,057)**	(748)
Dividends paid in the period	11	**(26,341)**	(15,604)
Net cash flow generated from financing activities		**15,123**	208,771
Net increase in cash and cash equivalents		**(10,479)**	21,702
Cash and cash equivalents at start of the period		**27,185**	5,483
Cash and cash equivalents at end of the period	14	**16,706**	27,185

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are admitted to trading on AIM, a market operated by the London Stock Exchange.

The Group's consolidated financial statements for the year ended 31 March 2022 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 23 May 2022.

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 2022, but is derived from those accounts. Statutory accounts for the year ended 31 March 2022 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.

2.1 Changes to accounting standards and interpretations
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 (see Going Concern for details).

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.2 Changes to accounting standards and interpretations

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 2021, which have been considered and applied as follows:

Interest Rate Benchmark Reform - Phase 2 (Amendments to various standards: IFRS 9 Financial Instruments, IAS 39 Financial Instruments; Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.) The amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The Group's borrowings have transitioned from the London Interbank Offer Rate ("LIBOR") benchmark to the Sterling Overnight Index Average ("SONIA") benchmark. There have been negligible costs involved in the borrowing facility transition and the respective hedge instrument amendments. Within Phase 2, a practical expedient was offered under B5.4.5 of IFRS 9, whereby updating the effective interest rate was possible without the needed for the Group to recognise an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transaction

2.3 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, 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:

<u>Valuation of property</u>

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 of the valuation at the current time. See notes 13 and 23 for further details.

2.4 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 2022. 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.

2.5 Restatement of financial statements

Following a review of the Group's accounting policy for recognition of service charge income, it has been identified that the nature of the arrangements with the property managers and occupiers is such that the Group is acting as the principal in respect of the provision of services. Service charge income should therefore be accounted for gross in the consolidated statement of comprehensive income. This income had previously been netted off related expenditure. The comparatives have been restated to gross up income and expenditure by £3.1 million. There is no impact on reported profit for the year ended 31 March 2021 or net assets at that date.

3. Property income

	Year ended 31 March 2022 £'000	Restated Year ended 31 March 2021 £'000
Rental income	**44,020**	34,225
Insurance recharged	**1,507**	930
Dilapidation income	**3,187**	603
Gross property income	**48,714**	35,758
Service charge income	**2,682**	3,070
Total property income	**51,396**	38,828

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 2022 £'000	Restated Year ended 31 March 2021 £'000
Service charge expenses	**3,011**	3,435
Premises expenses	**2,313**	2,326
Insurance	**1,558**	1,047
Rates	**490**	339
Utilities	**87**	136
Loss allowance on trade receivables	**341**	399
Property operating expenses	**4,789**	4,247
Investment Advisor fees	**6,484**	4,393
Directors' remuneration	**175**	150
Head lease asset depreciation	**181**	134
Other administration expenses	**1,404**	1,647
Administration expenses	**8,244**	6,324
Total	**16,044**	14,006

Details of how the Investment Advisory fees are calculated are disclosed in note 27.

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 2022 £'000	Year ended 31 March 2021 £'000
Neil Kirton	**47**	45
Lynette Lackey	**37**	35
Martin Meech	**37**	35
Aimée Pitman	**37**	35
Total	**158**	150

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 2022 £'000	Year ended 31 March 2021 £'000
Audit fee	**148**	152
Total	**148**	152

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 2022 £'000	Year ended 31 March 2021 £'000
Group year—end Annual Report and Financial Statements	**130**	122
Subsidiary accounts	**18**	30
Total	**148**	152

Non—audit fees are comprised of the following:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Tax advice	—	163
Services provided as reporting accountant on equity raise	—	45
Services provided as reporting accountant on postponed equity raise	—	13
Total	**—**	221

The Group's auditor for the year ended 31 March 2022 was BDO LLP (31 March 2021: Deloitte LLP).

7. Finance income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Income from cash and short—term deposits	—	26
Change in fair value of interest rate derivatives	**321**	—
Total	**321**	26

Accounting policy

Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income.

8. Finance expenses

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Loan interest	**5,816**	4,512
Head lease interest	**1,030**	1,016
Loan arrangement fees amortised	**898**	721
Loan arrangement fees expensed	**392**	-
Bank charges	**18**	2
	8,154	6,251
Change in fair value of interest rate derivatives	**—**	6
Total	**8,154**	6,257

Accounting policy

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are amortised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings. Fair value movements on derivatives are recorded in finance expenses or in finance income depending on the fair value movement during the year.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Corporation tax on residual income	—	—
Total	—	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax	**191,204**	123,110
Corporation tax at 19.0% (2021: 19.0%)	**36,329**	23,392
Change in value of investment properties	**(31,092)**	(19,860)
Tax—exempt property rental business	**(5,237)**	(3,532)
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.

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 2022 are as follows:

	31 March 2022 £'000	31 March 2021 £'000
Within one year	**42,364**	40,530
Between one and two years	**35,838**	35,046
Between two and three years	**27,002**	29,182
Between three and four years	**21,154**	21,625
Between four and five years	**17,058**	17,059
More than five years	**58,219**	62,818
Total	**201,635**	206,260

11. Dividends

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 01 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	**6.2**	**26,341**
Paid as:		
Property income distributions	**6.2**	**26,341**
Non—property income distributions	**—**	**—**
Total	**6.2**	**26,341**

For the year ended 31 March 2021	**Pence per share**	**£'000**
Fourth interim dividend for year ended 31 March 2020 paid on 3 July 2020	1.60	3,844
First interim dividend for year ended 31 March 2021 paid on 2 October 2020	1.55	5,880
Second interim dividend for year ended 31 March 2021 paid on 31 December 2020	1.55	5,880
Total dividends paid during the year	4.70	15,604
Paid as:		
Property income distributions	4.70	15,604
Non—property income distributions	—	—
Total	4.70	15,604

As a REIT, the Group is required to pay 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 2022 of 1.55 pence per share was declared on 4 February 2022 and paid on 1 April 2022.

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.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
IFRS earnings	**191,204**	123,110
EPRA earnings adjustments:		
Loss on disposal of investment properties	**-**	504
Fair value gains on investment properties	**(163,685)**	(105,023)
Changes in fair value of interest rate derivatives	**(321)**	6
EPRA earnings	**27,198**	18,597
Group—specific earnings adjustments:		
None	**—**	—
Adjusted earnings	**27,198**	18,597

	Year ended 31 March 2022 Pence	Year ended 31 March 2021 Pence
Basic IFRS EPS	**45.0**	35.2
Diluted IFRS EPS	**45.0**	35.2
EPRA EPS	**6.4**	5.3
Adjusted EPS	**6.4**	5.3

	Year ended 31 March 2022 Number of shares	Year ended 31 March 2021 Number of shares
Weighted average number of shares in issue (thousands)	**424,862**	349,648

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 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**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2020	433,550	16,970	450,520
Acquisition of properties	229,272	17,293	246,565
Capital expenditure	1,938	625	2,563
Disposal of properties	(16,455)	—	(16,455)
Movement in rent incentives	4,584	—	4,584
Fair value gains on revaluation of investment property	99,041	5,982	105,023
Total portfolio valuation per valuer's report	751,930	40,870	792,800
Adjustment for head lease obligations	14,263	—	14,263
Carrying value at 31 March 2021	766,193	40,870	807,063

Included within the carrying value of investment properties as at 31 March 2022 is £9.1 million (31 March 2020: £4.6 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 which revaluations are measured.

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 18 for further details.

Realised loss on disposal of investment properties

	31 March 2022 £'000	31 March 2021 £'000
Net proceeds from disposals of investment property during the year	**—**	15,951
Carrying value of disposals	**—**	(16,455)
Realised loss on disposal of investment properties	**—**	(504)

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 and no such costs were capitalised in either the year ended 31 March 2022 or the year ended 31 March 2021.

Subsequent to initial recognition, investment property is stated at fair value (see note 23). 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 17).

14. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Unrestricted cash and cash equivalents	**10,787**	21,260
Restricted cash and cash equivalents	**5,919**	5,925
Total	**16,706**	27,185

Restricted cash comprises £5.9 million (2021: £5.9 million) of cash held by the Company's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 1 April 2022 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.

15. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Rent and insurance receivables	**5,445**	4,193
Payments in advance of property completion	**2,090**	22
Occupier deposits	**535**	593
Prepayments	**198**	193
Other receivables	**1,581**	976
Total	**9,849**	5,977

The rent and insurance receivables balance represents gross receivables of £6.2 million (31 March 2021: £5.1 million), net of a provision for doubtful debts of £0.8 million (31 March 2021: £0.9 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.

16. Interest—bearing loans and borrowings

	31 March 2022 £'000	31 March 2021 £'000
At the beginning of the year	**222,000**	186,500
Drawn in the year	**49,000**	73,300
Repaid in the year	**—**	(37,800)
Interest—bearing loans and borrowings	**271,000**	222,000
Unamortised fees at the beginning of the year	**(2,901)**	(3,310)
Loan arrangement fees paid in the year	**(781)**	(363)
Amortisation charge for the year	**898**	772
Unamortised loan arrangement fees	**(2,784)**	(2,901)
Loan balance less unamortised loan arrangement fees	**268,216**	219,099

During the year, the Company transitioned all of its borrowings subject to a variable rate of interest from LIBOR to SONIA. SONIA is an overnight rate, whereas LIBOR was a term rate. SONIA is close to a risk-free measure of borrowing costs. It is compounded over a lending period to produce a backward-looking term interest rate.

From 1 January 2022, all borrowings under these agreements will attract a margin of 2.0% - 2.2% per annum above SONIA, plus a credit adjustment spread equal to 11.93 bps. It is expected that this change in risk free rate will not lead to a material change in overall borrowing costs.

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020 and comprises an RCF of £138.0 million and a term loan of £182.0 million. The facility will expire on 22 January 2025 with an option to extend the duration by a further two years, subject to lender consent. The facilities are secured on all properties within the portfolio.

As at 31 March 2022, there is £49.0 million (31 March 2021: £23.0 million) available to draw.

The loan principal is repayable in January 2025, however the facility has an option to extend for a further two years.

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.

17. 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 2022 £'000	31 March 2021 £'000
Current liabilities		
Within one year	**696**	638
Non—current liabilities		
After one year but not more than five years	**2,931**	3,268
Later than five years	**11,269**	10,991
	14,200	14,259
Total head lease obligations	**14,896**	14,897

	31 March 2022 £'000	31 March 2021 £'000
Head lease liability — opening balance	**14,897**	8,807
Cash flows	**(1,057)**	(748)
Non—cash movements		
Interest	**1,030**	1,016
Additions	**—**	6,037
Disposals	**—**	(242)
Head lease accrual	**26**	27
Head lease obligations – closing balance	**14,896**	14,897

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

	31 March 2022 £'000	31 March 2021 £'000
Current liabilities		
Within one year	**1,053**	1,031
Non—current liabilities		
After one year but not more than five years	**4,211**	4,211
Later than five years	**85,526**	86,578
Total	**90,790**	91,820

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.

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

	31 March 2022 £'000	31 March 2021 £'000
Administration expenses payable	**2,576**	1,979
Capital expenses payable	**2,042**	2,363
Loan interest payable	**1,444**	915
Property operating expenses payable	**465**	1,580
Other expenses payable	**328**	736
Total other payables and accrued expenses — current	**6,855**	7,573

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

	31 March 2022 £'000	31 March 2021 £'000
Capital expenses payable	**16,550**	17,050
Total other payables and accrued expenses – non—current	**16,550**	17,050

During the year ended 31 March 2021, the Group had exchanged contracts to acquire land for £15.0 million. The first two instalments were paid for a total of £1.5 million in the year ended 31 March 2021 with a further £1.0 million paid on 26 August 2021. Of the £12.5 million outstanding, £500,000 is due in September 2022 and is included with current capital expenses payable.

In addition, capital expenses payable includes deferred consideration of £4.5 million 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. The impact of discounting the deferred consideration balances would not be material

	31 March 2022 £'000	31 March 2021 £'000
Total deferred income	**7,487**	7,531

Accounting policy

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight—line basis over the period in which it is earned.

19. Share capital

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

Ordinary shares of £0.01 each	**31 March 2022 Number**	**31 March 2022 £'000**	31 March 2021 Number	31 March 2021 £'000
Authorised, issued and fully paid:				
At the start of the period	**424,861,650**	**4,249**	240,254,043	2,403
Shares issued	**—**	**—**	177,025,308	1,770
In specie share issue	**—**	**—**	7,582,299	76
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.

20. Share premium

Share premium comprises the following amounts:

	31 March 2022 £'000	31 March 2021 £'000
At the start of the period	**275,648**	74,028
Shares issued	**—**	197,064
In specie share issue	**—**	8,901
Share issue costs	**—**	(4,345)
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.

21. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 March 2022 £'000	31 March 2021 £'000
Capital reduction reserve	**161,149**	161,149
Total unrealised gains on investment properties	**289,378**	125,693
Total unrealised gain/(loss) on interest rate caps	**196**	(125)
Total realised profits	**76,554**	49,356
Dividends paid from revenue profits	**(68,220)**	(41,879)
Retained earnings	**459,057**	294,194

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, 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.

22. 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 2022 £'000	31 March 2021 £'000
IFRS net assets attributable to ordinary shareholders	**738,954**	574,091
IFRS net assets for calculation of NAV	**738,954**	574,091
Adjustment to net assets:		
Fair value of interest rate derivatives	**(337)**	(16)
EPRA NTA	**738,617**	574,075

	31 March 2022 Pence	31 March 2021 Pence
IFRS basic and diluted NAV per share (pence)	**173.9**	135.1
EPRA NTA per share (pence)	**173.8**	135.1

	31 March 2022 Number of shares	31 March 2021 Number of shares
Number of shares in issue (thousands)	**424,862**	424,862

23. 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.

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 fair value of the interest rate contracts is recorded in the statement of financial position and 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.

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 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**

	31 March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value	**£'000**	**£'000**	**£'000**	**£'000**
Investment properties	—	—	792,800	792,800
Interest rate derivatives	—	16	—	16
Total	—	16	792,800	792,816

1.

Explanation of the fair value hierarchy:

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

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

The following table analyses:

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

	Fair value £'000	Valuation technique	Key unobservable inputs	Range
31 March 2022				
Completed investment property	**£913,035**	**Income capitalisation**	**ERV** **Equivalent yield**	**£2.69 per sq ft — £17.50 per sq ft** **3.5% – 15.9%**
Development property and land	**£98,950**	**Comparable method/ residual method**	**Sales rate per acre**	**£300,000 - £1,750,000**
	£1,011,985			
31 March 2021				
Completed investment property	£751,930	Income capitalisation	ERV Equivalent yield	£2.44 per sq ft - £10.91 per sq ft 4.1% – 15.0%
Development property and land	£40,870	Comparable method/ residual method	Sales rate per acre	£220,000 - £710,000
	£792,800			

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:

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

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:

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)
Change in net equivalent yields of 25 basis points	(118)	126

As at 31 March 2021

Completed investment property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 5%	31,963	(42,684)
Change in net equivalent yields of 25 basis points	(37,655)	30,232

Development property and land	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in sales rate per acre of 5%	1,954	(1,954)
Change in net equivalent yields of 25 basis points	(51)	54

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £163,685,000 (31 March 2021: £105,023,000) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Group's assets and liabilities is considered to be the same as their fair value.

24. 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 £60.0 million, with £30.0 million at a strike rate of 1.50% and a termination date of 21 November 2022 and £30.0 million at a strike rate of 1.75% and a termination date of 21 November 2023.

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

	2022	2021

	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)	**(2,498)**	**2,498**	(1,850)	1,850

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 Manager monitors the occupier arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

Credit risk is not considered material.

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

	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	**10,787**	21,260
Restricted cash	**5,919**	5,925
Trade and other receivables[1]	**7,561**	5,784
Total	**24,267**	32,969

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

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:

			2022		2021
	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**	**10,787**	**10,787**	21,260	21,260
Restricted cash	**n/a**	**5,919**	**5,919**	5,925	5,925
Trade and other receivables[1]	**n/a**	**7,561**	**7,561**	5,784	5,784

Other payables and accrued expenses[2]	**n/a**	**(23,209)**	**(23,209)**	(24,271)	(24,271)
Head lease liabilities	**n/a**	**(14,896)**	**(14,896)**	(14,897)	(14,897)
Interest—bearing loans and borrowings	**n/a**	**(268,216)**	**(268,216)**	(219,099)	(219,099)
Held at fair value					
Interest rate derivatives (assets)	**2**	**337**	**337**	16	16

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

[2]Excludes VAT liability and capital expenses payable

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

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**

Year ended 31 March 2021	**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	—	3,440	4,565	231,418	—	239,423
Other payables and accrued expenses	6,221	1,000	500	16,550	—	24,271
Head lease obligations	258	773	1,052	3,159	86,578	91,820
Total	6,479	5,213	6,117	251,127	86,578	355,514

25. 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 Beaufort House, 51 New North Road, Exeter EX4 4EP.

The principal activity of all the subsidiaries relates to property investment.

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 remeasured 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.

26. 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.

27. 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 £175,000 (31 March 2021: £150,000) and at 31 March 2022, a balance of £nil (31 March 2021: £nil) was outstanding. During the year the Directors who served during the year received £1.5 million in dividend payments (31 March 2021: £0.7 million).

Greenstone Property Holdings Limited ("Greenstone") now trading as Tilstone Oxford Limited

On 16th November 2020, the Group acquired Greenstone a property company previously controlled by a member of the Group's key management personnel for £41.2 million. In March 2021 a further £0.4 million was settled in cash upon agreement of Greenstone's completion balance sheet and in January 2022 a final payment was made for £0.3 million for the early letting of a unit and as provided in the completion balance sheet.

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 £6,484,000 (31 March 2021: £4,393,000) in respect of investment management fees. As at 31 March 2022, £1,715,000 (31 March 2021: £1,319,000) was outstanding.

28. Ultimate controlling party

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

29. Notes to the statement of cash flows

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

	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2021	**219,099**	**14,897**	**233,996**
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)**
Head lease payments	**—**	**(1,057)**	**(1,058)**
Total changes from financing cash flows	**48,219**	**(1,057)**	**47,161**
Amortisation charge for the year	**898**	**—**	**898**
Head lease interest	**—**	**1,030**	**1,030**

Additions	**—**	**—**	**—**
Disposals	**—**	**—**	**—**
Accrued head lease expense	**—**	**26**	**27**
Balance as at 31 March 2022	**268,216**	**14,896**	**283,112**

	Interest-bearing loans and borrowings £'000	**Head lease liability £'000**	**Total £'000**
Balance as at 1 April 2020	183,190	8,807	191,997
Changes from financing cash flows:			
Bank loans drawn down	73,300	—	73,300
Bank loans repaid	(37,800)	—	(37,800)
Loan arrangement fees paid in the year	(363)	—	(363)
Head lease payments	—	(748)	(748)
Total changes from financing cash flows	35,137	(748)	34,389
Amortisation charge for the year	772	—	772
Head lease interest	—	1,016	1,016
Additions	—	6,037	6,037
Disposals	—	(242)	(242)
Accrued head lease expense	—	27	27
Balance as at 31 March 2021	219,099	14,897	233,996

30. Post balance sheet event

A third interim dividend in respect of the year ended 31 March 2022 of 1.55 pence per share as paid to shareholders on 1 April 2022.

A fourth interim dividend in respect of the year ended 31 March 2022 of 1.75 pence per share will be payable on to shareholders on the register on 06June 2022. The ex-dividend date will be 1 June 2022.

In April 2022, the Group exchanged contracts to acquire Bradwell Abbey Industrial Estate, Milton Keynes, for £62.0 million excluding acquisition costs. During this period, the Group has also completed on the disposal of Pentagon Retail Park, Ballymena for £1.8 million.

In May 2022, the Group extended the RCF by £25.0 million, the tenure and applicable interest rate are unchanged from the existing facility.

31. Capital Commitment

In March 2022, the Group exchanged contracts to acquire, via a forward funding agreement, a 170,000 sq ft multi-let industrial development in Thame, Oxfordshire. The developers will deliver the scheme under a fixed-price turn-key contract and the Group's total commitment is £35.0 million.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2022

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	**2022**	**2021**
EPRA EPS (pence)	Table 2	**6.4**	5.3
EPRA cost ratio (including direct vacancy cost)	Table 6	**27.1%**	29.5%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**24.3%**	26.6%
EPRA NDV per share (pence)	Table 3	**173.9**	135.1
EPRA NRV per share (pence)	Table 3	**190.0**	147.8
EPRA NTA per share (pence)	Table 3	**173.8**	135.1
EPRA NIY	Table 4	**4.0%**	4.7%
EPRA 'topped—up' net initial yield	Table 4	**4.4%**	5.2%
EPRA vacancy rate	Table 5	**6.3%**	4.4%

Table 2: EPRA income statement

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Total property income	3	**51,396**	38,828
Less: service charge income		**(2,682)**	(3,070)
Less: dilapidation income		**(3,187)**	(603)
Less: insurance recharged		**(1,507)**	(930)
Rental income		**44,020**	34,225
Property operating expenses	4	**(4,789)**	(4,247)
Service charge expenses	4	**(3,011)**	(3,435)
Add back: service charge income		**2,682**	3,070
Add back: dilapidation income		**3,187**	603
Add back: insurance recharged		**1,507**	930
Gross profit		**43,596**	31,146
Administration expenses	4	**(8,244)**	(6,324)
Adjusted operating profit before interest and tax		**35,352**	24,822
Finance income	7	**321**	26
Finance expenses	8	**(8,154)**	(6,257)
Less change in fair value of interest rate derivatives		**(321)**	6
Adjusted profit before tax		**27,198**	18,597
Tax on adjusted profit		**—**	—
Adjusted earnings		**27,198**	18,597
Weighted average number of shares in issue (thousands)		**424,862**	349,648
Adjusted EPS (pence)		**6.4**	5.3

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Adjusted earnings	**27,198**	18,597
EPRA earnings	**27,198**	18,597
Weighted average number of shares in issue (thousands)	**424,862**	349,648
EPRA EPS (pence)	**6.4**	5.3

Adjusted earnings represents earnings from operational activities. It is a key measure of the Group's underlying operational results and an indication of the extent to which current payments are supported by earnings, which ultimately underpins our dividend payments.

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 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**

As at 31 March 2021	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	792,800	792,800	792,800
Net borrowings[2]	(194,815)	(194,815)	(194,815)
Other net liabilities	(23,894)	(23,894)	(23,894)
IFRS NAV	574,091	574,091	574,091
Exclude: fair value of interest rate derivatives	—	(16)	(16)
Include: real estate transfer tax[3]	—	53,910	—
NAV used in per share calculations	574,091	627,985	574,075
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	135.1	147.8	135.1

1. Professional valuation of investment property.
2. Comprising interest—bearing loans and borrowings (excluding unamortised loan arrangement fees) of £271,000,000 (31 March 2021: £222,000,000) net of cash of £16,706,000 (31 March 2021: £27,185,000).
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 2022 £'000	**31 March 2021 £'000**
Total properties per external valuer's report	**1,011,985**	792,800
Less development property and land	**(98,950)**	(40,870)
Net valuation of completed investment property	**913,035**	751,930
Add estimated purchasers' costs[4]	**62,086**	51,131
Gross valuation of completed property including estimated purchasers' costs (A)	**975,121**	803,061
Gross passing rents[5] (annualised)	**40,605**	38,574
Less irrecoverable property costs[5]	**(1,478)**	(1,121)
Net annualised rents (B)	**39,127**	37,453
Add notional rent on expiry of rent-free periods or other lease incentives[6]	**3,376**	4,454
'Topped—up' net annualised rents (C)	**42,503**	41,907
EPRA NIY (B/A)	**4.0%**	4.7%
EPRA 'topped—up' net initial yield (C/A)	**4.4%**	5.2%

[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.

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 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 2022 £'000	31 March 2021 £'000
Annualised ERV of vacant premises (D)	**3,241**	2,054
Annualised ERV for the investment portfolio (E)	**51,479**	47,151
EPRA vacancy rate (D/E)	**6.3%**	4.4%

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 2022 £'000	Year ended 31 March 2021 £'000
Property operating expenses	**4,789**	4,247
Service charge expenses	**3,011**	3,435
Add back: service charge income	**(2,682)**	(3,070)
Add back: insurance recharged	**(1,507)**	(930)
Net property operating expenses	**3,611**	3,682
Administration expenses	**8,244**	6,324
Less ground rents[7]	**(181)**	(134)
Total cost including direct vacancy cost (F)	**11,674**	9,872
Direct vacancy cost	**(1,224)**	(980)
Total cost excluding direct vacancy cost (G)	**10,450**	8,892
Rental income	**44,020**	34,225
Less ground rents paid	**(1,058)**	(748)
Gross rental income less ground rents (H)	**42,962**	33,477
Less direct vacancy cost	**(1,224)**	(980)
Net rental income	**41,738**	32,497
Total cost ratio including direct vacancy cost (F/H)	**27.1%**	29.5%
Total cost ratio excluding direct vacancy cost (G/H)	**24.3%**	26.6%

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Total cost including direct vacancy cost (F)	**11,674**	9,872
EPRA total cost (I)	**11,674**	9,872
Direct vacancy cost	**(1,224)**	(980)
EPRA total cost excluding direct vacancy cost (J)	**10,450**	8,892

EPRA cost ratio including direct vacancy cost (I/H)	**27.1%**	29.5%
EPRA cost ratio excluding direct vacancy cost (J/H)	**24.3%**	26.6%

[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 2022 or the year ended 31 March 2021.

Table 7: Lease data

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.

As at 31 March 2021	**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:	5,327	2,450	26,064	5,859	(1,126)	38,574
ERV of leases expiring in:	7,754	2,597	31,115	6,876	(1,191)	**47,151**
Passing rent subject to review in:	7,036	4,664	23,496	4,504	(1,126)	**38,574**
ERV subject to review in:	9,467	5,066	28,507	5,302	(1,191)	**47,151**

WAULT to expiry is 5.8 years and to break is 4.7 years.

Table 8: EPRA capital expenditure

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Acquisitions[8]	**43,391**	246,565
Development spend[9]	**1,103**	625
Completed investment properties:[10]		
No incremental lettable space – like—for—like portfolio	**6,467**	1,493
No incremental lettable space — other	**—**	82
Occupier incentives	**—**	363
Total capital expenditure	**50,961**	249,128
Conversion from accruals to cash basis	**2,886**	(21,916)
Total capital expenditure on a cash basis	**53,847**	227,212

[8] Acquisitions include £30,027,000 completed investment property and £13,364,000 development property and land (2021: £229,272,000 and £17,293,000 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 2022 £'000	Year ended 31 March 2021 £'000	% Change
EPRA like—for—like rental income[11]		**28,891**	27,817	3.9%
Other[12]		**(38)**	—	
Adjusted like—for—like rental income		**28,853**	27,817	3.7%
Development lettings		**483**	591	
Properties acquired		**14,684**	5,334	
Properties sold		**-**	483	
Rental income		**44,020**	34,225	
Service charge income		**2,682**	3,070	
Dilapidation income		**3,187**	603	
Insurance recharged		**1,507**	930	
Total property income	**2**	**51,396**	38,828	

[11] Like-for-like portfolio valuation as at 31 March 2022: £586.2 million (31 March 2021: £493.5 million)

[12] Includes rent surrender premiums, back rent and other items

Table 10: Loan-to-value ("LTV") ratio

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

	Note	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Interest-bearing loans and borrowings	16	**271,000**	222,000
Cash	14	**(16,706)**	(27,185)
Net debt (A)		**254,294**	**194,815**
Total portfolio valuation per valuer's report (B)	13	**1,011,985**	792,800
LTV ratio (A/B)		**25.1%**	**24.6%**

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 2022 Pence per share	Year ended 31 March 2021 Pence per share
Opening EPRA NTA (A)		**135.1**	109.5
Movement (B)		**38.7**	25.6
Closing EPRA NTA	22	**173.8**	135.1
Dividends per share (C)	11	**6.2**	4.7
Total Accounting Return (B+C) / A		**33.2%**	**27.7%**

Table 12: Interest cover

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

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Adjusted operating profit before gains on investment properties (A)		**35,352**	24,822
Loan interest (B)	8	**5,816**	4,512
Interest cover (A/B)		**607.8%**	550.1%

Table 13: 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 2022 £'000	Year ended 31 March 2021 £'000
Administration expenses	4	**8,244**	6,324
Less head lease asset depreciation		**(181)**	(134)
Annualised ongoing charges (A)		**8,063**	6,190
Opening NAV as at 1 April		**574,091**	263,118
NAV as at 30 September		**647,366**	450,699
Closing NAV as at 31 March		**738,954**	574,091
Average undiluted NAV during the period (B)		**653,470**	429,303
Ongoing charges ratio (A/B)		**1.2%**	1.5%

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 20 September 2017

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 APM's, 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

Interest cover

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

Investment portfolio

Completed buildings and excluding development property and land

IPO

Initial public offering

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

Main Market

The premium segment of the London Stock Exchange’s Main Market

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

The Annual Report can be accessed via the Company's website at www.warehousereit.co.uk

Neither the contents of Warehouse REIT plc's website nor the contents of any website accessible from hyperlinks on the website (or any website) is incorporated into, or forms part of this announcement.

ENDS

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