



15 November 2023

### **Warehouse REIT plc**

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

## **Resilient occupier market and active asset management supports leasing momentum and valuation uplift, providing a strong platform to drive rents and earnings**

### **Neil Kirton, Chairman of Warehouse REIT commented:**

"In June we set out a plan to drive earnings by capturing portfolio reversion, selling non-core assets to reduce expensive debt and progressing Radway Green. We have made good progress. Our focus on multi-let industrials where demand is resilient and supply is tight has supported further leasing momentum; we have delivered asset sales significantly ahead of book value and strengthened the balance sheet with 88% of our debt now hedged.

"A consensus is emerging that interest rates will remain 'higher for longer' and we are managing our business accordingly. Key to this is delivering value for shareholders at Radway Green, which is a highly attractive development but not one we will undertake alone. We have therefore launched a process for a sale of the whole, or a majority, of the asset, which will enable the business to focus on what it does well – active asset management. This is also the most effective way to deliver sustainable earnings growth over the long term."

### **Portfolio valuation increase driven by ERV growth, with valuation yields stable**

- Like-for-like portfolio valuation increased 1.0% to £811.3 million (31 March 2023: £828.8 million)
  - Yields broadly flat, with like-for-like growth in estimated rental values of 2.8% benefitting from our leasing activity; expect ERV growth for the year of 5-6%
- EPRA NTA per share up 0.9% to 123.7p (31 March 2023: 122.6p) with a total accounting return of 3.5%

### **Leasing activity capturing reversion, driving rents 31.8% ahead of previous rents**

- 48 lease events over 0.5 million sq ft securing £3.4 million in contracted rent, including:
  - £0.7 million from 23 new lettings, 21.5% ahead of previous contracted rent;
  - £0.9 million from 15 renewals, 36.7% ahead of previous contracted rent; and
  - £1.8 million from 10 rent reviews, 32.4% ahead of previous contracted rent
- 1.7% like-for-like growth in contracted rents, with 11.7% portfolio reversion as at 30 September 2023
- Occupancy stable at 96.0% with c.98.0% of HY24 rent already collected
- Post period-end, a further 14 lease events over 0.7 million sq ft, 20.5% ahead of previous contracted rent taking like-for-like growth in contracted rents to 3.4% for the first seven months

### **Targeted disposal plan well progressed, capitalising on pockets of demand with sales ahead of book**

- £39.6 million of non-core asset sales completed, 20.1% ahead of March 2023 book value; generating £5.4 million of profit
- Total sales of £94.3 million since disposal plan announced in November 2022
- Evaluating options to deliver value at Radway Green, Crewe to further reduce debt
- £21.0 million of debt repaid during the period and £7.8 million allocated to value-enhancing capital expenditure initiatives

### **Robust financial performance and sound financial management**

- Operating profit up 1.5% to £17.3 million (30 Sept 2022: £17.0 million), reflecting leasing momentum and reduction in total cost ratio of 440 basis points to 23.2%
- Adjusted earnings of £9.8 million (30 Sept 2022: £11.1 million), primarily reflecting increased debt costs
- Adjusted EPS of 2.3p (30 Sept 2022: 2.6p)
- Dividend maintained at 3.2p; dividend cover expected to improve as ongoing asset management initiatives conclude; fully cash covered when profits on disposals included
- £320.0 million of debt refinanced with more favourable covenants and additional interest rate caps of £50.0 million acquired; 87.7% of debt hedged against interest rate volatility with no major refinancing until 2028
- LTV at 34.0%, with significant headroom of £35.0 million in cash and available facilities

### **Progressing our sustainability strategy**

- 64.1% of the portfolio now EPC A-C rated (31 March 2023: 60.2%)

## Financial highlights

Six months to 30 September	2023	2022
Gross property income	£23.3m	£24.1m
Operating profit before change in value of investment properties	£17.3m	£17.0m
IFRS profit/(loss) before tax	£22.0m	(£46.4m)
IFRS earnings per share	5.2p	(10.9p)
EPRA earnings per share	1.0p	2.6p
Adjusted earnings per share	2.3p	2.6p
Dividends per share	3.2p	3.2p
Total accounting return	3.5%	(9.9%)
Gross to net rental income ratio	95.1%	94.1%
Total cost ratio	23.2%	27.6%
As at	30 September 2023	31 March 2023
Portfolio valuation	£811.3m	£828.8m
IFRS net asset value	£536.8m	£528.5m
IFRS net asset value per share	126.4p	124.4p
EPRA net tangible assets ("NTA") per share	123.7p	122.6p
Loan to value ("LTV") ratio	34.0%	33.9%

## Investment portfolio statistics

As at	30 September 2023	31 March 2023
Contracted rent	£43.8m	£45.3m
ERV	£52.0m	£53.3m
Passing rent	£41.3m	£41.2m
WAULT to expiry	5.2 years	5.5 years
WAULT to first break	4.4 years	4.5 years
EPRA topped up yield	5.5%	5.5%
Equivalent yield	6.3%	6.5%
Occupancy	96.0%	95.8%

## Meeting

A meeting for professional investors and analysts will be held at 9.00am on 15 November 2023 at the offices of FTI Consulting, 200 Aldersgate, London EC1A 4HD. Registration is required for this event, please email FTI Consulting at [warehousereit@fticonsulting.com](mailto:warehousereit@fticonsulting.com) should you wish to attend.

The results presentation will also be available in the Investor Centre section of the Group's website.

## Enquiries

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Further information on Warehouse REIT is available on its website: [warehousereit.co.uk](http://warehousereit.co.uk)

## Notes

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

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

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

The Company is an alternative investment fund ("AIF") for the purposes of the AIFM Directive and as such is required to have an investment manager who is duly authorised to undertake the role of an alternative investment fund manager ("AIFM"). The AIFM and the Investment Manager is currently G10 Capital Limited (Part of the IQEQ Group).

## Forward-looking statements

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

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

## Chairman's statement

When we announced our full-year results in June, we reiterated our focus on driving earnings through capturing the reversion in our portfolio, reducing the variable rate element of our debt and delivering value at our Radway Green development in Crewe. We are pleased to be reporting good progress against these targets with 0.5 million sq ft of leasing activity, £39.6 million of asset sales completed, and a £320 million debt refinancing, extending the term and improving the covenants on our debt. Radway Green is an outstanding development opportunity but in the current environment, our focus is on extracting value from it in the near term.

Our leasing activity over the six months has generated an additional £1.2 million in rent, bringing contracted rent to £43.8 million as at 30 September 2023 with a like-for-like increase of 1.7% for the six-month period. New lettings have been achieved on average 21.5% ahead of previous rent while renewals and rent reviews were 36.7% and 32.4% ahead respectively. This is a good performance and reflects both the expertise of the Tilstone team as well as our focus on multi-let industrial space. Ours is a scarce asset class with new development constrained by a strict planning environment and with average capital values of £92.4 per sq ft well below rebuild cost, new development is rarely economic. At the same time, it appeals to a broad spectrum of occupier, from light industrial, to technology, warehousing and e-commerce. This is reflected in our occupier base which comprises businesses across a range of industries and is a key advantage from a risk diversification perspective.

We have been particularly pleased with the performance of Bradwell Abbey, Milton Keynes which we acquired 15 months ago. An undermanaged estate in an emerging economic hub, it is an excellent case study of what we do well. Following a partial refurbishment, we are now achieving top rents of c. £10 psf on the largest units ranging up to £19 psf on the smaller units; this compares to average rents of £7.89 per sq ft on acquisition. Our improvements have also increased EPC A-C rated space to 71% from 38% at acquisition.

The context for the half year has been an uncertain economic environment with perhaps some greater clarity over peak interest rates tempered by the growing 'higher for longer' perspective. Against this backdrop, we have prioritised optimising the balance sheet to enable the business to focus on its competitive advantage in asset management and with that in mind, we are evaluating our options with respect to Radway Green. With potential for over 1.8 million sq ft, this is an exceptionally well-located logistics development opportunity, just 1.5 miles from Junction 16 of the M6. We assembled the site through a series of acquisitions starting in 2017 and we achieved full planning consent during the period, making this a highly attractive opportunity for asset owners or developers with a low cost of capital. In the current environment, it would not be prudent to progress this development using our own balance sheet. In addition, the pre-let we were close to signing at the start of the period has now fallen away as the proposed occupier required the space sooner than originally envisaged. While disappointing not to be progressing this development as planned, we consider a sale of the whole or a majority of the scheme to be in the best interests of shareholders and have therefore launched a formal process to deliver this. We will update the market as appropriate.

The Board is alert to all opportunities to deleverage, but not at any price. We have completed on the sale of £39.6 million of properties since 1 April 2023, all of which are non-core or where we have successfully delivered on our asset management initiatives. Sales were on average 20.1% ahead of book value, demonstrating that there are pockets of demand for well-let and well-located industrial assets. This continuing programme of disposals not only strengthens our balance sheet, but also progresses the reshaping of our portfolio, increasing our weighting towards multi-let assets in leading industrial hubs.

## Financial performance

We reported a 1.5% increase in operating profits before interest, reflecting the impact of disposals, offset by our successful leasing activity and a fall in overall operating expenditure. However, with SONIA increasing 300 basis points since 1 October 2022, adjusted earnings per share fell 11.5% to 2.3 pence (H1 FY22: 2.6 pence).

Yields have continued to stabilise and were broadly flat in the period. ERV growth across the portfolio was 2.8%, demonstrating the continuing attraction of our assets and driving an increase of 1.0% in the like-for-like value of our portfolio to £811.3 million. EPRA NTA per share increased 0.9% to 123.7 pence (31 March 2023: 122.6 pence), contributing to a total accounting return of 3.5%. Reflecting our very strong performance in the years following IPO, our average total accounting return is 7.8% per annum.

We took further steps to optimise our capital structure in June 2023 by refinancing our previous £320 million facility and extending the tenure from January 2025 to June 2028. The new facility comprises a £220 million term loan and a £100 million revolving credit facility with a club of four lenders; HSBC, Bank of Ireland, NatWest and Santander. It was agreed with more favourable covenants, reflecting the strength of our banking relationships as well as the quality of our portfolio.

Last year, we acquired £200 million of interest rate caps, fixing SONIA at 1.5% and in November this year, we are replacing the £30 million of caps expiring this month with £50 million of caps, fixing SONIA at 2.0% and effectively hedging 87.7% of our debt.

These measures significantly reduce the risk that earnings are impacted by changes in the cost of finance, providing greater confidence in our earnings trajectory.

As at 30 September 2023, the Group's loan to value remains within our target range of 30% to 40%, at 34.0%, with £35.0 million of headroom within our new facilities.

### **Environmental, social and governance**

ESG considerations are now firmly embedded in the way we do business. Last year, we set out an annual commitment to reduce our Scope 1 and 2 emissions by 4.2%, but we also recognise that we have a key role to play in helping our occupiers to reduce their emissions. Accurately measuring Scope 3 emissions is an important first step and one we are focused on this year. Our close engagement with occupiers and the steps we have taken to introduce green leases encouraging data sharing wherever possible are already having a positive impact in this regard. We have delivered good progress on EPCs with 64% of the portfolio now rated EPC A – C by sq ft, up from 60% at the start of the period.

As previously announced, Martin Meech stepped down from the Board at the Annual General Meeting ('AGM') in September 2023. He has made a very significant contribution to our development as a listed company, and we wish him well for the future. Following a comprehensive search, Dominic O'Rourke joined the Board as a Non-Executive Director, also in September. He is currently Group Property Director for FTSE 100 retailer Next plc, a role he has held since 2014. His customer-facing experience in a sector that is key for our business will be a highly positive and complementary addition to the Board's expertise.

### **Outlook**

Since I last wrote to you, interest rate expectations have shifted. While peak rates may be in sight, the expectation is that they will remain higher for longer, which inevitably has implications for how we, and our peers, run our businesses. Successfully restructuring our debt was the key balance sheet event in the first half of the year and positions us well for the second half, where our focus is on rebuilding dividend coverage. We have a clear plan to achieve this, which includes capturing the reversion in our portfolio, actively seeking a majority partner for or sale of our Radway Green development and further reducing our finance costs through asset sales and active financial management. We have real conviction in this plan and that underpins our recommendation to pay a second interim dividend of 1.6 pence, taking the total dividend for the period to 3.2 pence, in line with last year.

The Board also believes that our focus on multi-let space in key industrial hubs in the UK is one of the best places to be in real estate. We benefit from supportive long-term trends, including online retail and supply chain resilience but we also cater for a broad range of other industries, reflecting our presence in economically relevant centres in the UK. This diversity helps protect our income and with a 'higher for longer' environment also posing challenges for our occupiers, is a key benefit of our business model. While we recognise there is an elevated risk around tenant default, we are managing that appropriately, and we do expect attractive levels of rental growth to continue across our markets albeit at a lower, more sustainable level than in prior years. Based on our recent trading, we would expect ERV growth for the year to be in the region of 5-6%.

In conclusion, we firmly believe in the quality of our assets and their potential to deliver an attractive total return over the long-term but are also examining more immediate opportunities to drive returns for shareholders. We set these priorities both as a Board and significant shareholders ourselves.

**Neil Kirton**

Chairman

14 November 2023

## Investment Advisor's report

### Overview

This was a good period for the Group from an operational perspective, with positive leasing momentum and low vacancy contributing to a solid trading performance and uplift in valuation. However, increased interest costs due to the 300 basis point increase in SONIA since 1 October 2022 resulted in an 11.5% reduction in adjusted earnings per share to 2.3p.

### FY'24 priorities

At the start of the financial year, we set ourselves four priorities. These were to:

- continue to capture the reversionary potential of the portfolio,
- dispose of further assets, to pay down the Group's floating rate debt, strengthening the balance sheet and supporting earnings;
- progress the Radway Green development scheme; and
- increase dividend cover by driving earnings through these actions.

We made good progress against the first two objectives in the period which position the Group well for improving dividend cover, our fourth objective. We are evaluating a range of options with regards to Radway Green which will enable us to make further progress on this in the coming period. More information can be found in the relevant sections below.

### Market overview

The long-term trends underpinning the wider industrial market, including the dominance of e-commerce and focus on supply chain resilience continue to play out albeit demand was more muted at the big box end of the market, with take up back to pre-Covid averages at 12.5 million sq ft for the six months to June (source: Savills). Multi-let assets increasingly attract a broad range of uses including innovation / technology, trade counters, retail, quasi-office and business storage meaning the occupier pool is more diverse and demand more resilient.

Void rates across the multi-let space have ticked up marginally over the period to 8.2% for London and the South-east and 8.7% for the rest of the UK (source: Gerald Eve) but remain well below historic averages of 9.3% and 10.8% respectively. In London and the South-east, where there is more reversion to capture and occupier covenants are strong, landlords appear happy to hold out for the right occupier rather than compromising on rents, explaining part of the increase in vacancy. Vacancy is also notably lower in the North-west, West and East Midlands at 6% or less.

For multi-let assets, where build cost per sq ft is typically above capital value, new development is uneconomic in many regions. Gerald Eve estimates that there is only 3.2 million sq ft of multi-let space under construction with at most only 0.5 million sq ft in any one region, having relatively limited impact on supply. The higher cost of finance makes profitable development highly challenging for all but those with the lowest cost of capital and Savills report that in the big box space, there have been just 22 speculative announcements in the first half of the year compared to 39 over the comparable period last year. These dynamics are supportive for long-term rental growth; multi-let ERVs are estimated to be growing at an annualised rate of 7.0% in London and the Southeast and 7.8% across the rest of the UK as at Q1 2023.

Having adjusted rapidly in the prior reporting period, industrial yields have now effectively stabilised. This has been driven by increased confidence in the prime end of the market and supported by the weight of global equity which continues to target the industrial space reflecting relatively attractive forward total return prospects at 5.8% annualised for 2023-5, ahead of retail and offices.

### Actively managing the investment portfolio

The Group is highly focused on multi-let estates, which offer more asset management opportunities than single-let assets, creating more opportunities to raise the rental tone and therefore more quickly capture the reversion created, while reducing risk by having a more diverse range of occupiers. Multi-let assets are also more flexible for occupiers, allowing them to scale up or down by taking different units on the site. At 30 September 2023, multi-let estates made up 70.4% of the portfolio by value (excluding development land). The portfolio is spread across key economic hubs such as the North-west, Midlands and Oxford-Cambridge Arc, in gateway locations with access to major arterial routes and a plentiful local labour force.

We keep the portfolio under constant review, to identify mature or non-core assets that are candidates for disposal. This allows the Group to pay down debt or redeploy the capital and better focuses the portfolio on its most attractive

opportunities. During the first half, the Group disposed of five assets for £39.6 million, overall 20.1% ahead of book value. This brings total disposals since our disposal plan was announced in November 2022 to £94.3 million.

Disposals during in the period included Dales Manor Business Park, Cambridge for £27.0 million, and smaller assets in Ipswich, Ellesmere Port, the Isle of Wight and Cardiff. The disposals were at a blended NIY of 5.3% and crystallised a profit of £5.4 million above 31 March 2023 valuations. We continue to be focused on capital recycling and expect to make further progress in the second half.

Following these disposals, the investment portfolio comprised 647 units across 8.0 million sq ft of space at the period end (31 March 2023: 693 units across 8.2 million sq ft). The table below analyses the portfolio as at 30 September 2023:

	Value (£m)	Occupancy by ERV (%)	NIY (%)	NEY (%)	Average rent (£ per sq ft)	ERV (£ per sq ft)	Capital value (£ per sq ft)
Multi-let more than 100k sq ft	367.1	94.8	5.6	6.3	5.77	6.55	89.43
Multi-let less than 100k sq ft	150.4	96.1	6.1	6.7	6.68	7.33	97.79
Single-let regional distribution	129.6	100.0	5.2	5.8	5.22	5.95	93.86
Single-let last mile	87.6	95.1	5.2	6.5	5.97	7.37	94.21
<b>Total</b>	<b>734.7</b>	<b>96.0</b>	<b>5.6</b>	<b>6.3</b>	<b>5.87</b>	<b>6.69</b>	<b>92.37</b>
Development land	76.6						
<b>Total portfolio</b>	<b>811.3</b>						

At the period-end, the contracted rent roll for the investment portfolio (excluding developments) was £43.8 million. The estimated rental value (ERV) was £52.0 million, with the difference reflecting £6.1 million of portfolio reversion and £2.1 million of potential rent on vacant space. The structure of the Group's leases supports capturing reversion, with less than 9% of leases index linked. During the period we captured £0.4 million of reversion and £0.5 million from letting vacant space with a further £0.5 million of reversion captured since 30 September 2023. More information can be found in the Leasing Activity section below. Contracted rent from development property was £0.2 million as at 30 September 2023. Total contracted rents increased by 1.7% on a like-for-like basis during the period or 4.7% in the past 12 months.

The NIY of the Investment portfolio was 5.6% at 30 September 2023, with a reversionary yield of 6.6%. The WAULT for the investment portfolio stood at 5.2 years (31 March 2023: 5.5 years).

Occupancy across the investment portfolio remained high at 96.0% at the period-end (31 March 2023: 95.8%). Effective occupancy, which excludes units under offer or undergoing refurbishment was 98.0% (31 March 2023: 98.4%), with 1.0% of the investment portfolio under offer and a further 1.0% undergoing refurbishment at that date.

### Working with occupiers

The Group has a diverse occupier base of over 440 businesses, with the top 15 accounting for 36.2% of the contracted rent roll from the investment portfolio, and the top 100 generating 77.7%. The spread of the Group's occupiers across industries and business sizes means it is not reliant on any one occupier or industry. This increases the Group's resilience and helps to mitigate financial and leasing risks.

We monitor the strength of the occupier" covenants using credit software such as Dun & Bradstreet, keeping us informed of what impact evolving macro-economic conditions are having on their business. During the period, we also ran a formal occupier survey, with responses from around 50% of major occupiers. This showed that trading conditions were the same, or better, for most respondents, although they identified rising costs as an issue. Informal discussions with occupiers also suggest that the very smallest businesses may be finding it harder to adapt to higher costs, due to lower pricing power in their markets.

Overall, the Group's occupiers appear well placed in the current environment, and we have not yet seen a rise in corporate failures or issues with rent collection escalate. As at 14 November 2023, we had collected c.98.0% of the rent due in respect of the period and we expect this to increase as we work with occupiers to collect the outstanding amounts.

### Leasing activity

The robust occupier demand described above has helped us to continue to capture reversion in the portfolio through lease renewals and new lettings. New leases were in line with ERVs, while lease renewals and rent reviews are achieving strong average uplifts against previous rental levels.

#### New leases

The Group completed 23 new leases on 0.1 million sq ft of space during the period, which will generate annual rent of £0.7 million, 21.5% ahead of the previous contracted rent and in-line with 31 March 2023 ERV. The level of incentives remained steady over the period compared to the prior period.

Highlights included new leases for:

- 20,700 sq ft at Delta Court Industrial Estate, Doncaster, to a building and DIY supplier, on a five-year lease, at a rent of £138,700 per annum, 15.7% ahead of previous contracted rent and 12.0% ahead of 31 March 2023 ERV. The letting is also the third expansion by the occupier on the estate; and
- 6,800 sq ft at Granby Industrial Estate, Milton Keynes, to an event management company, on a ten-year term at a rent of £57,400, 42.2% ahead of previous contracted rent and 6.3% above the 31 March 2023 ERV.

#### Lease renewals

The Group continues to retain the majority of its occupiers, with 79.0% remaining in occupation at lease expiry and 94.1% with a break arising in the period.

There were 15 lease renewals on 0.1 million sq ft of space during the period, generating an additional £0.2 million per annum, 36.7% above the previous passing rent, and 7.8% above the ERV.

Highlights included:

- 21,100 sq ft at South Fort Street Edinburgh, across three units, securing £200,200 of contracted rent at an average of 30.1% ahead of previous contracted rent and 5.5% ahead of 31 March 2023 ERV; and
- 12,400 sq ft at Bradwell Abbey, Milton Keynes, across four units, securing £120,000 of contracted rent at an average of 35.6% ahead of previous contracted rent and in-line with 31 March 2023 ERV.

#### Rent reviews

During the period, ten rent reviews were completed, generating an additional £0.4 million per annum, 32.4% ahead of previous rent and 12.1% ahead of the March 2023 ERV.

Highlights included:

- two leases at Chittening Industrial Estate, Bristol, which were settled at £390,000, 51.0% ahead of the previous contracted rent, and 3.2% ahead of 31 March 2023 ERV; and
- one lease at Howley Park Industrial Estate, Morley, settled at £304,500, 31.5% ahead of the previous contracted rent and 15.0% ahead of the 31 March 2022 ERV.

#### **Development activity**

Radway Green is the Group's key logistics development opportunity, in a premier location just 1.5 miles from Junction 16 of the M6 near Crewe. Targeting BREEAM Excellent, it will provide state-of-the-art, sustainable warehouse space suitable for a diverse range of occupiers.

The development has the potential to deliver 1.8 million sq ft of space, across two phases. During the period, we discharged the pre-commencement planning conditions on the 0.8 million sq ft Phase 1, allowing the contractor to start enabling and site clearance works, to create a levelled and serviced plot. The Group also achieved full planning permission on the remaining 1.0 million sq ft Phase 2 having executed the s106 requirements during the first half.

In June 2023, the Group announced that it was in discussions for a pre-let on part of Phase 1; the proposed occupier is trading very well and since that time has seen an acceleration in its timetable which cannot be accommodated at Radway Green. As a result, the pre-let has fallen away. The Group is currently evaluating a number of options to deliver value for shareholders from this scheme which include a sale of the whole, or a majority, of the asset but in any event will not progress the development alone.



## Capital expenditure

On average, the Group aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes development projects and is therefore based on GAV excluding developments. Total capital expenditure in the period was £2.2 million, equivalent to 0.3% of GAV excluding developments. At the period-end, approximately 1.0% of the portfolio's ERV was under refurbishment (31 March 2023: 1.3%). The Group's priorities when investing in the portfolio are to drive rental growth, improve EPC ratings and deliver other ESG improvements; approximately 20.0% of capex spend is typically directed towards EPC-related improvements and satisfies a minimum return of 10.0% from new capital deployed.

## Sustainability

The Group's sustainability strategy focuses on creating a resilient portfolio, reducing the Group's carbon footprint, supporting the Group's occupiers, and ensuring we have responsible business foundations. We made good progress against each part of the strategy during the first half of the financial year.

### Creating a resilient portfolio

For FY24, the Group's targets include a 25% reduction in properties with Energy Performance Certificate ("EPC") ratings of D or E. During the first half, we reduced the number of D and E ratings across the portfolio by c.10% both by number of units and by square footage (on a like-for-like basis). By the period-end, the proportion of units with A to C ratings had risen from 60.2% to 64.1%. Examples of progress include nine units at Bradwell Abbey improving to B or C ratings. In total, we completed EPC assessments on 85 units in the portfolio.

### Reducing our footprint

In the prior year, we introduced Environmental Refurbishment and Development Standards as part of our pathway to net zero. In the first half of this year, we implemented a system to track compliance with these standards.

We aim for all new utility contracts to be renewables-based and the Group's property managers have continued to implement this requirement.

### Supporting our occupiers

We continue to engage with occupiers on sustainability matters, to understand their issues and identify how we can work together to address them. We ran an in-depth occupier survey at Bradwell Abbey, Milton Keynes, which highlighted reducing energy use, LED lighting, recycling and employee wellbeing as among their key issues. In response to this, we are prioritising energy efficient initiatives as part of the Group's refurbishment programme as set out above, and we have plans for a café on the site, expected to open by Christmas. We are rolling out similar surveys at the Group's largest assets in the second half.

### Ensuring responsible business foundations

Activities during the period included a data protection audit, which confirmed that the Group is low risk as it does not hold or process any sensitive data, as well as identifying some areas for improvement.

We have also updated the Group's Modern Slavery statement and created a supplier appointment checklist, which we are integrating into the business. The checklist helps us to understand suppliers' ESG credentials and ensure they are taking appropriate measures in areas such as Modern Slavery.

We were also delighted to achieve an EPRA sBPR gold award for the third year running, confirming our continuing dedication to best practice sustainability reporting.

## Financial review

### Performance

Rental income for the period was £22.2 million (six months ended 30 September 2022: £22.9 million), reflecting asset disposals in the period and in the prior year, partially offset by EPRA like-for-like rental growth of 1.3% and a full period of ownership of Bradwell Abbey, which the Group acquired halfway through the comparator period.

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 six months were £8.7 million (six months ended 30 September 2022: £10.0 million), with the cost base benefiting from a reduction in the Investment Advisor's fee of £1.0 million and lower vacancy costs. The net increase in the expected credit loss allowance was low at £0.2 million (six months ended 30 September 2022: £0.1 million).

The total cost ratio, which is the adjusted cost ratio including direct vacancy costs, was 23.2% (six months ended 30 September 2022: 27.6%). The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was 1.4% (six months ended 30 September 2022: 1.3%).

The Group disposed of five assets in the period, resulting in a net profit on disposal of £5.4 million.

At 30 September 2023, the Group recognised a gain of £6.8 million on the revaluation of its investment properties (six months ended 30 September 2022: loss of £73.4 million), reflecting the stabilisation of yields in the period and an increase in the portfolio ERV of 2.8%.

Financing income in the period was £5.5 million (six months ended 30 September 2022: £16.0 million), including £3.7 million (six months ended 30 September 2022: £0.1 million) of interest receipts from interest rate derivatives and a £1.6 million change in the fair value of interest rate derivatives (six months ended 30 September 2022: £16.0 million).

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging). Total finance expenses were £13.0 million (six months ended 30 September 2022: £5.9 million). The increase primarily reflects the higher weighted average cost of debt, with the SONIA reference rate having increased by 300 basis points between the two periods. While the impact has been partly mitigated by the interest rate caps taken out in the previous financial year (see below), the all-in cost of debt for the period was 4.7% (six months ended 30 September 2022: 2.8%). We aim to continue to reduce the Group's variable-rate debt through further asset disposals. Finance expenses in the period also included £1.7 million relating to the accelerated amortisation of loan issue costs as a result of the debt refinancing in the period (see below).

The statutory profit before tax was £22.0 million (six months ended 30 September 2022: £46.4 million loss).

The Group has continued to comply with its obligations as a REIT and the profits and capital gains from its property investment business are, therefore, exempt from corporation tax. The corporation tax charge for the period was therefore £nil (six months ended 30 September 2022: £nil).

Earnings per share ("EPS") under IFRS was 5.2 pence (six months ended 30 September 2022: 10.9 pence loss per share). EPRA EPS was 1.0 pence (six months ended 30 September 2022: 2.6 pence). Adjusted earnings per share was 2.3 pence (six months ended 30 September 2022 (restated): 2.6 pence).

#### Dividends

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

<b>Quarter to</b>	<b>Declared</b>	<b>Paid/to be paid</b>	<b>Amount (pence)</b>
30 June 2023	31 August 2023	6 October 2023	1.6
30 September 2023	15 November 2023	29 December 2023	1.6
<b>Total</b>			<b>3.2</b>

The total dividend of 3.2 pence per share for the interim period is in line with the Group's target for the year of 6.4 pence and was 71.9% covered by adjusted EPS. Both interim dividends were property income distributions. The cash cost of the total dividend for the period will be £13.6 million (six months ended 30 September 2022: £14.0 million).

#### Valuation and net asset value

The portfolio was independently valued by CBRE as at 30 September 2023, in accordance with the internationally accepted RICS Valuation – Global Standards 2020 (incorporating the International Valuation Standards) (the "Red Book"), and the RICS Valuation – Global Standards 2021 – UK national supplement.

The portfolio valuation was £811.3 million (31 March 2023: £828.8 million), representing a 1.0% like-for-like valuation increase or 1.3% valuation increase on the investment portfolio, after taking account of capital expenditure of £7.8 million. The EPRA NIY was 5.2% (31 March 2023: 5.0%) and the EPRA topped up NIY was 5.5% (31 March 2023: 5.5%).

The valuation uplift contributed to an increase of 0.9% in the EPRA NTA to 123.7 pence per share at the period-end (31 March 2023: 122.6 pence per share).

#### Debt financing and hedging

During the period, the Group refinanced its debt facilities, extending the term and improving the covenants. The new £320.0 million facility comprises a £220.0 million term loan and a £100.0 million RCF. It replaces the Company's previous £320.0 million debt facility and extends the tenure from January 2025 to June 2028. The facility is provided by a club of four lenders: HSBC, Bank of Ireland, NatWest and Santander. The minimum interest cover is 1.5 times, compared to 2.0 times under the previous facility, and the maximum LTV has been extended from 55% to 60%. Both the term loan and the RCF attract a margin of 2.2% plus SONIA for an LTV below 40% or 2.5% if the LTV is above 40%.

At 30 September 2023, £65.0 million was drawn against the RCF and £220.0 million against the term loan. This gave total debt of £285.0 million (31 March 2023: £306.0 million), with the Group also holding cash balances of £9.5 million (31 March 2023: £25.1 million). The LTV ratio at 30 September 2023 was therefore 34.0% (31 March 2023: 33.9%). Interest cover for the period was 3.1 times, meaning the Group was substantially within the covenants in the debt facility.

At the period end, the Group had £230.0 million of interest rate caps in place, of which £200.0 million fixed SONIA at 1.5% and £30.0 million fixed SONIA at 1.75%. The £30.0 million interest rate cap is due to expire in November 2023 and has been replaced since the period end by a further cap of £50.0 million, which fixes SONIA at 2.0% until November 2026.

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 period-end activity**

The Group completed a further 14 lease events over 0.7 million sq ft, securing £4.1 million, 20.5% ahead of previous contracted rent. Driven by a lease renewal of 71,000 sq ft at Kingsland Grange, 42.3% ahead of prior rent, and a 500,000 sq ft rent review, settled at £2.8m, 12.0% ahead of prior rent.

### **Principal risks and uncertainties**

The principal risks facing the Group are documented on pages 60 to 64 of the Annual Report for the year ended 31 March 2023. Since then, the Board has continued its regular review of risks and emerging risks, including detailed consideration of those risks that are most material to the Group and are recorded as its principal risks.

During the period the Board has agreed an additional principal risk, relating to the potential impact of a general economic downturn on the warehouse market. This was already recognised as one of the Group's business risks, but the Board considers that changing economic conditions make it appropriate to now consider this as one of the Group's principal risks.

### **Financial risks**

- Changes in interest rates could directly impact our cost of capital, and indirectly may impact market stability.
- It may become more difficult to raise funding through equity, debt, or asset disposals, which may impact the Group's ability to finance its activities and deliver growth.

### **Business risks**

- Returns may not be in line with our plans and forecasts, for example because of an inappropriate investment strategy, poor delivery of the strategy, or reduced capital valuations or rental income.
- The Group depends on the performance of its third-party service providers, in particular the Investment Advisor, and poor delivery by these providers could impact on the REIT's performance.
- Climate change may have an increasing impact across the business, including adverse weather events, increasing utility costs, and the potential for property values to be impacted.
- A general economic downturn may have an impact on the warehouse market, as current occupiers may struggle to cover costs if business contracts; and potential occupiers may be less likely to seek additional space or higher quality buildings.

### **Operational risks**

- A substantial increase in bad debts, arrears or slow payment could have a direct impact on cash flow and profitability. It could also negatively impact average lease lengths, void levels and costs, resulting in reducing portfolio returns.
- Inappropriate acquisitions could also 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.

## Compliance risks

- Loss of REIT status, through failing to meet regulatory requirements or the Listing Rules, would have a significant impact on the Group's reputation and the financial returns for investors.
- Breaching the conditions of the Group's loan funding could result in restrictions to funding and activities going forward. In addition, the Board has approved and communicated the Group's borrowing policy and breaching it may risk financial and reputation damage.

## Going concern

In preparing the financial statements, we, and the Company's Board are required to assess whether the Group remains a going concern. During the period, the Group generated gross property income of £23.3 million and operating profits of £17.3 million, showing that rents would have to fall by approximately 34.7% before the business became loss-making. This is considered highly unlikely given the high occupational demand for warehouse assets, the Group's strong relationships with the broad range of occupiers across the portfolio, the level of rent collection, and the fact that the portfolio ERV exceeds the period-end contracted rent roll by 15.7%.

At the same time, the Group has a strong balance sheet, with substantial cash and headroom within its facilities at the period-end of £35.0 million. The Group has refinanced its debt facilities, extending the term by more than three years to June 2028, and at the date of this report has interest rate caps on £250.0 million of debt.

We and the Company's Board have also carefully reviewed the risk landscape and do not believe that the risks facing the Group have materially increased. As a result, we are confident that the Group remains a going concern.

## Investment Manager

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

## Investment Advisor

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

## Tilstone Partners Limited

14 November 2023

## Directors' responsibilities statement

The Directors confirm to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and give a true and fair view of the assets, liabilities, financial position and profit of the Group, as required by DTR 4.2.4R;
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the financial year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The directors of Warehouse REIT plc are listed on the company website [warehousereit.co.uk](http://warehousereit.co.uk)

By order of the Board.

Neil Kirton  
Director

14 November 2023

## Results for the six months ended 30 September 2023

### Condensed consolidated statement of comprehensive income (unaudited)

For the six months ended 30 September 2023

		Six months ended 30 September 2023	Six months ended 30 September 2022
	Notes	£'000	£'000
Continuing operations			
Gross property income	3	23,291	24,140
Service charge income	3	2,669	2,901
Service charge expense	4	(2,785)	(3,123)
Net property income		23,175	23,918
Property operating expenses	4	(2,031)	(2,341)
<b>Gross profit</b>		<b>21,144</b>	<b>21,577</b>
Administration expenses	4	(3,857)	(4,550)
<b>Operating profit before gains on investment properties</b>		<b>17,287</b>	<b>17,027</b>
Profit/(loss) on disposal of investment properties	11	5,419	(84)
Fair value gain/(loss) on revaluation of investment properties	11	6,778	(73,362)
<b>Operating profit/(loss)</b>		<b>29,484</b>	<b>(56,419)</b>
Finance income	5	5,471	16,038
Finance expenses	6	(12,986)	(5,974)
<b>Profit/(loss) before tax</b>		<b>21,969</b>	<b>(46,355)</b>
Taxation	7	–	–
<b>Total comprehensive income/(loss) for the period</b>		<b>21,969</b>	<b>(46,355)</b>
EPS (basic and diluted) (pence)	10	5.2	(10.9)

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

**Condensed consolidated statement of financial position (unaudited)**

As at 30 September 2023

		<b>30 September</b>	31 March
		<b>2023</b>	2023
	Notes	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	11	<b>822,410</b>	842,269
Interest rate derivatives	15	<b>11,064</b>	7,387
		<b>833,474</b>	849,656
<b>Current assets</b>			
Investment property held for sale	12	<b>2,750</b>	625
Cash and cash equivalents	13	<b>9,542</b>	25,053
Trade and other receivables	14	<b>15,135</b>	9,258
Interest rate derivatives	15	<b>150</b>	–
		<b>27,577</b>	34,936
<b>Total assets</b>		<b>861,051</b>	884,592
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	<b>(281,015)</b>	(304,093)
Head lease liability	17	<b>(13,871)</b>	(14,320)
Other payables and accrued expenses	18	<b>–</b>	(11,300)
		<b>(294,886)</b>	(329,713)
<b>Current liabilities</b>			
Other payables and accrued expenses	18	<b>(20,781)</b>	(18,584)
Deferred income	18	<b>(7,546)</b>	(7,115)
Head lease liability	17	<b>(990)</b>	(705)
		<b>(29,317)</b>	(26,404)
<b>Total liabilities</b>		<b>(324,203)</b>	(356,117)
<b>Net assets</b>		<b>536,848</b>	528,475
<b>Equity</b>			
Share capital	19	<b>4,249</b>	4,249
Share premium		<b>275,648</b>	275,648
Retained earnings		<b>256,951</b>	248,578
<b>Total equity</b>		<b>536,848</b>	528,475
Number of shares in issue (thousands)		<b>424,862</b>	424,862
NAV per share (basic and diluted) (pence)	20	<b>126.4</b>	124.4

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

**Condensed consolidated statement of changes in equity (unaudited)**

For the six months ended 30 September 2023

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2022		4,249	275,648	459,057	738,954
Total comprehensive loss		–	–	(46,355)	(46,355)
Dividends paid	9	–	–	(14,021)	(14,021)
Balance at 30 September 2022		4,249	275,648	398,681	678,578
<b>Balance at 1 April 2023</b>		<b>4,249</b>	<b>275,648</b>	<b>248,578</b>	<b>528,475</b>
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>21,969</b>	<b>21,969</b>
<b>Dividends paid</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>(13,596)</b>	<b>(13,596)</b>
<b>Balance at 30 September 2023</b>		<b>4,249</b>	<b>275,648</b>	<b>256,951</b>	<b>536,848</b>

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

**Condensed consolidated statement of cash flows (unaudited)**

For the six months ended 30 September 2023

	<b>Six months ended 30 September 2023 £'000</b>	Six months ended 30 September (Restated) 2022 £'000
<b>Cash flows from operating activities</b>		
Operating profit/(loss)	29,484	(56,419)
<b>Adjustments to reconcile profit/(loss) for the period to net cash flows:</b>		
(Profit)/loss from change in fair value of investment properties	(6,778)	73,362
Realised (profit)/loss on disposal of investment properties	(5,419)	84
Head lease asset depreciation	217	91
<b>Operating cash flows before movements in working capital</b>	<b>17,504</b>	17,118
Increase in other receivables and prepayments	(6,155)	(4,980)
(Decrease)/increase in other payables and accrued expenses	(2,596)	2,086
<b>Net cash flows generated from operating activities</b>	<b>8,753</b>	14,224
<b>Cash flows from investing activities</b>		
Acquisition of investment properties	(5,560)	(66,375)
Capital expenditure	(3,710)	(1,582)
Development expenditure	(5,012)	(2,847)
Purchase of interest rate caps	(2,181)	–
Interest received	3,188	1
Disposal of investment properties	38,458	4,603
<b>Net cash generated from/(used in) investing activities</b>	<b>25,183</b>	(66,200)
<b>Cash flows from financing activities</b>		
Bank loans drawn down	306,000	65,000
Bank loans repaid	(327,000)	–
Loan interest and other finance expenses paid	(10,000)	(3,968)
Other finance expenses paid	(99)	–
Loan issuance fees	(4,223)	–
Head lease payments	(529)	(526)
Dividends paid in the period	(13,596)	(14,020)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(49,447)</b>	46,486
<b>Net decrease in cash and cash equivalents</b>	<b>(15,511)</b>	(5,490)
Cash and cash equivalents at the start of the period	25,053	16,706
<b>Cash and cash equivalents at the end of the period</b>	<b>13 9,542</b>	11,216

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



## Notes to the condensed consolidated financial statements (unaudited)

For the six months ended 30 September 2023

### 1. General information

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

### 2. Basis of preparation

These interim condensed consolidated unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the United Kingdom.

These interim condensed consolidated unaudited financial statements should be read in conjunction with the Company's last financial statements for the year ended 31 March 2023. These interim condensed consolidated unaudited financial statements do not include all of the information required for a complete set of annual financial statements prepared in accordance with IFRS as adopted by the UK; however, they have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 March 2023 and selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Company's financial position and performance since the last financial statements.

The financial statements have been prepared under the historical cost convention, except for investment property and interest rate derivatives, which have been measured at fair value. The interim financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The financial information contained within these interim results does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the six months ended 30 September 2023 have not been either audited or reviewed by the Company's Auditor. The information for the year ended 31 March 2023 has been extracted from the latest published Annual Report and Financial Statements, which has been filed with the Registrar of Companies. The Auditor reported on those accounts; its report was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future, for a period of not less than 12 months from the date of this report. 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.

#### 2.1 Changes to accounting standards and interpretations

There were several new standards and amendments to existing standards, which are required for the Group's accounting period beginning on 1 April 2023, which have been considered and applied as follows:

- amendments to IAS 1 Presentation of Financial Statements; and
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

#### 2.2 Significant accounting judgements and estimates

The preparation of these financial statements in accordance with IAS 34 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 an 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, management has made the following estimate, which has the most significant risk of material change to the carrying value of assets recognised in the consolidated financial statements:

##### Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards 2020 (incorporating the International Valuation Standards), in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property and the land values per acre for development properties. The valuers have considered the impact of climate change and that this has not had a material impact on the valuation at the current time. See notes 11 and 21 for further details.

### **2.3 Restatement of financial statements**

Following a review of the gross service charge income recognised for the six months ended 30 September, it was noted that there was an inconsistency in the methodology prescribed in the previous year's annual financial statements. The comparative service charge income and expenditure have been updated to reflect this, with no change to net property income previously recognised.

In addition, during the six months ended 31 March 2023, the licence fee previously levied over the land at Radway Green, Crewe was renegotiated to commence upon construction of the site. The comparative adjusted earnings have been updated to reflect the change in negotiations.

### **2.4 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Annual Report and Financial Statements for the year ended 31 March 2023.

#### *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 30 September 2023. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year-end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

#### *Functional and presentation currency*

The 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.

#### *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.

#### *Derivative financial instruments*

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

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

### 3. Property income

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 (Restated) £'000
Rental income	22,245	22,941
Insurance recharged	854	827
Dilapidation income	192	372
<b>Gross property income</b>	<b>23,291</b>	<b>24,140</b>
Service charge income	2,669	2,901
<b>Total property income</b>	<b>25,960</b>	<b>27,041</b>

### 4. Property operating and administration expenses

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 (Restated) £'000
<b>Service charge expenses</b>	<b>2,785</b>	<b>3,123</b>
Premises expenses	922	953
Insurance	829	926
Rates	70	228
Utilities	35	103
Loss allowance on trade receivables	175	131
<b>Property operating expenses</b>	<b>2,031</b>	<b>2,341</b>
Investment Advisor's fees	2,820	3,804
Head lease asset depreciation	120	91
Directors' remuneration (including social security costs)	86	87
Other administration expenses	831	568
<b>Administration expenses</b>	<b>3,857</b>	<b>4,550</b>
<b>Total</b>	<b>8,673</b>	<b>10,014</b>

### 5. Finance income

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 £'000
Interest receivable on derivatives	3,697	74
Change in fair value of interest rate derivatives	1,646	15,963
Income from cash and short-term deposits	128	1
<b>Total</b>	<b>5,471</b>	<b>16,038</b>

### 6. Finance expenses

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 £'000
Loan interest	10,857	4,850
Accelerated loan arrangement fees	1,688	–
Head lease interest	473	515
Loan arrangement fees amortised	457	527
Other finance costs	99	80
Bank charges	3	2
	<b>13,577</b>	<b>5,974</b>
Less: amounts capitalised on the development of properties	(591)	–
<b>Total</b>	<b>12,986</b>	<b>5,974</b>

The interest capitalisation rate for the six months ended 30 September 2023 was 4.7%.

## 7. Taxation

Corporation tax has arisen as follows:

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 £'000
Corporation tax on residual income for current period	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

Reconciliation of tax charge to profit before tax:

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 £'000
Profit/(loss) before tax	21,969	(46,355)
Corporation tax at 25.0% (2022: 19.0%)	5,492	(8,807)
Change in value of investment properties (including gain/(loss) on disposal)	(3,049)	13,939
Change in value of interest rate derivatives	(412)	(3,033)
Tax-exempt property rental business	(2,031)	(2,099)
<b>Total</b>	<b>–</b>	<b>–</b>

## 8. 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 4.4 years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2023 are as follows:

	30 September 2023 £'000	31 March 2023 £'000
Within one year	40,218	42,033
Between one and two years	33,818	33,340
Between two and three years	27,222	26,998
Between three and four years	22,362	22,360
Between four and five years	18,907	18,457
Between five and ten years	29,164	34,394
More than ten years	21,979	19,607
<b>Total</b>	<b>193,670</b>	<b>197,189</b>

## 9. Dividends

Six months ended 30 September 2023	Pence per share	£'000
Third interim dividend for year ended 31 March 2023 paid on 3 April 2023	1.60	6,798
Fourth interim dividend for year ended 31 March 2023 paid on 7 July 2023	1.60	6,798
<b>Total dividends paid during the period</b>	<b>3.20</b>	<b>13,596</b>
Paid as:		
Property income distributions	3.20	13,596
Ordinary dividends	–	–
<b>Total</b>	<b>3.20</b>	<b>13,596</b>

Six months ended 30 September 2022	Pence per share	£'000
Third interim dividend for year ended 31 March 2022 paid on 1 April 2022	1.55	6,585

Fourth interim dividend for year ended 31 March 2022 paid on 30 June 2022	1.75	7,436
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<b>Total dividends paid during the period</b>	<b>3.30</b>	<b>14,021</b>
Paid as:		
Property income distributions	3.30	14,021
Ordinary dividends	–	–
<b>Total</b>	<b>3.30</b>	<b>14,021</b>

As a REIT, the Company is required to pay PIDs equal to at least 90% of the property rental business profits of the Group.

The Company declared a first interim dividend for the year ending 31 March 2023 of 1.60 pence per share on 31 August 2023, which was paid on 6 October 2023. The dividend was paid in full as a property income distribution.

## 10. 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.

	<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022 (Restated)
	<b>£'000</b>	£'000
<b>IFRS earnings/(loss)</b>	<b>21,969</b>	(46,355)
EPRA earnings adjustments:		
Interest from derivatives	<b>(3,697)</b>	(74)
(Gain)/loss on disposal of investment properties	<b>(5,419)</b>	84
Fair value (gains)/losses on investment properties	<b>(6,778)</b>	73,362
Changes in fair value of interest rate derivatives	<b>(1,646)</b>	(15,963)
<b>EPRA earnings</b>	<b>4,429</b>	11,054
Interest from derivatives	<b>3,697</b>	74
Accelerated amortisation of loan issue costs	<b>1,688</b>	–
<b>Adjusted earnings</b>	<b>9,814</b>	11,128

The adjusted earnings per share reflects our ability to generate earnings from our portfolio.

The Company has also included an additional earnings measure called 'Adjusted Earnings' and 'Adjusted EPS'. Adjusted Earnings and Adjusted EPS is based on EPRA's Best Practices Recommendations and recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Company's floating interest rate exposure.

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

The comparative adjusted earnings have been restated due to the renegotiation of the licence fee previously levied over Radway Green, Crewe.

	<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022
	<b>Pence</b>	Pence
Basic IFRS EPS	<b>5.2</b>	(10.9)
Diluted IFRS EPS	<b>5.2</b>	(10.9)
EPRA EPS	<b>1.0</b>	2.6
Adjusted EPS (restated)	<b>2.3</b>	2.6

	<b>30</b>	30
	<b>September</b>	September
	<b>2023</b>	2022
	<b>Number of</b>	Number of
	<b>shares</b>	shares
Weighted average number of shares in issue (thousands)	<b>424,862</b>	424,862

Please see table 2 of the supplementary notes for details on the calculation of adjusted earnings.

#### 11. UK investment property

	<b>Completed investment property</b>	<b>Development property and land</b>	<b>Total investment property</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment property valuation brought forward as at 1 April 2023	<b>752,485</b>	<b>75,660</b>	<b>828,145</b>
Acquisition of properties	–	–	–
Capital expenditure	<b>2,170</b>	<b>5,602</b>	<b>7,772</b>
Disposal of properties	<b>(29,289)</b>	<b>(3,125)</b>	<b>(32,414)</b>
Assets transferred to held for sale	<b>(2,750)</b>	–	<b>(2,750)</b>
Movement in rent incentives	<b>974</b>	–	<b>974</b>
Fair value gains/(loss) on revaluation of investment property	<b>8,330</b>	<b>(1,552)</b>	<b>6,778</b>
<b>Total portfolio valuation per valuer's report</b>	<b>731,920</b>	<b>76,585</b>	<b>808,505</b>
Adjustment for head lease obligations	<b>13,905</b>	–	<b>13,905</b>
<b>Carrying value at 30 September 2023</b>	<b>745,825</b>	<b>76,585</b>	<b>822,410</b>

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

#### Realised loss on disposal of investment property

	<b>30</b>	30
	<b>September</b>	September
	<b>2023</b>	2022
	<b>£'000</b>	£'000
Net proceeds from disposals of investment property during the period	<b>38,458</b>	4,603
Carrying value of disposals	<b>(33,039)</b>	(4,687)
<b>Realised loss on disposal of investment property</b>	<b>5,419</b>	(84)

#### 12. Investment properties held for sale

	<b>Completed Investment property</b>	<b>Development property and land</b>	<b>Total Investment property</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment property held for sale			
Carrying value at 31 March 2023	625	–	625
Disposal of properties	(625)	–	(625)
Assets transferred in	2,750	–	2,750
<b>Carrying value at 30 September 2023</b>	<b>2,750</b>	<b>–</b>	<b>2,750</b>

#### 13. Cash and cash equivalents

	30 September 2023 £'000	31 March 2023 £'000
Unrestricted cash and cash equivalents	9,542	18,990
Restricted cash and cash equivalents	–	6,063
<b>Total</b>	<b>9,542</b>	<b>25,053</b>

#### 14. Trade and other receivables

	30 September 2023 £'000	31 March 2023 £'000
Rent and insurance receivables	7,819	3,952
Payments in advance of property completion	2,139	2,080
Interest receivable on derivatives	1,687	1,050
Prepayments	1,057	191
Occupier deposits	643	698
Other receivables	1,790	1,287
<b>Total</b>	<b>15,135</b>	<b>9,258</b>

The rent and insurance receivables balance represent gross receivables of £8.1 million (31 March 2023: £4.2 million), net of a provision for doubtful debts of £0.3 million (31 March 2023: £0.2 million).

#### 15. Interest rate derivatives

	30 September 2023 £'000	31 March 2023 £'000
At the start of the period	7,387	337
Additional premiums paid and accrued	2,181	10,926
Changes in fair value of interest rate derivatives	1,646	4,850
Interest rate derivative premium payable	–	(8,726)
<b>Balance at the end of the period</b>	<b>11,214</b>	<b>7,387</b>
Current asset	150	–
Non-current asset	11,064	7,387
<b>Balance at the end of the period</b>	<b>11,214</b>	<b>7,387</b>

To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group entered into interest rate derivatives against movements in SONIA. The instruments have a combined notional value of £230.0 million with £200.0 million at a strike rate of 1.50% and the remaining £30 million at a strike rate of 1.75%. The £30.0 million instrument has a termination date of 20 November 2023, £100.0 million has a termination date of 20 July 2025 and £100.0 million has a termination date of 20 July 2027.

#### 16. Interest-bearing loans and borrowings

	30 September 2023 £'000	31 March 2023 £'000
At the beginning of the period	306,000	271,000
Drawn in the period	306,000	65,000
Repaid in the period	(327,000)	(30,000)
<b>Interest-bearing loans and borrowings</b>	<b>285,000</b>	<b>306,000</b>
Unamortised fees at the beginning of the period	(1,907)	(2,784)
Loan arrangement fees paid in the period	(4,223)	(175)
Amortisation charge for the period	2,145	1,052
<b>Unamortised loan arrangement fees</b>	<b>(3,985)</b>	<b>(1,907)</b>
<b>Loan balance less unamortised loan arrangement fees</b>	<b>281,015</b>	<b>304,093</b>

On 2 June 2023, the Company entered into a new £320.0 million facility, replacing the Company's previous £320.0 million debt facility and extends the tenure from January 2025 to June 2028. It comprises a £220.0 million term loan and a £100.0 million revolving credit facility ("RCF") with a club of four lenders; HSBC, Bank of Ireland, NatWest, and Santander. The minimum interest cover is 1.5 times compared to 2.0 times under the previous facility and the maximum LTV has been extended to 60% from 55%. Both the term loan and the RCF attract a margin of

2.2% plus SONIA for an LTV below 40% or 2.5% if above. The Company has £230.0 million of interest rate caps in place, of which £200.0 million fixes SONIA at 1.5% and the remaining £30.0 million fixes SONIA at 1.75%. The facilities are secured on all properties within the portfolio.

As at 30 September 2023, there is £35.0 million (31 March 2023: £14.0 million) available to draw.

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

### 17. Head lease obligations

The following table analyses the minimum lease payments under non-cancellable finance leases using an average discount rate of 6.91%:

	30 September 2023 £'000	31 March 2023 £'000
<b>Current liabilities</b>		
Within one year	990	705
<b>Non-current liabilities</b>		
After one year but not more than five years	2,975	2,975
Later than five years	10,896	11,345
Non-current head lease obligations	13,871	14,320
<b>Total</b>	<b>14,861</b>	<b>15,025</b>

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

	30 September 2023 £'000	31 March 2023 £'000
Loan interest payable	4,547	3,691
Administration expenses payable	2,571	2,170
Capital expenses payable	12,623	3,864
Other expenses payable	683	3,504
Property operating expenses payable	357	855
Deferred consideration payable	–	4,500
<b>Other payables and accrued expenses – current</b>	<b>20,781</b>	<b>18,584</b>

	30 September 2023 £'000	31 March 2023 £'000
Capital expenses payable	–	11,300
<b>Other payables and accrued expenses – non-current</b>	<b>–</b>	<b>11,300</b>

	30 September 2023 £'000	31 March 2023 £'000
Deferred income	7,546	7,115
<b>Deferred income</b>	<b>7,546</b>	<b>7,115</b>

During the year ended 31 March 2021, the Group exchanged contracts to acquire land for £15.0 million. The first three instalments were paid for a total of £2.5 million to the year ended 31 March 2022 with an additional £1.5 million paid during the year ended 31 March 2023 and £1.0 million in the period ended 30 September 2023. The final instalment of £10.3 million is due to be paid on 1 September 2024.

### 19. Share capital

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

	30 September 2023		31 March 2023	
	Number	£'000	Number	£'000
Ordinary shares of £0.01 each				
Authorised, issued, and fully paid:				
At the start of the period	424,861,650	4,249	424,861,650	4,249
<b>Balance at the end of the period</b>	<b>424,861,650</b>	<b>4,249</b>	<b>424,861,650</b>	<b>4,249</b>



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. Net asset value per share

Basic NAV per share is 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.

	<b>30</b>	31
	<b>September</b>	March
	<b>2023</b>	2023
	<b>£'000</b>	£'000
IFRS net assets attributable to ordinary shareholders	<b>536,848</b>	528,475
IFRS net assets for calculation of NAV	<b>536,848</b>	528,475
Adjustment to net assets:		
Fair value of interest rate derivatives (see note 15)	<b>(11,214)</b>	(7,387)
<b>EPRA NTA</b>	<b>525,634</b>	521,088

	<b>30</b>	31
	<b>September</b>	March
	<b>2023</b>	2023
	<b>£'000</b>	£'000
<b>IFRS basic and diluted NAV per share (pence)</b>	<b>126.4</b>	124.4
<b>EPRA NTA per share (pence)</b>	<b>123.7</b>	122.6

	<b>30</b>	31
	<b>September</b>	March
	<b>2023</b>	2023
	<b>Number of</b>	Number of
	<b>shares</b>	shares
Number of shares in issue (thousands)	<b>424,862</b>	424,862

## 21. 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 between 2.2% and 2.5% above SONIA.

### Interest rate derivatives

The fair value of the interest rate cap contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial. The fair value is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year-end.

### Investment properties

Six-monthly valuations of the investment properties are performed by CBRE, an accredited independent external valuer 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, who appraise these every six months.

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

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional

judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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

The following tables show an analysis of the fair values of investment properties recognised in the statement of financial position by level of the fair value hierarchy

<b>30 September 2023</b>				
<b>Assets and liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment properties and assets held for sale	–	–	811,255	811,255
Interest rate derivatives	–	11,214	–	11,214
<b>Total</b>	–	<b>11,214</b>	<b>811,255</b>	<b>822,469</b>

  

<b>31 March 2023</b>				
Assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investment properties	–	–	828,770	828,770
Interest rate derivatives	–	7,387	–	7,387
<b>Total</b>	–	<b>7,387</b>	<b>828,770</b>	<b>836,157</b>

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.

**30 September 2023**

	Fair value £'000	Valuation technique	Key Unobservable inputs	Range
Completed investment property	734,428	Income capitalisation	ERV	£2.38 per sq ft–£12.71 per sq ft
			Equivalent yield	5.1%–20.7%
Development property and land	76,827	Comparable method/ residual method	Sales rate per acre	£200,000–£700,000
	<b>811,255</b>			

**31 March 2023**

	Fair Value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	753,110	Income capitalisation	ERV	£2.38 per sq ft–£17.50 per sq ft
			Equivalent yield	5.03%–19.77%

Development property and land	75,660	Comparable method/ residual method	Sales rate per acre	£200,000–£925,000
828,770				

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 exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft per annum) 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.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a gain of £6,778,000 (six months to 30 September 2022: loss of £73,362,000) and are presented in the condensed 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 the same as their fair value.

## 22. 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 for the period totalled £86,360 (six months to 30 September 2022: £87,280) and as at 30 September 2023, a balance of £nil (31 March 2023: £nil) was outstanding. The Directors who served during the period received £0.8 million in dividend payments (30 September 2022: £0.8 million).

### **Investment Advisor**

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager 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 Group, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Company up to £500 million, then at a lower rate of 0.9% thereafter.

During the period, the Group incurred £2,819,726 (30 September 2022: £3,803,682) in respect of the Investment Advisor's fees. £1,436,000 (31 March 2023: £1,529,000) was outstanding as at the period-end date.

### **Subsidiaries**

As at 30 September 2023, the Company owned directly or indirectly a 100% controlling stake in Tilstone Holdings Limited, Tilstone Warehouse Holdco Limited, Tilstone Industrial Warehouse Limited, Tilstone Retail Warehouse Limited, Tilstone Industrial Limited, Tilstone Retail Limited, Tilstone Trade Limited, Tilstone Basingstoke Limited, Tilstone Glasgow Limited, Tilstone Radway Limited, Tilstone Chesterfield Limited, Tilstone Liverpool Limited, Warehouse 1234 Limited, Tilstone Property Holdings Limited, and Tilstone Oxford Limited.

Tilstone Property Holdings Limited has applied to the Registrar of Companies to be voluntary struck off and dissolved, it is expected that this process will complete on 19 November 2023.

## 23. Ultimate controlling party

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

## 24. Post balance sheet events

A second interim dividend of 1.6 pence per share in respect of the year ended 31 March 2024 will be paid full PID on 29 December 2023 to shareholders on the register on 1 December 2023.

## Supplementary notes

### For the six months ended 30 September 2023

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

**Table 1: EPRA performance measures summary**

		<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022
EPRA EPS (pence)	Table 2	<b>1.0</b>	2.6
EPRA cost ratio (including direct vacancy cost)	Table 6	<b>23.2%</b>	27.6%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	<b>22.2%</b>	24.5%

  

		<b>30 September 2023</b>	31 March 2023
EPRA NDV per share (pence)	Table 3	<b>126.4</b>	124.4
EPRA NRV per share (pence)	Table 3	<b>136.7</b>	135.9
EPRA NTA per share (pence)	Table 3	<b>123.7</b>	122.6
EPRA NIY	Table 4	<b>5.2%</b>	5.0%
EPRA ‘topped-up’ net initial yield	Table 4	<b>5.5%</b>	5.5%
EPRA vacancy rate	Table 5	<b>4.0%</b>	5.0%
EPRA LTV	Table 10	<b>33.6%</b>	36.5%

**Table 2: EPRA income statement and earnings performance measures**

	<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022 (Restated)
	<b>£'000</b>	£'000
Total property income	<b>25,960</b>	27,041
Less: service charge income	<b>(2,669)</b>	(2,901)
Less: dilapidation income	<b>(192)</b>	(372)
Less: insurance recharged	<b>(854)</b>	(827)
<b>Rental income (A)</b>	<b>22,245</b>	22,941
Property operating expenses	<b>(2,031)</b>	(2,341)
Service charge expenses	<b>(2,785)</b>	(3,123)
Add back: service charge income	<b>2,669</b>	2,901
Add back: dilapidation income	<b>192</b>	372
Add back: insurance recharged	<b>854</b>	827
<b>Adjusted gross profit (B)</b>	<b>21,144</b>	21,577
Administration expenses	<b>(3,857)</b>	(4,550)
<b>Adjusted operating profit before interest and tax</b>	<b>17,287</b>	17,027
Finance income	<b>5,471</b>	16,038
Finance expenses	<b>(12,986)</b>	(5,974)
Add back: accelerated amortisation of loan issue costs	<b>1,688</b>	–
Less change in fair value of interest rate derivatives	<b>(1,646)</b>	(15,963)
<b>Adjusted profit before tax</b>	<b>9,814</b>	11,128
Tax on adjusted profit	<b>–</b>	–
Adjusted earnings	<b>9,814</b>	11,128
Less: interest from derivatives	<b>(3,697)</b>	(74)
Less: accelerated amortisation of loan issue costs	<b>(1,688)</b>	–
<b>EPRA earnings</b>	<b>4,429</b>	11,054
<b>Weighted average number of shares in issue (thousands)</b>	<b>424,862</b>	424,862
<b>Adjusted EPS (pence)</b>	<b>2.3</b>	2.6
<b>Weighted average number of shares in issue (thousands)</b>	<b>424,862</b>	424,862
<b>EPRA EPS (pence)</b>	<b>1.0</b>	2.6

<b>Gross to net rental income ratio (B/A)</b>	<b>95.1%</b>	94.1%
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The adjusted earnings per share reflects our ability to generate earnings from our portfolio.

The Company has also included an additional earnings measure called 'Adjusted Earnings' and 'Adjusted EPS'. Adjusted Earnings and Adjusted EPS is based on EPRA's Best Practices Recommendations and recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Company's floating interest rate exposure.

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

The comparative adjusted earnings have been restated due to the renegotiation of the licence fee previously levied over Radway Green, Crewe.

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

EPRA publishes Best Practices Recommendations ("BPR") for financial disclosures by public real estate companies. EPRA net disposal value ("NDV"), EPRA net reinvestment value ("NRV") and EPRA net tangible assets ("NTA").

EPRA NTA is considered to be the most relevant measure for Warehouse REIT's operating activities. A reconciliation of the three EPRA NAV metrics from IFRS NAV is shown in the table below.

	<b>EPRA NDV £'000</b>	<b>EPRA NRV £'000</b>	<b>EPRA NTA £'000</b>
<b>As at 30 September 2023</b>			
Total properties <sup>1</sup>	811,255	811,255	811,255
Net borrowings <sup>2</sup>	(275,458)	(275,458)	(275,458)
Other net liabilities	1,051	1,051	1,051
<b>IFRS NAV</b>	<b>536,848</b>	<b>536,848</b>	<b>536,848</b>
Exclude: fair value of interest rate derivatives	–	(11,214)	(11,214)
Include: real estate transfer tax <sup>3</sup>	–	55,165	–
<b>NAV used in per share calculations</b>	<b>536,848</b>	<b>580,799</b>	<b>525,634</b>
Number of shares in issue (thousands)	424,862	424,862	424,862
<b>NAV per share (pence)</b>	<b>126.4</b>	<b>136.7</b>	<b>123.7</b>

	<b>EPRA NDV £'000</b>	<b>EPRA NRV £'000</b>	<b>EPRA NTA £'000</b>
<b>As at 31 March 2023</b>			
Total properties <sup>1</sup>	828,770	828,770	828,770
Net borrowings <sup>2</sup>	(280,947)	(280,947)	(280,947)
Other net liabilities	(19,348)	(19,348)	(19,348)
<b>IFRS NAV</b>	<b>528,475</b>	<b>528,475</b>	<b>528,475</b>
Exclude: fair value of interest rate derivatives	–	(7,387)	(7,387)
Include: real estate transfer tax <sup>3</sup>	–	56,356	–
<b>NAV used in per share calculations</b>	<b>528,475</b>	<b>577,444</b>	<b>521,088</b>
Number of shares in issue (thousands)	424,862	424,862	424,862
<b>NAV per share (pence)</b>	<b>124.4</b>	<b>135.9</b>	<b>122.6</b>

1. Professional valuation of investment property.

2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £285,000,000 (31 March 2023: £306,000,000) net of cash of £9,542,000 (31 March 2023: £25,053,000).

3. EPRA NTA and EPRA NDV reflect IFRS values that 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 purchasers' costs are included.

**Table 4: EPRA net initial yield**

	<b>30</b>	31 March
	<b>September</b>	
	<b>2023</b>	2023
	<b>£'000</b>	£'000
Total properties per external valuer's report	<b>811,255</b>	828,770
Less development property and land	<b>(76,585)</b>	(75,660)
<b>Net valuation of completed properties</b>	<b>734,670</b>	753,110
Add estimated purchasers' costs <sup>1</sup>	<b>49,574</b>	51,211
<b>Gross valuation of completed properties including estimated purchasers' costs (A)</b>	<b>784,244</b>	804,321
Gross passing rents <sup>2</sup> (annualised)	<b>41,328</b>	41,241
Less irrecoverable property costs <sup>2</sup>	<b>(680)</b>	(1,279)
<b>Net annualised rents (B)</b>	<b>40,648</b>	39,962
Add notional rent on expiry of rent-free periods or other lease incentives <sup>3</sup>	<b>2,511</b>	4,068
<b>'Topped-up' net annualised rents (C)</b>	<b>43,159</b>	44,030
<b>EPRA NIY (B/A)</b>	<b>5.2%</b>	5.0%
<b>EPRA 'topped-up' net initial yield (C/A)</b>	<b>5.5%</b>	5.5%

1. Estimated purchasers' costs at 6.8%.

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

3. 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-irrecoverable property costs.

**Table 5: EPRA vacancy rate**

	<b>30</b>	31
	<b>September</b>	March
	<b>2023</b>	2023
	<b>£'000</b>	£'000
Annualised ERV of vacant premises (D)	<b>2,103</b>	2,537
Annualised ERV for the investment portfolio (E)	<b>52,015</b>	50,736
<b>EPRA vacancy rate (D/E)</b>	<b>4.0%</b>	5.0%

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**

	<b>Six months</b>	Six months
	<b>ended</b>	ended
	<b>30</b>	30
	<b>September</b>	September
	<b>2023</b>	2022
	<b>£'000</b>	£'000
Property operating expenses	<b>2,031</b>	2,341
Service charge expenses	<b>2,785</b>	3,123
Add back: service charge income	<b>(2,669)</b>	(2,901)
Add back insurance recharged	<b>(854)</b>	(827)
Net property operating expenses	<b>1,293</b>	1,736
Administration expenses	<b>3,857</b>	4,550
Less ground rents <sup>1</sup>	<b>(120)</b>	(91)
<b>Total cost including direct vacancy cost (F)</b>	<b>5,030</b>	6,195
Direct vacancy cost	<b>(219)</b>	(693)

<b>Total cost excluding direct vacancy cost (G)</b>	<b>4,811</b>	<b>5,502</b>
Rental income	<b>22,245</b>	22,941
Less ground rents paid	<b>(529)</b>	(526)
<b>Gross rental income (H)</b>	<b>21,716</b>	22,415
Less direct vacancy cost	<b>(219)</b>	(693)
<b>Net rental income</b>	<b>21,497</b>	21,722
<b>Total cost ratio including direct vacancy cost (F/H)</b>	<b>23.2%</b>	27.6%
<b>Total cost ratio excluding direct vacancy cost (G/H)</b>	<b>22.2%</b>	24.5%
	<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022
	<b>£'000</b>	£'000
Total cost including direct vacancy cost (F)	<b>5,030</b>	6,195
<b>EPRA total cost including direct vacancy cost (I)</b>	<b>5,030</b>	6,195
Direct vacancy cost	<b>(219)</b>	(693)
<b>EPRA total cost excluding direct vacancy cost (J)</b>	<b>4,811</b>	5,502
<b>EPRA cost ratio including direct vacancy cost (I/H)</b>	<b>23.2%</b>	27.6%
<b>EPRA cost ratio excluding direct vacancy cost (J/H)</b>	<b>22.2%</b>	24.5%

1. 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. 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 six months ended 30 September 2023 or six months to 30 September 2022.

**Table 7: Lease data**

	Year 1	Year 2	Years 3 to 10	Year 10+	Head rents payable	Total
<b>As at 30 September 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Passing rent of leases expiring in:	<b>5,768</b>	<b>5,060</b>	<b>26,073</b>	<b>5,624</b>	<b>(1,197)</b>	<b>41,328</b>
ERV of leases expiring in:	<b>9,225</b>	<b>5,902</b>	<b>31,293</b>	<b>6,802</b>	<b>(1,206)</b>	<b>52,016</b>
Passing rent subject to review in:	<b>16,819</b>	<b>8,283</b>	<b>16,690</b>	<b>733</b>	<b>(1,197)</b>	<b>41,328</b>
ERV subject to review in:	<b>22,712</b>	<b>9,650</b>	<b>20,125</b>	<b>735</b>	<b>(1,206)</b>	<b>52,016</b>

WAULT to expiry is 5.2 years and to break is 4.4 years.

	Year 1	Year 2	Years 3 to 10	Year 10+	Head rents payable	Total
<b>As at 31 March 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Passing rent of leases expiring in:	5,812	4,327	27,533	4,773	(1,204)	41,241
ERV of leases expiring in:	9,239	5,062	33,716	6,460	(1,204)	53,273
Passing rent subject to review in:	15,782	8,522	18,139	2	(1,204)	41,241
ERV subject to review in:	21,055	10,280	23,140	2	(1,204)	53,273

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

**Table 8: Capital expenditure**

	Six months ended 30 September 2023 £'000	Year ended 31 March 2023 £'000
Acquisitions <sup>1</sup>	–	66,728
Development spend <sup>2</sup>	5,602	8,295
Completed investment properties: <sup>3</sup>		
No incremental lettable space – like-for-like portfolio	2,170	5,035
No incremental lettable space – other	–	–
Occupier incentives	–	–
<b>Total capital expenditure</b>	<b>7,772</b>	<b>80,058</b>
Conversion from accruals to cash basis	950	(1,082)
<b>Total capital expenditure on a cash basis</b>	<b>8722</b>	<b>78,976</b>

1. Acquisitions include £nil completed investment property and £nil development property and land (31 March 2023: £64,512,000 and £2,216,000 respectively).

2. Expenditure on development property and land.

3. Expenditure on completed investment properties.

**Table 9: Like-for-like rental income**

	Six months ended 30 September 2023 £'000	Six months ended 30 September 2022 £'000	£ Change £'000	% Change
<b>Like-for-like rental income<sup>1</sup></b>	<b>19,893</b>	19,632	<b>261</b>	<b>1.3%</b>
Other adjustments	252	–	252	100.0%
Adjusted like-for-like rental income	20,145	19,632	513	2.6%
Development lettings	257	169	88	52.1%
Properties acquired	1,097	571	526	92.1%
Properties sold	746	2,569	(1,823)	(71.0%)
<b>Rental income</b>	<b>22,245</b>	22,941	<b>(696)</b>	<b>(3.0%)</b>
Dilapidation income	192	372	(180)	(48.4%)
Insurance recharge	854	827	27	3.3%
Service charge income	2,669	2,901	232	8.0%
<b>Total property income</b>	<b>25,960</b>	27,041	<b>1,081</b>	<b>(4.0%)</b>

1. Like-for-like portfolio valuation as at 30 September 2023: £811.3 million (30 September 2022: £826.8 million).

**Table 10: Loan to value (“LTV”) ratio and EPRA LTV**

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

	As at 30 September 2023 £'000	As at 31 March 2023 £'000
Interest-bearing loans and borrowings	285,000	306,000
Cash	(9,542)	(25,053)
<b>Net borrowings (A)</b>	<b>275,458</b>	<b>280,947</b>
Total portfolio valuation per valuer’s report (B)	811,255	828,770
<b>LTV ratio (A/B)</b>	<b>34.0%</b>	<b>33.9%</b>



**EPRA LTV**

	<b>As at 30 September 2023</b>	As at 31 March 2023
	<b>£000</b>	£000
Interest-bearing loans and borrowings	<b>285,000</b>	306,000
Net payables	<b>5,646</b>	29,352
Cash	<b>(9,542)</b>	(25,053)
Net borrowings (A)	<b>281,104</b>	310,299
Investment properties at fair value	<b>811,255</b>	828,770
Interest rate derivatives	<b>11,214</b>	7,387
Head Lease Obligation	<b>13,905</b>	14,124
Total property value (B)	<b>836,374</b>	850,281
EPRA LTV (A/B)	<b>33.6%</b>	36.5%

**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.

	<b>Six months ended 30 September 2023</b>	Year ended 31 March 2023
	<b>Pence per share</b>	Pence per share
Opening EPRA NTA (A)	<b>122.6</b>	173.8
Movement (B)	<b>1.1</b>	(51.2)
Closing EPRA NTA	<b>123.7</b>	122.6
Dividends per share (C)	<b>3.2</b>	6.5
<b>Total accounting return (B+C)/A</b>	<b>3.5%</b>	(25.7%)

**Table 12: Ongoing charges ratio**

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

	<b>Six months ended 30 September 2023</b>	Six months ended 30 September 2022
	<b>£'000</b>	£'000
Administration expenses	<b>3,856</b>	4,550
Less: head lease asset depreciation	<b>(120)</b>	(91)
<b>Ongoing charges</b>	<b>3,736</b>	4,459
<b>Annualised ongoing charges (A)</b>	<b>7,472</b>	8,918
Opening NAV as at 1 April	<b>528,475</b>	738,954
NAV as at 30 September	<b>536,848</b>	678,578
<b>Average undiluted NAV during the period (B)</b>	<b>532,662</b>	708,766
<b>Ongoing charges ratio (A/B)</b>	<b>1.4%</b>	1.3%

## **Glossary**

### **Adjusted earnings per share (“Adjusted EPS”)**

Reflects our ability to generate earnings from our portfolio and is based on IFRS earnings excluding unrealised fair value gains on investment properties and derivatives, profit on disposal of investment properties, one off costs, divided by the weighted average number of shares in issue during the period.

### **Admission**

The admission of Warehouse REIT plc onto the premium segment of the main market of the London Stock Exchange on 12 July 2022.

### **AGM**

Annual General Meeting.

### **AIC**

The Association of Investment Companies.

### **AIFM**

Alternative Investment Fund Manager.

### **AIFMD**

The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook.

### **APM**

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

### **Company**

Warehouse REIT plc.

### **Contracted rent**

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

### **Development property and land**

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

### **Effective occupancy**

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

### **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 period.

### **EPRA guidelines**

The EPRA Best Practices Recommendations Guidelines October 2019 and the EPRA Sustainability Best Practices Recommendations Guidelines September 2017.

**EPRA like-for-like rental income growth**

The growth in rental income on properties owned throughout the current and previous period 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 LTV**

The EPRA LTV's aim is to assess the gearing of the shareholder equity within a real estate company.

**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 purchasers' costs 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.

**FTSE 250**

Capitalisation-weighted index consisting of the 101st to the 350th largest companies listed on the London Stock Exchange.

**FTSE All share**

Capitalisation-weighted index, comprising around 600 of more than 2,000 companies traded on the London Stock Exchange.

**FTSE EPRA/NAREIT Global Real Estate Index Series**

Free-float adjusted, market capitalisation-weighted index designed to track the performance of listed real estate companies in both developed and emerging countries worldwide. Constituents of the Index are screened on liquidity, size, and revenue.

**GAV**

Gross asset value.

**Gross rental income**

Rental income, less ground rents paid.

**Group**

Warehouse REIT plc and its subsidiaries.

**Gross to net rental income ratio**

Represents the net income received from the portfolio after deducting non-recoverable property costs incurred during the period.

**IASB**

International Accounting Standards Board.

**IFRS**

International Financial Reporting Standards adopted by the United Kingdom.

**IFRS earnings per share (“EPS”)**

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

**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.

**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.

**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 listing 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 that 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 full half-yearly report can be accessed via the Company's website at [warehousereit.co.uk](http://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.