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Warehouse REIT PLC
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8 November 2022

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

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Asset management and strong occupier demand underpinning resilient trading performance

Warehouse REIT, the specialist urban and 'last-mile' industrial warehouse investor, today announces its results for the six months ended 30 September 2022

Financial highlights[1]

Six months ended 30 September	**2022**	**2021**
Gross property income	£24.1m	£23.4m
Operating profit before gains on investment properties	£17.0m	£16.7m
IFRS (loss)/profit before tax	(£46.4m)	£86.4m
IFRS earnings per share	(10.9p)	20.4p
EPRA earnings per share	2.6p	3.1p
Adjusted earnings per share[2]	2.8p	3.1p
Dividends per share[3]	3.2p	3.1p
Total accounting return[4]	(9.9%)	15.1%
Total cost ratio[5]	27.6%	27.2%
As at	**30 Sept 2022**	**31 March 2022**
Portfolio valuation	£1,006.1m	£1,012.0m
IFRS net asset value	£678.6m	£739.0m
IFRS net asset value per share	159.7p	173.9p
EPRA net tangible assets per share	153.3p	173.8p
Loan to value ratio	32.3%	25.1%

- Total portfolio valued at £1,006.1 million (31 March 2022: £1,012.0 million), reflecting a like-for-like decrease (excluding acquisitions and disposals) of 6.9% comprising:
  - £918.9 million for the investment portfolio of completed assets and £87.2 million of development property and land (31 March 2022: £913.0 million and £99.0 million)
- EPRA NTA per share decreased by 11.8% to 153.3 pence (31 March 2022: 173.8 pence), driven primarily by a fall in the portfolio's valuation
- Total accounting return for the period (9.9%) (six months ended 30 September 2021: 15.1%)
- Continued strong rent collection performance, with 94.2% of rent due in relation to the period collected at 4 November 2022, with occupier covenants continuing to be monitored through the use of credit rating providers
- Strong balance sheet with bank debt of £336.0 million and cash balances of £11.2 million, resulting in a loan to value ("LTV") ratio of 32.3% (31 March 2022: 25.1%), with the increase reflecting debt funded asset acquisitions in the period and a decrease in portfolio valuation
- Short-term strategy to reduce gearing is on track through the disposal of non-income earning, non-core properties and will remain disciplined in the deployment and allocation of capital with extra caution until markets stabilise
- Acquired a further two interest rate caps of £100.0 million each for three and five years respectively, capping the SONIA rate in the debt facilities at 1.5% and together with existing two caps of £30.0 million each, ensures c.75.0% of debt is hedged against interest rate volatility
- Weighted average cost of debt was 3.6%, with no refinancing event until 2025 and an option to extend this until 2027
- Dividends totalling 3.2 pence per share paid or declared in respect of the period, in line with the full-year target of at least 6.4 pence per share. The dividends paid will be covered by cash inflows from both adjusted earnings and from realised gains on the disposal of assets
- Transfer from AIM to Main Market completed on 12 July 2022, with the shares included in the FTSE 250, All-Share and FTSE EPRA/NAREIT Global Real Estate Index Series from 19 September 2022

Operational highlights[6]

As at	**30 Sept 2022**	**31 March 2022**
Contracted rent	£46.8m	£44.0m
Passing rent	£43.7m	£40.6m
WAULT[7] to expiry	5.4 years	5.6 years
WAULT to first break	4.4 years	4.5 years
EPRA topped up yield	4.5%	4.4%

Occupancy	92.7%	93.7%

- Occupational market remains favourable despite more difficult economic conditions, with strong demand and constrained supply driving further rental growth
- Unlocked further value from the portfolio through asset management, including:
  - 50 lease events totalling 0.5 million sq ft, securing £3.3 million of rent and driving like-for-like contracted rental growth of 2.4% (H2 2022: 2.2%)
    - 20 new lettings, generating rent of £1.3 million per annum at 10.4% ahead of estimated rental value ("ERV"). The ERV across the portfolio has increased by 3.2% on a like-for-like basis
    - Renewed 15 leases, securing annual income of £0.5 million and achieving a 13.2% increase over previous contracted rents
    - Completed 15 rent reviews, generating an additional £0.3 million per annum, 23.0% ahead of previous contracted rent and 7.5% ahead of 31 March 2022 ERV
  - Investment portfolio capital expenditure of £2.1 million (six months ended 30 September 2021: £3.3 million), to drive rental and capital value growth
  - Occupancy of 92.7% (31 March 2022: 93.7%). Effective occupancy, which includes units undergoing refurbishment or under offer to let, was 95.3% (31 March 2022: 95.8%)
- WAULT of 5.4 years (31 March 2022: 5.6 years), reflecting the benefit of asset management initiatives offsetting the natural reduction in WAULT over time
- Average rent across the investment portfolio low at £5.77 per sq ft (31 March 2022: £5.60 per sq ft)
- Secured planning committee approval for a further 1.0 million sq ft of warehouse space at Radway 16, Crewe, bringing the total scheme to 1.8 million sq ft, and signed an agreement with Panattoni UK to deliver the scheme, with a Q1 2023 start date
- Acquired a multi-let industrial estate in Milton Keynes, for £62.0 million
- Disposed of two non-core assets for a combined total of £4.8 million, ahead of the 31 March 2022 valuation
- Continued to successfully implement the Group's sustainability strategy, including further improvements to Energy Performance Certificate ratings

Post period end highlights

- Completed eight lease events totalling 0.1 million sq ft, generating £0.5 million of new headline rent at 5.0% ahead of 31 March 2022 ERV. This included the settlement of an outstanding rent review at Austin Drive, Coventry, for £0.3 million, 23.9% ahead of previous contracted rent.
- Completed the disposal of seven non-core assets for a combined consideration of £13.9 million, in line with 31 March 2022 book value, and exchanged on the disposal of two further non-core assets

Neil Kirton, Chairman of Warehouse REIT, commented:

"Since the start of the period, economic conditions have changed markedly, with inflation and interest rates in the UK both rising sharply. However, the successful and consistent execution of our strategy has given us a resilient portfolio of well-located assets, a large and diverse base of occupiers and a strong financial position. The transfer from AIM to the Main Market in July was an important step for the Company and demonstrates the progress we have made since our IPO in 2017. The Board remains rigorously focused on managing risk and carefully deploying capital, and we believe we are well-placed to continue to create value for shareholders and our other stakeholders."

Andrew Bird, Managing Director of the Investment Advisor, Tilstone Partners Limited, added:

"We are looking forward with cautious optimism: the UK warehouse occupational market still remains favourable, ensuring minimal impact on the Company's trading performance, its assets are critical to occupiers and rents account for only a fraction of their total costs. The Group's portfolio also presents further opportunities to create value through active asset management, which we believe is a key differentiator, enabling us to capture the significant reversion and deliver continued earnings growth. In addition, we have continued to successfully implement our value creation strategy during the period, in particular by securing committee approval for planning at Radway 16, Crewe. This is a major milestone for the Group and will see us deliver much-needed logistics space in one of our key regional markets."

Notes

1. The Group presents adjusted earnings per share ("EPS"), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group. EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. EPRA EPS is set out in note 10. EPRA NTA is set out in note 20.

2. Adjusted earnings per share 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 and including licence fee income on development land. For detailed calculations, please refer to note 10 of the financial statements and table 2 of the unaudited supplementary notes not part of the consolidated financial information.

3. Dividends paid and declared in relation to the period, including the second interim dividend to be paid on 30 December 2022. Dividends paid during the year totalled 3.3 pence per share (six months ended 30 September 2021: 3.1 pence per share). Please refer to note 9 of the consolidated financial statements.

4. Total accounting return based on the increase in EPRA NTA per share of 153.3 pence plus dividends paid per share of 3.3 pence, as a percentage of the opening EPRA NTA of 173.8 pence per share. Please refer to table 11 of the unaudited supplementary notes.

5. Total cost ratio represents the EPRA cost ratio including direct vacancy cost but excluding one off costs. For detailed calculations, please refer to table 6 of the unaudited supplementary notes not part of the consolidated financial information.

6. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield ("NRY"), occupancy and capital expenditure in this report relate only to the investment portfolio of completed assets and exclude development property and land. Development property and land is where the whole or a material part of an estate is identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating.

7. Weighted average unexpired lease term.

Meeting

A meeting for investors and analysts will be held at 09:00 today at the offices of Peel Hunt, 100 Liverpool Street, EC2M 2AT, which can be accessed via:

https://stream.brrmedia.co.uk/broadcast/63401ea748e27c7b9f69c429

There will also be a conference call dial-in for the meeting: +44 (0) 33 0551 0200 (Participant Passcode: Quote "Warehouse REIT").

Enquiries

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

About Warehouse REIT

Warehouse REIT is a Main Market and FTSE 250 listed UK Real Estate Investment Trust that invests in and manages e-commerce urban and 'last-mile' industrial warehouse assets in strategic locations in the UK.

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

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

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

The Company's shares were admitted to trading on the Main Market of the London Stock Exchange in July 2022.

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 agree, no numbers of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this announcement should not be relied upon. Forward-looking information speaks only as of the date of this announcement.

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

Chairman's Statement

When I wrote to you six months ago, the environment in which we operate was clearly changing. The reasons for this are well documented, but war in Ukraine and substantial increases in both inflation and the cost of capital have produced the most profound shifts since we listed the Company in 2017.

In the last few weeks, however, the environment in the UK has materially changed again. The capital markets' response to the Government's recent 'mini budget' and subsequent events has seen a further increase in the risk-free rate. Where UK Government bonds settle remains to be seen, but what is certain is that the cost of borrowing has risen significantly and the outlook for valuations for all real estate businesses is less clear.

It had been apparent for some time prior to the last balance sheet date that the yield compression in our asset class was making it progressively more challenging to deploy capital into new acquisitions and our transactional activity had slowed to reflect this. This has accelerated in the first six months of the reporting period but has started to reverse in the period since, resulting in very few notable direct transactions taking place in the industrial market. This reinforces our strategic view that the nature of our returns is gradually shifting from an income orientated bias to a more mature total returns bias being more evenly balanced between income and capital appreciation.

Continued strategic and operational progress

There were several important events in the first six months, which all serve to continue our value creation.

Perhaps the most significant was the successful granting of planning consent for a further 1.0 million sq ft of warehousing at our flagship logistics park development, Radway 16, Crewe. Shareholders now own a unique site adjacent to Junction 16 of the M6 near Crewe, comprising 102 acres with planning consent for a highly sustainable 1.8 million sq ft of warehouse space.

This is a first-class example of the Tilstone team working over a number of years to create significant value today as well as the potential to realise more value in the future, all of which originated from surplus acres acquired as part of a small portfolio five years ago. We were delighted in May to sign an agreement with Panattoni to develop the asset.

Against the abovementioned backdrop, our experience of the first six months of the financial year is that the occupational market has remained extremely robust. Our management of existing assets secured £3.3 million of annualised rents, achieved at 7.8% ahead of 31 March 2022 ERV and vacancy remains low at 4.7%, excluding assets we are refurbishing or which are under offer to let. Like-for-like ERV growth in the period was 3.2%, up from the second half of last year and there remains significant reversion to be captured across the portfolio.

We have also continued to progress our ESG initiatives in the period, for example by further improving EPC ratings across the portfolio and beginning work on defining our pathway to net zero carbon. More information on this can be found in the Investment Advisor's report.

Financial performance and returns

The portfolio valuation decreased by 6.9% on a like-for-like basis over the six months, reflecting a marginal softening in valuations for the investment portfolio. The EPRA NTA per share was 153.3 pence at the period end, down from 173.8 pence at 31 March 2022.

We have paid or declared dividends of 3.2 pence per share in respect of the period, in line with our target of at least 6.4 pence per share for the year as a whole.

Throughout the period of ownership of an asset, the unrealised gains are not recognised through EPRA nor adjusted earnings. Upon the disposal these gains realised, and this year the Board wish to return part of the gain to our shareholders. Therefore, any dividends paid this year will be covered by both adjusted earnings and the realisation of gains made on disposal.

Move to the Main Market

In July we completed the move from AIM to the Premium Listing Segment of the London Stock Exchange's Main Market. We had been considering this for some time and the move primarily reflects our evolution as a company and our belief that our access to capital and the liquidity of the shares will improve as a result. Importantly, the move means we are now eligible for inclusion in important stock market indices that are followed by major investors. From 19 September 2022, the Company was added to the FTSE 250 and All-Share Indices and the FTSE EPRA/NAREIT Global Real Estate Index Series. These are significant steps for us and the move is already contributing to increased liquidity. In combination, these events will help to further broaden the shareholder base of the Company.

Ensuring appropriate financing

During the period, we were particularly focused on ensuring that our balance sheet remained correctly set, for both the needs of the business and our ability to continue generating attractive returns for our shareholders. With this in mind, we took out two interest rate caps of £100.0 million each for three and five years respectively, which cap the SONIA rates in our debt facilities at 1.5%. This was in addition to two existing interest rate caps of £30.0 million each, which run until November 2022 and November 2023 and have respective rates of 1.50% and 1.75%. Approximately 75% of our debt was hedged against interest rate volatility. This helps protect the profit and loss account from the increasing financing costs I referenced in my opening remarks. Furthermore, we will continue to reduce gearing through the disposal of non-income earning and non-core properties.

One by-product of the last few months is that, with very few exceptions, the REIT sector now trades at discounts to last stated net asset values. These discounts widened profoundly as the quarter closed. I referred to valuation uncertainty earlier and without doubt the capital markets are anticipating that, in many cases, the stated net asset values will fall to varying degrees, with the adjustment in the cap rates. This change in the way our equity is valued is a new experience for our sector. It reinforces our focus on continuing to add value to the existing portfolio of assets and ensuring that the capital structure that supports the investment is appropriate for the changed circumstances we all find ourselves in. This is always the subject of much scrutiny in our Board sessions.

The Board noted that at our most recent AGM, nearly 25% of shareholders voted against Resolution 14, which gave the Directors additional authority to disapply pre-emption rights when allotting shares to finance acquisitions or other capital investments. We have embarked on a consultation to understand more fully the concerns associated with this, but we have been clear in our disclosures, most recently in the prospectus dealing with the Main Market move and placing programme, that we will not issue new shares at a discount to the prevailing net asset value per ordinary share in accordance with Main Market listing rules. There should be no doubt about this.

Outlook

Collectively, the Board and members of the Investment Advisor's senior management team currently own approximately 27.2 million Warehouse REIT shares, further aligning our interests with the outcomes delivered for shareholders as a whole. Notwithstanding the operational successes of the period under review, we are again meeting more frequently to ensure that we rigorously manage risk (particularly financial risks in the current period) and remain very disciplined about the way we deploy and allocate capital.

Although the current environment is without doubt more challenging, we remain confident that we own attractive and well-located assets and demand for our properties will withstand a downturn. The Company's strong balance sheet and widely diversified occupier base also underpin our resilience. The portfolio continues to present opportunities to create value, including through targeted capital expenditure, and we therefore expect to make further progress with our strategy in the second half.

Neil Kirton
Chairman

7 November 2022

Investment Advisor's report

Market overview

The macroeconomic environment became more difficult as the period progressed, including higher inflation, in particular for energy costs. This may impact consumer demand in the coming months, as well as corporate profitability. However, while industrial and logistics rents have increased in recent years, on a longer-term view they have not kept up with inflation over several decades. With the average rent across the Group's portfolio being just £5.77 per sq ft as at 30 September 2022, warehouse space remains highly affordable for occupiers. Recent research from Savills also demonstrates that well-located warehouse space can drive meaningful efficiencies for occupiers, by positioning them close to customers and suppliers.

Conditions in the occupational market remain favourable for asset owners, with demand continuing to exceed constrained supply in the commercially relevant areas we target. According to Savills, in the first calendar six months of 2022, take-up of space reached a new record high of 28.6 million sq ft, 90% above the H1 average. The September quarter take up was 8.9 million sq ft, 15% above the long term Q3 average. Demand for space in Q3 was led by third-party logistics operators, but also included other major economic sectors including retail. In fact, 22% of Q3 take up was split across supermarket, manufacturing, motor and other sectors, demonstrating a wide-ranging demand for logistics space (CBRE). In addition to e-commerce, demand continues to be driven by businesses looking to add resilience to their supply chains, which can mean reshoring manufacturing or holding more stock as a buffer against supply delays and external shocks.

As at 30 September 2022, the supply of industrial and logistics space totalled 20.9 million sq ft across the UK. This equates to a vacancy rate of just 3.3%, compared with the UK average since 2015 of 5.9%. Speculative construction as at 30 September 2022 was 22.8 million sq ft, of which 14% is estimated to already be under offer. 7.1 million sq ft is to be completed in the remainder of 2022, with the balance due in 2023, although there is uncertainty around completion dates in light of continued construction supply chain disruption (Savills). While build cost inflation appears to be levelling off, higher costs will affect the development of sites with more marginal viability. Big boxes are better protected from increased build costs due to the economies of scale in their construction and there is a more limited pipeline of schemes with smaller units, which are often not viable given current land and build costs, except in select locations.

The demand and supply imbalance is leading to rising rents in key economic areas. Rental growth continued across most regions of the UK throughout Q3, according to CBRE, albeit with regional variations. Contracted rents have the scope to grow across the sector as asset owners capture the reversionary potential in their portfolios.

With rising interest rates reducing returns for debt-funded buyers, combined with greater economic uncertainty, there has been a notable reduction in private equity investment volumes in Q3 2022. On the other hand, overseas investors, benefitting from favourable exchange rates, made a noticeable contribution to the Q3 2022 investment volumes at 34%. Overall, transactions totalled £2.6 billion in Q3 2022, stable compared to the previous quarter (CBRE). In a high-inflation environment, there has been less demand for long-dated income from big boxes, where cap and collar arrangements restrict rental growth. There is evidence of softening yields, with prime distribution yields at 4.25%, moving from 3.5% in Q2 2022 (CBRE).

Acquisitions

The Group acquired one property during the period, Bradwell Abbey Industrial Estate in Milton Keynes for £62.0 million, excluding acquisition costs, strategically increasing the holding in Milton Keynes, not only in the centre of the Oxford-Cambridge arc, but also in the fastest growing city in the United Kingdom.

The multi-let industrial asset comprises 69 units across c.335,000 sq ft and is let to occupiers including Argos, F&F Stores and Taylor Kerr Engineering. The low average rent of c.£7.80 per sq ft offers good reversionary potential. We see clear opportunities to generate upside through strategic capital expenditure and working with the existing occupiers. We intend to refurbish units as they become available, improving the estate's sustainability credentials and capturing new rental levels, which will help drive rents across the estate and strengthen the covenant profile.

Disposals

The Group's asset management strategy includes an ongoing programme of disposing of mature or non-core assets, so it can redeploy the capital to generate further income growth and higher total returns. The Group disposed of two assets in the period, for gross proceeds of £4.8 million, ahead of 31 March 2022 book value and realising a profit on cost of £0.2 million.

These assets were a small estate of predominantly retail warehouses and a small single let warehouse that the Group assessed as being non-core. In November 2022, an additional seven assets were sold (see post period end activity).

The Group's portfolio remains under constant review to identify further opportunities to increase efficiency and dispose of any assets that are considered non-core or no longer provide best value opportunities for the Group.

Asset management

Working with occupiers

The Group has a large and diverse base of over 560 occupiers, spread across different industries and business sizes. The top 15 occupiers account for 35.2% of the investment portfolio's contracted rent roll, meaning the Group is not reliant on any one occupier, helping to mitigate financial and leasing risk.

We continue to actively monitor the strength of our occupiers' covenants using credit software such as Dun & Bradstreet. This software enables the Group to assess and monitor the spread of credit risk across the portfolio, reflected in the Group's robust rent collection performance.

As at 4 November 2022, we had collected 94.2% 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

Strong occupier demand and the shortage of supply in the right locations helped the Group to deliver another strong leasing performance in the period. New leases continued to exceed ERVs, whilst lease renewals and rent reviews have captured the assets' reversionary potential, with strong average uplifts against previous rental levels. As a result of these transactions, the portfolio like-for-like contracted rent increased by 2.4% across the period.

New leases

The Group completed 20 new leases on 0.2 million sq ft of space. These will generate annual rent of £1.3 million, achieved at 10.4% ahead of the ERV. The level of incentives remains steady on all multi-let estates.

Highlights included:

- Unit 23 (15,200 sq ft) at Gateway Park, Birmingham to an electronic bike and scooter company, on a new five-year term, at a rent of £7.65 per sq ft, 17.7% above the 31 March 2022 ERV; and
- 138,500 sq ft at Daimler Green, Coventry to an automotive parts manufacturer, on a ten-year term, at a rent of £623,000, 16.9% above the 31 March 2022 ERV and 25.9% ahead of previous contracted rent.

Lease renewals

The Group continues to retain the majority of its occupiers, with 68.6% remaining in occupation at lease expiry and 62.5% with a break arising in the period, including units that were vacated and re-let in the period, increasing the Group's effective retention rate to 70.6%.

In total, there were 15 lease renewals on 0.1 million sq ft of space during the period. The renewals resulted in an average uplift of 13.2% above the previous passing rent and 1.6% above the ERV.

Highlights included:

- 24,000 sq ft of lease renewals at Queenslie Park, Queenslie across six units, securing £147,700 at an average of 24.3% ahead of previous contracted rent and 10.9% ahead of 31 March 2022 ERV; and

- five year renewal at Linkway Industrial Estate, Middleton. The new lease generates total rent of £67,200 per annum and is 11.3% ahead of the previous rent and 11.2% ahead of 31 March 2022 ERV.

Rent reviews

During the period 15 rent reviews were completed, generating an additional £0.3 million per annum, 23.0% ahead of previous rent and 7.5% ahead of March 2022 ERV.

Highlights included:

- Rent reviews on two leases at Air Cargo Centre, Glasgow were settled at £440,000, 25.9% ahead of previous contracted rent and 11.8% ahead of 31 March 2022 ERV; and

- The outstanding rent review to a bathroom accessories supplier at Tewkesbury Business Park, Tewkesbury was settled at £330,000, 20.0% ahead of previous contracted rent and 9.8% ahead of 31 March 2022 ERV.

Development activity

Since 2017, we have assembled a flagship logistics park development for the Group at Radway 16, Crewe. The Group now owns 112 acres in this premier logistics location in the North West, which is less than 1.5 miles from J16 of the M6 motorway. The market in the region is compelling, with vacancy rates at record lows of 3% and take-up at double the long-term average in the first six months of 2022, providing strong opportunities for above average rental growth in this location.

In July 2022, we secured a resolution from Cheshire East Council to grant outline planning permission for a further 1,020,000 sq ft of warehousing at Radway 16. The five units will range from 90,000 sq ft to 400,000 sq ft. This increases the overall scheme at Radway 16 to over 1.8 million sq ft, following the grant of planning consent in 2021 for 803,000 sq ft of space, comprising six units ranging from 22,000 sq ft to 340,000 sq ft. The most recent application also saw the Group secure detailed permission for highway access to the site.

In addition to this, in July 2022 we completed the acquisition of a small parcel of land adjacent to the recently approved scheme for £2.0 million. The acquisition of the land would help optimise the site and provide overall efficiencies for the Radway scheme.

Radway 16 will provide state-of-the-art, sustainable warehouse space that is suitable for a diverse range of tenants and we are already seeing strong occupier interest. The Company has signed a development agreement with Panattoni, Europe's largest logistics real estate developer, who will deliver the entire scheme, with the Company providing funding and retaining the scheme on completion. Infrastructure for phase 1 of the site is currently out to tender and we expect to be in a position to start on site in Q1 2023 as planned.

We continue to make progress with the Group's other development projects but it has been decided that projects will only commence development once a pre-let agreement has been signed. For example, construction at Valley Court, Middlewich only commenced after the agreement-for-lease was renegotiated to reflect an increase in construction costs.

Capital expenditure

The Group's asset management strategy requires carefully targeted capital expenditure, with the aim of driving capital values and rental levels and improving the assets' ESG performance. On average, the Group aims to invest around 0.75% of its gross asset value ("GAV") in capital expenditure each year. This excludes investment in development projects and is therefore based on GAV excluding developments.

Total capital expenditure in the period was £2.1 million, equivalent to 0.2% of GAV excluding developments. At the period end, approximately 1.6% of the portfolio's ERV was under refurbishment (31 March 2022: 1.6%).

ESG

ESG considerations are integrated into all aspects of the Group's operations. To drive further improvement, the Group has a sustainability strategy focused on:

- creating a resilient portfolio;

- reducing our carbon footprint;

- supporting our occupiers; and

- ensuring responsible business foundations.

The strategy is supported by a formal sustainability policy, which is available in the ESG section of the Company's website. The Sustainability Committee, which comprises members of the Company's Board and the Investment Advisor, oversees the formulation and implementation of the strategy.

We have continued to improve EPC ratings across the Group's portfolio, moving towards having no assets with an F rating or below, and reducing the number of units with no rating, with a target of all units being rated by the end of this financial year. We have also further increased the number of units with B, C and D ratings from 482 to 539 units (excluding Scottish units).

The Group has recently adopted Environmental Refurbishment Standards, which set out our required specifications in areas such as LED lighting, heating, water and waste. Implementing these standards will further improve the environmental performance of refurbished assets, as well as their EPC ratings, and our asset management team has been provided with guidance, which they must consider and incorporate in each project.

Green lease clauses support our ESG goals, for example by requiring occupiers to use the Group's assets in a sustainable way, share utility usage data with us and encouraging occupiers to collaborate to improve the environmental performance.

We have progressed our work on achieving net zero carbon, working with external consultants to identify an appropriate framework and pathway to net zero for the Group. To date, we have completed a peer review, assessed energy consumption data and portfolio-wide emissions, and conducted a gap analysis. We are also working with consultants on a climate change risk assessment, including a consideration of physical hazards to the Group's assets, short, medium and long-term time horizons, and different temperature increase scenarios. The scenario analysis will be reported in our Annual Report as part of our Task Force on Climate-related Financial Disclosures ("TCFD") reporting.

Strong governance is central to ensuring we have responsible business foundations. During the period, we published several policies, covering business code of conduct, a supplier code of conduct, health and safety, anti-money laundering, anti-bribery and corruption and whistleblowing. Members of the Investment Advisor's team received training on compliance and human resources matters.

We are committed to high standards of corporate reporting. During the period, we completed a TCFD gap analysis and began a review of our readiness to report under GRESB, a global ESG benchmark for portfolio level ESG reporting for the real estate sector. We were pleased to receive an EPRA sBPR gold award for the second year running.

Portfolio analysis

At the period end, the Group's portfolio totalled 8.8 million sq ft of space (31 March 2022: 8.5 million sq ft) and was valued at £1,006.1 million (31 March 2022: £1,012.0 million).

The table below analyses the portfolio as at 30 September 2022:

	Value (£m)	Occupancy by ERV %	NIY (%)	NRY (%)	WAULT to expiry (Years)	WAULT to break (Years)	Average rent (£ per sq ft)	Capital value (£ per sq ft)
Regional distribution	159.6	100.0%	4.2%	4.6%	8.3	8.1	5.22	115.63
Last mile	114.1	81.2%	4.0%	5.9%	5.8	4.3	5.46	105.41
Multi-let 100k sq ft +	446.7	94.3%	4.8%	5.7%	4.5	3.6	5.75	103.96
Multi-let less than 100k sq ft	198.5	91.5%	5.6%	6.5%	5.3	3.9	6.39	96.92
Total	**918.9**	**92.7%**	**4.8%**	**5.7%**	**5.4**	**4.4**	**5.77**	**104.33**
Development land	87.2							
Total	**1,006.1**							

At the period end, the contracted rent roll for the investment portfolio, which excludes development property and land, was £46.8 million, compared with the ERV of £55.9 million. The Group also had contracted rent of £0.5 million from development property. Total contracted rents increased by 2.4% on a like-for-like basis across the period.

The NIY of the investment portfolio was 4.8% as at 30 September 2022, with a reversionary yield of 5.7%. The WAULT for the investment portfolio stood at 5.4 years as at 30 September 2022 (31 March 2022: 5.6 years).

Occupancy across the investment portfolio was 92.7% at the period end (31 March 2022: 93.7%). Effective occupancy, which includes units under offer to let or undergoing refurbishment, was 95.3% at the period end (31 March 2022: 95.8%), with 1.0% of the investment portfolio under offer to let and a further 1.6% undergoing refurbishment at that date.

Financial review

<u>Performance</u>

Rental income increased by 4.0% to £22.9 million (six months ended 30 September 2021: £22.0 million), driven by a full period of acquisitions made in the previous financial year, the initial contribution from Bradwell Abbey Industrial Estate which was acquired in the period, and underlying rental growth. EPRA like-for-like rental income rose by 0.5%.

Net property income, which includes insurance recharges, dilapidation income, any surrender premiums and net service charge expenditure, was £23.9 million (six months ended 30 September 2021: £23.1 million).

The Group's operating costs include its running costs (primarily the management, audit, company secretarial, other professional and Directors' fees) and property-related costs (including legal expenses, void costs and repairs). Total operating costs for the period were £6.9 million (six months ended 30 September 2021: £6.7 million). The Investment Advisor fee for the period increased by £0.7 million, primarily as a result of significant net asset growth in the second half of the previous financial year. The net increase in the expected credit loss allowance was £0.1 million (six months ended 30 September 2021: £0.2 million).

The total cost ratio, which is the adjusted cost ratio including direct vacancy costs, was 27.6% (six months ended 30 September 2021: 27.2%). The ongoing charges ratio, representing the costs of running the Group as a percentage of NAV, was 1.3% (six months ended 30 September 2021: 1.3%).

At 30 September 2022, the Group recognised a loss of £73.4 million on the revaluation of its investment properties (six months ended 30 September 2021: gain of £73.2 million) and reflected a softening of yields.

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see debt financing and hedging). Financing income totalled £16.0 million in the period (six months ended 30 September 2021: £0.0 million). The increase reflects the change in fair value of the interest rate derivatives. Total finance expenses were £6.0 million in the period (six months ended 30 September 2021: £3.5 million), reflecting the higher loan to value as a result of the acquisition of Bradwell Abbey, Milton Keynes and a rise in the weighted average cost of debt. The all-in cost of debt for the period was approximately 2.8% (six months ended 30 September 2022: 2.1%).

Statutory loss before tax for the period was £46.4 million (six months ended 30 September 2021: £86.4 million profit).

The Group has continued to comply with its obligations as a REIT and the profits and capital gains from its property investment business are therefore exempt from corporation tax. The corporation tax charge for the period was therefore £nil (six months ended 30 September 2021: £nil).

Earnings per share ("EPS") under IFRS was (10.9 pence) (six months ended 30 September 2021: 20.4 pence). EPRA EPS was 2.6 pence (six months ended 30 September 2021: 3.1 pence). Adjusted earnings per share were 2.8 pence (six months ended 30 September 2021: 3.1 pence).

Dividends

The Company has declared the following interim dividends in respect of the six months ended 30 September 2022:

- an interim dividend of 1.60 pence per share in relation to the three months to 30 June 2022, which was paid as a property income distribution ("PID") on 3 October 2022; and

- an interim dividend of 1.60 pence per share in relation to the three months to 30 September 2022, which will be paid in full as a PID on 30 December 2022, to shareholders on the register at 2 December 2022.

The total dividend for the period of 3.2 pence per share is in line with the target for the year of at least 6.4 pence per share and was 88% covered by adjusted earnings.

The cash cost of the total dividend for the period will be £14.0 million (six months ended 30 September 2021: £13.2 million).

Valuation and net asset value

The Group's portfolio was independently valued by CBRE as at 30 September 2022, in accordance with the internationally accepted RICS Valuation - Global Standards 2020 (incorporating the International Valuation Standards) (the "Red Book"), and the RICS Valuation - Global Standards 2017 - UK national supplement.

The portfolio valuation was £1,006.1 million (31 March 2022: £1,012.0 million). This represented a 6.9% like-for-like valuation decrease, taking into account the capital expenditure in the period of £4.7 million and reflected outward yield movement across the portfolio, partially offset by rising rents. The EPRA NIY was 4.2% (31 March 2022: 4.0%) and the EPRA topped up NIY was 4.5% (31 March 2022: 4.4%).

The valuation resulted in an EPRA NTA of 153.3 pence per share at the period end (31 March 2022: 173.8 pence per share).

Debt financing and hedging

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.

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020, with an option to extend for a further two years.

During the period the Group extended the RCF by a further £25.0 million to give a total facility of £345.0 million and comprises an RCF of £163.0 million and a term loan of £182.0 million.

As at 30 September 2022, £154.0 million was drawn against the RCF and £182.0 million against the term loan. This gave total debt of £336.0 million (31 March 2022: £271.0 million), with the Group also holding cash balances of £11.2 million (31 March 2022: £16.7 million). The LTV ratio as at 30 September 2022 was therefore 32.3% (31 March 2022: 25.1%), with the increase reflecting the acquisition in the period and a decrease in portfolio valuation.

The Group's debt facilities carry a cost of SONIA plus a lending margin. During the period, the Group took out two interest rate caps of £100.0 million each, for three and five years respectively, which cap the SONIA rate in the debt facilities at 1.5%. These are in addition to the Group's two existing £30.0 million interest rate caps, which expire in November 2022 and 2023 and have caps at SONIA rates of 1.50% and 1.75% respectively. As a result of the new caps, the Group had hedged approximately 75% of its period-end debt against interest rate volatility.

Post period end activity

The Group completed eight lease events totalling 0.1 million sq ft, generating £0.5 million of new headline rent at 5.0% ahead of 31 March 2022 ERV. This included the settlement of an outstanding rent review at Austin Drive, Coventry for £0.3 million, 23.9% ahead of previous contracted rent.

In addition, as part of the ongoing strategic review of the portfolio, the Group has completed the disposal of seven smaller, non-core assets for a combined consideration of £13.9 million, in line with 31 March 2022 book value, and exchanged on the disposal of two further similarly targeted assets.

Principal risks and uncertainties

The principal risks facing the Group are documented on pages 64 to 67 of the Annual Report for the year ended 31 March 2022 and are summarised below. The Company's Board has continued its regular review of risks and emerging risks during the period, including detailed consideration of those risks which are most material to the Group and are recorded as its principal risks.

Whilst the Board considers that the majority of the Group's principal risks remain the same, there are some changes which reflect external market and economic pressures on the business. The Board's views on its principal risks and changes to those risks, are summarised below.

Financial risks

- Changes in interest rates could directly impact on our cost of capital, and indirectly may impact on market stability. The Board's assessment of this has increased during the period, and additional steps are being taken to mitigate the risk.

- It may become more difficult to raise funding through equity, debt or asset disposals, which may impact the Group's ability to finance activities and deliver growth. Although there have been nine asset disposals in the year to date, and a number of additional disposals are expected to complete before the end of the year, the Board recognises that the market is more challenging. At the same time, the Group is renegotiating its lending. Whilst there is no expectation of a problem, the Board has taken a prudent approach to the assessment of exposure to this risk and increased its evaluation.

Business risks

- nge could have an increasing impact across the business, ranging from adverse weather to increasing utility costs and the potential for property values to be impacted.

- 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.

Operational risks

- Inappropriate acquisitions could increase risk in relation to portfolio returns, as properties may be harder to let, may not generate appropriate revenues, or may require additional costs to support.

- A substantial increase in bad debts, arrears or slow payment could have a direct impact on cash flow and profitability, as well as average lease lengths, void levels and costs. The evaluation of risk has increased slightly, as the Board considers it possible that the current low level of tenant defaults could increase if the economy contracts further in the year ended 31 March 2023.

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.

- Should the Group breach either the covenants in loan agreements or its stated borrowing policy, this could result in restrictions on funding and activities going forward.

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 total property income of £25.5 million and operating profits of £17.0 million, showing that rents would have to fall by approximately 48.0% before the business became loss-making. This is considered highly unlikely given the strong occupational demand for warehouse assets, our strong relationships with the broad range of occupiers across the portfolio, the high level of rent collection and the fact that the portfolio ERV exceeds the period-end contracted rent roll by 19.6%. At the same time, the Group has a strong balance sheet, with substantial cash and headroom within its facilities at the period end of £20.2 million. As noted above, further cash proceeds have been received from the disposals completed post period end which have further enhanced this headroom. Refinancing discussions are further progressed and will be implemented to provide the Group with the funding it requires to complete its capital obligations over the next 12 months, including pre-committed projects. At the right point in time, the Group will also look to raise further equity through a share placement programme.

We and the Company's Board have also carefully reviewed the risk landscape, as discussed in the Chairman's statement, 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 the Investment Advisor to the Company and the Investment Manager.

7 November 2022

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', gives 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 www.warehousereit.co.uk

By order of the Board.

Neil Kirton
Director
7 November 2022

Condensed consolidated statement of comprehensive income (unaudited)
For the six months ended 30 September 2022

		Restated
	Six months	Six months

Continuing operations	Notes	**ended 30 September 2022 £'000**	ended 30 September 2021 £'000
Gross property income	3	**24,140**	23,433
Service charge income	3	**1,385**	1,273
Service charge expense	4	**(1,607)**	(1,587)
Net property income		**23,918**	23,119
Property operating expenses	4	**(2,341)**	(2,486)
Gross profit		**21,577**	20,633
Administration expenses	4	**(4,550)**	(3,921)
Operating profit before gains on investment properties		**17,027**	16,712
Loss on disposal of investment properties	11	**(84)**	-
Fair value (loss)/gain on revaluation of investment properties	11	**(73,362)**	73,224
Operating (loss)/profit		**(56,419)**	89,936
Finance income	5	**16,038**	16
Finance expenses	6	**(5,974)**	(3,506)
(Loss)/profit before tax		**(46,355)**	86,446
Taxation	7	**-**	-
Total comprehensive (loss)/income for the period		**(46,355)**	86,446
EPS (basic and diluted) (pence)	10	**(10.9)**	20.4

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

Condensed consolidated statement of financial position (unaudited)

As at 30 September 2022

	Notes	**30 September 2022 £'000**	31 March 2022 £'000
Assets			
Non-current assets			
Investment property	11	**1,020,111**	1,026,066
Interest rate derivatives	14	**27,136**	337
		1,047,247	1,026,403
Current assets			
Cash and cash equivalents	12	**11,216**	16,706
Trade and other receivables	13	**14,129**	9,849
Interest rate derivatives	14	**72**	-
		25,417	26,555
Total assets		**1,072,664**	1,052,958
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	15	**(333,568)**	(268,216)
Other payables and accrued expenses	17	**(17,220)**	(16,550)
Head lease liability	16	**(14,188)**	(14,200)
		(364,976)	(298,966)
Current liabilities			
Other payables and accrued expenses	17	**(20,206)**	(6,855)
Deferred income	17	**(8,208)**	(7,487)
Head lease liability	16	**(696)**	(696)
		(29,110)	(15,038)
Total liabilities		**(394,086)**	(314,004)
Net assets		**678,578**	738,954
Equity			
Share capital	19	**4,249**	4,249
Share premium		**275,648**	275,648
Retained earnings		**398,681**	459,057
Total equity		**678,578**	738,954
Number of shares in issue (thousands)		**424,862**	424,862
NAV per share (basic and diluted) (pence)	20	**159.7**	173.9

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 2022

	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**

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2021		4,249	275,648	294,194	574,091
Total comprehensive income		-	-	86,446	86,446

Dividends paid	9	-	-	(13,171)	(13,171)
Balance at 30 September 2021		4,249	275,648	367,469	647,366

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

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

Condensed consolidated statement of cash flows (unaudited)

For the six months ended 30 September 2022

	Notes	**Six months ended 30 September 2022 £'000**	Six months ended 30 September 2021 £'000
Cash flows from operating activities			
Operating (loss)/profit		**(56,419)**	89,936
Adjustments to reconcile (loss)/profit for the period to net cash flows:			
Loss/(gain) from change in fair value of investment properties		**73,362**	(73,224)
Realised loss on disposal of investment properties		**84**	-
Head lease asset depreciation	4	**91**	91
Operating cash flows before movements in working capital		**17,118**	16,803
Increase in other receivables and prepayments		**(4,980)**	(5,216)
Increase/(decrease) in other payables and accrued expenses		**2,086**	(231)
Net cash flows generated from operating activities		**14,224**	11,356
Cash flows from investing activities			
Acquisition of investment properties		**(66,375)**	(34,697)
Capital expenditure		**(1,582)**	(3,332)
Development expenditure		**(2,847)**	-
Disposal of investment properties		**4,603**	-
Net cash used in investing activities		**(66,201)**	(38,029)
Cash flows from financing activities			
Bank loans drawn down		**65,000**	41,000
Interest received		**1**	1
Loan interest and other finance expenses paid		**(3,968)**	(2,802)
Head lease payments		**(526)**	(542)
Dividends paid in the period		**(14,020)**	(13,171)
Net cash flows generated from financing activities		**46,487**	24,486
Net increase in cash and cash equivalents		**(5,490)**	(2,187)
Cash and cash equivalents at start of the period		**16,706**	27,185
Cash and cash equivalents at end of the period	**12**	**11,216**	24,998

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 2022

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 Beaufort House, 51 New North Road, Exeter EX4 4EP. 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 2022. 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 2022 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 2022 have not been either audited or reviewed by the Company's Auditor. The information for the year ended 31 March 2022 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
The following amendments to existing standards which are required for the Group's accounting period beginning on 1 April 2022, which have been considered and applied:

• Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
• Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
• References to Conceptual Framework (Amendments to IFRS 3).

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

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 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 2022.

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 2022. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these financial statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year end as the Company. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

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.

2.4 Restatement of financial statements
Following a review of the Group's accounting policy for recognition of service charge income, it has been identified that the nature of the arrangements with the Property Managers and occupiers is such that the Group is acting as the principal in respect of the provision of services. Service charge income should therefore be accounted for gross in the consolidated statement of comprehensive income. This income had previously been netted off related expenditure. The comparatives have been restated to gross up income and expenditure by £1.3 million. There is no impact on reported profit for the period ended 30 September 2022 or net assets at that date.

3. Property income

	Six months ended 30 September 2022 £'000	Restated Six months ended 30 September 2021 £'000
Rental income	**22,941**	22,044
Insurance recharged	**827**	792
Dilapidation income	**372**	597
Gross property income	**24,140**	23,433
Service charge income	**1,385**	1,273
Total property income	**25,525**	24,706

4. Property operating and administration expenses

	Six months ended 30 September 2022 £'000	Restated Six months ended 30 September 2021 £'000
Service charge expenses	**1,607**	1,587
Premises expenses	**953**	969
Insurance	**926**	853
Rates	**228**	363
Utilities	**103**	60
Loss allowance on trade receivables	**131**	241
Property operating expenses	**2,341**	2,486
Investment Advisor's fees	**3,804**	3,085
Directors' remuneration	**87**	84
Head lease asset depreciation	**91**	91
Other administration expenses	**568**	661
Administration expenses	**4,550**	3,921
Total	**8,498**	7,994

5. Finance income

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
Income from cash and short-term deposits	**1**	1
Change in fair value of interest rate derivatives	**15,963**	15
Interest receivable on derivatives	**74**	-
Total	**16,038**	16

6. Finance expenses

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
Loan interest	**4,850**	2,555
Head lease interest	**515**	515
Loan arrangement fees amortised	**607**	414
Bank charges	**2**	22
Total	**5,974**	3,506

7. Taxation

Corporation tax has arisen as follows:

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
Corporation tax on residual income for current period	**-**	-
Total	**-**	-

Reconciliation of tax charge to profit before tax:

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
(Loss)/Profit before tax	**(46,355)**	86,446
Corporation tax at 19.0% (2021: 19.0%)	**(8,807)**	16,425
Change in value of investment properties	**13,939**	(13,913)
Change in value of interest rate derivatives	**(3,033)**	(3)
Tax-exempt property rental business	**(2,099)**	(2,509)

Total	**-**	-

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 21 years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2022 are as follows:

	30 September 2022 £'000	31 March 2022 £'000
Within one year	**44,032**	42,364
Between one and two years	**34,890**	35,838
Between two and three years	**27,166**	27,002
Between three and four years	**21,541**	21,154
Between four and five years	**17,899**	17,058
More than five years	**55,643**	58,219
Total	**201,171**	201,635

9. Dividends

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**	**7,435**
Total dividends paid during the period	**3.30**	**14,020**
Paid as:		
Property income distributions	**3.30**	**14,020**
Ordinary dividends	**-**	**-**
Total	**3.30**	**14,020**

Six months ended 30 September 2021	Pence per share	£'000
Third interim dividend for year ended 31 March 2021 paid on 1 April 2021	**1.55**	**6,585**
Fourth interim dividend for year ended 31 March 2021 paid on 30 June 2021	**1.55**	**6,586**
Total dividends paid during the period	**3.10**	**13,171**
Paid as:		
Property income distributions	**3.10**	**13,171**
Ordinary dividends	**-**	**-**
Total	**3.10**	**13,171**

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 2022 of 1.60 pence per share on 17 August 2022 which was paid on 3 October 2022. 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.

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
IFRS (loss)/earnings	**(46,355)**	86,446
EPRA earnings adjustments:		
Loss on disposal of investment properties	**84**	-
Fair value losses/(gains) on investment properties	**73,362**	(73,224)
Changes in fair value of interest rate derivatives	**(15,963)**	(15)
EPRA earnings	**11,128**	13,207
Licence fee receivable	900	-
Adjusted earnings	**12,028**	13,207

	Six months ended 30 September 2022 Pence	Six months ended 30 September 2021 Pence
Basic IFRS EPS	**(10.9)**	20.4
Diluted IFRS EPS	**(10.9)**	20.4
EPRA EPS	**2.6**	3.1
Adjusted EPS	**2.8**	3.1

	30 September 2022 Number of shares	30 September 2021 Number of shares
Weighted average number of shares in issue (thousands)	**424,862**	424,862

11. UK investment property

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2022	**913,035**	**98,950**	**1,011,985**
Acquisition of properties	**64,601**	**2,232**	**66,833**
Capital expenditure	**2,143**	**2,519**	**4,662**
Disposal of properties	**(4,687)**	**-**	**(4,687)**
Movement in rent incentives	**691**	**(2)**	**689**
Fair value losses on revaluation of investment property	**(56,883)**	**(16,479)**	**(73,362)**
Total portfolio valuation per valuer's report	**918,900**	**87,220**	**1,006,120**
Adjustment for head lease obligations	**13,991**	**-**	**13,991**
Carrying value at 30 September 2022	**932,891**	**87,220**	**1,020,111**

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

Realised loss on disposal of investment property

	30 September 2022 £'000	31 March 2022 £'000
Net proceeds from disposals of investment property during the period	**4,603**	-
Carrying value of disposals	**(4,687)**	-
Realised loss on disposal of investment property	**(84)**	-

12. Cash and cash equivalents

	30 September 2022 £'000	31 March 2022 £'000
Unrestricted cash and cash equivalents	**5,110**	10,787
Restricted cash and cash equivalents	**6,106**	5,919
Total	**11,216**	16,706

Restricted cash comprises £6.1 million (31 March 2022: £5.9 million) of cash held by the Registrar in advance of the payment of the first interim dividend, less withholding tax, which was paid on 3 October 2022.

13. Trade and other receivables

	30 September 2022 £'000	31 March 2022 £'000
Rent and insurance receivables	**7,391**	5,445
Payments in advance of property completion	**2,008**	2,090
Occupier deposits	**721**	535
Prepayments	**2,044**	198
Other receivables	**1,965**	1,581
Total	**14,129**	9,849

14. Interest rate derivatives

	30 September 2022 £'000	31 March 2022 £'000
At the start of the period	**337**	16
Additional premiums paid and accrued	**10,908**	-
Changes in fair value of interest rate derivatives	**15,963**	321
Balance at the end of the period	**27,208**	337

Current	**72**	-
Non-current	**27,136**	337
Balance at the end of the period	**27,208**	337

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 £260.0 million with £230.0 million at a strike rate of 1.50% and a termination date of between 21 November 2022 and 20 July 2027 and £30.0 million at a strike rate of 1.75% and a termination date of 21 November 2023.

15. Interest-bearing loans and borrowings

	30 September 2022 £'000	31 March 2022 £'000
At the beginning of the period	**271,000**	222,000
Drawn in the period	**65,000**	49,000
Repaid in the period	**-**	-
Interest-bearing loans and borrowings	**336,000**	271,000
Unamortised fees at the beginning of the period	**(2,784)**	(2,901)
Loan arrangement fees paid in the period	**(175)**	(781)
Amortisation charge for the period	**527**	898
Unamortised loan arrangement fees	**(2,432)**	(2,784)
Loan balance less unamortised loan arrangement fees	**333,568**	268,216

The Group has a debt facility with a club of four banks: HSBC, Bank of Ireland, Royal Bank of Canada and Barclays. The facility runs for five years from January 2020. During the period, the Group extended the RCF by a further £25.0 million to give a total facility of £345.0 million which comprises an RCF of £163.0 million and a term loan of £182.0 million. The facility will expire on 22 January 2025 with an option to extend the duration by a further two years, subject to lender consent. The facilities are secured on all properties within the portfolio.

As at 30 September 2022, there is £9.0 million (31 March 2022: £49.0 million) available to draw.

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

16. 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 2022 £'000	31 March 2022 £'000
Current liabilities		
Within one year	**696**	696
Non-current liabilities		
After one year but not more than five years	**2,931**	2,931
Later than five years	**11,257**	11,269
Non-current head lease obligations	**14,188**	14,200
Total	**14,884**	14,896

17. Other liabilities - other payables and accrued expenses and deferred income

	30 September 2022 £'000	31 March 2022 £'000
Deferred consideration in respect of interest rate derivatives	**4,363**	-
Property operating expenses payable	**481**	465
Administration expenses payable	**3,022**	2,576
Loan interest payable	**2,585**	1,444
Capital expenses payable	**8,524**	2,042
Other expenses payable	**1,231**	328
Other payables and accrued expenses - current	**20,206**	6,855

	30 September 2022 £'000	31 March 2022 £'000
Capital expenses payable	**10,675**	16,550
Deferred consideration in respect of interest rate derivatives	**6,545**	-
Other payables and accrued expenses - non-current	**17,220**	16,550

	30 September 2022 £'000	31 March 2022 £'000
Deferred income	**8,208**	7,487
Deferred income	**8,208**	7,487

During the year ended 31 March 2021, the Group exchanged contracts to acquire land for £15.0 million; during the period to 31 March 2022, £2.5 million was paid to the vendor. On 1 September 2022, the third instalment of £0.5 million was made. The remaining £12.1 million will be paid over three instalments on fixed dates, with the final payment due on 1 September 2024.

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

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

18. Capital commitments

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

19. Share capital

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

Ordinary shares of £0.01 each	**Number**	**30 September 2022 £'000**	Number	31 March 2022 £'000
Authorised, issued and fully paid:				
At the start of the period	**424,861,650**	**4,249**	424,861,650	4,249
Balance at the end of the period	**424,861,650**	**4,249**	424,861,650	4,249

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

20. 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.

	30 September 2022 £'000	31 March 2022 £'000
IFRS net assets attributable to ordinary shareholders	**678,578**	738,954
IFRS net assets for calculation of NAV	**678,578**	738,954
Adjustment to net assets:		
Fair value of interest rate derivatives (see note 14)	**(27,208)**	(337)
EPRA NTA	**651,370**	738,617

	30 September 2022 £'000	31 March 2022 £'000
IFRS basic and diluted NAV per share (pence)	**159.7**	173.9
EPRA NTA per share (pence)	**153.3**	173.8

	30 September 2022 Number of shares	31 March 2022 Number of shares
Number of shares in issue (thousands)	**424,862**	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 2.0% and 2.2% above SONIA.

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 however, 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 fair value of the interest rate contracts is recorded in the statement of financial position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

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

	30 September 2022			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	**-**	**-**	**1,006,120**	**1,006,120**
Interest rate derivatives	**-**	**27,208**	**-**	**27,208**
Total	**-**	**27,208**	**1,006,120**	**1,033,328**

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

Explanation of the fair value hierarchy:

- 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 2022	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**£918,900**	**Income capitalisation**	**ERV**	**£2.69 per sq ft-£17.50 per sq ft**
			Equivalent yield	**3.9% - 15.9%**
Development property and land	**£87,220**	**Comparable method/ residual method**	**Sales rate per acre**	**£300,000-£1,500,000**
	£1,006,120			

31 March 2022	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£913,035	Income capitalisation	ERV	£3.00 per sq ft-£17.50 per sq ft
			Equivalent yield	3.5% - 13.2%
Development property and land	£98,950	Comparable method/ residual method	Sales rate per acre	£300,000-£1,750,000
	£1,011,985			

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 loss of £73,362,000 (six months to 30 September 2021: gain of £73,224,000) 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 £87,280 (six months to 30 September 2021: £83,671) and as at 30 September 2022, a balance of £nil (31 March 2022: £nil) was outstanding.

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. The Directors who served during the period received £0.8 million in dividend payments (30 September 2021: £0.7 million).

For its services to the Group, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Group up to £500 million, then at a lower rate of 0.9% of the Group NAV once the Group NAV exceeds £500 million.

During the period, the Group incurred £3,803,682 (30 September 2021: £3,084,684) in respect of the Investment Advisor's fees. £2,324,648 (31 March 2022: £1,715,000) was outstanding as at the period end date.

Subsidiaries
As at 30 September 2022, 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.

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

24. Post balance sheet events

Since 30 September 2022, the Group has completed the disposal of seven assets for a combined consideration of £13.9 million, in line with 31 March 2022 book value, and exchanged on the disposal of two further assets.

A second interim dividend of 1.6 pence per share in respect of the year ending 31 March 2023 will be paid in full as a PID on 30 December 2023 to shareholders on the register at 2 December 2023.

Supplementary notes
For the six months ended 30 September 2022

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 which may use different accounting standards. The following measures are calculated in accordance with EPRA guidance.

Table 1: EPRA performance measures summary

	Notes	**Six months ended 30 September 2022**	Six months ended 30 September 2021
EPRA EPS (pence)	Table 2	**2.6**	3.1
EPRA cost ratio (including direct vacancy cost)	Table 6	**27.6%**	27.2%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**24.5%**	23.0%

	Notes	**30 September 2022**	31 March 2022
EPRA NDV per share (pence)	Table 3	**159.7**	173.9
EPRA NRV per share (pence)	Table 3	**169.4**	190.0
EPRA NTA per share (pence)	Table 3	**153.3**	173.8
EPRA NIY	Table 4	**4.2%**	4.0%
EPRA 'topped-up' net initial yield	Table 4	**4.5%**	4.4%
EPRA vacancy rate	Table 5	**7.3%**	6.3%

Table 2: EPRA income statement and earnings performance measures

	Six months ended 30 September 2022 £'000	Six months ended 30 September (Restated) 2021 £'000
Total property income	**25,525**	24,706
Less: service charge income	**(1,385)**	(1,273)
Less: dilapidation income	**(372)**	(597)
Less: insurance recharged	**(827)**	(792)
Rental income	**22,941**	22,044
Property operating expenses	**(2,341)**	(2,486)
Service charge expenses	**(1,607)**	(1,587)
Add back: service charge income	**1,385**	1,273
Add back: dilapidation income	**372**	597
Add back: insurance recharged	**827**	792
Add back: licence fee income	900	-
Adjusted gross profit	**22,477**	20,633
Administration expenses	**(4,550)**	(3,921)
Adjusted operating profit before interest and tax	**17,927**	16,712
Finance income	**16,038**	16
Finance expenses	**(5,974)**	(3,506)

Less change in fair value of interest rate derivatives	**(15,963)**	(15)
Adjusted profit before tax	**12,028**	13,207
Tax on adjusted profit	**-**	-
Adjusted earnings	**12,028**	13,207
Less: Licence fee income	**(900)**	-
EPRA earnings	**11,128**	13,207

Weighted average number of shares in issue (thousands)	**424,862**	424,862
Adjusted EPS (pence)	**2.8**	3.1

Weighted average number of shares in issue (thousands)	**424,862**	424,862
EPRA EPS (pence)	**2.6**	3.1

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

During the period between the signing of the development management agreement at Radway 16, Crewe and the practical completion date, the Group receives licence fee income. This is payable by the developer to the Group upon practical completion of the unit and typically reflects the approximate level of rental income foregone during the period of construction, as and when practical completion is reached.

As the licence fee represents income foregone during the period of construction, the Directors believe that this supports earnings generated from the portfolio of the Group and has been included in adjusted earnings.

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.

As at 30 September 2022	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	**1,006,120**	**1,006,120**	**1,006,120**
Net borrowings[2]	**(324,784)**	**(324,784)**	**(324,784)**
Other net liabilities	**(2,758)**	**(2,758)**	**(2,758)**
IFRS NAV	**678,578**	**678,578**	**678,578**
Exclude: fair value of interest rate derivatives	**-**	**(27,208)**	**(27,208)**
Include: real estate transfer tax[3]	**-**	**68,416**	**-**
NAV used in per share calculations	**678,578**	**719,786**	**651,370**
Number of shares in issue (thousands)	**424,862**	**424,862**	**424,862**
NAV per share (pence)	**159.7**	**169.4**	**153.3**

As at 31 March 2022	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	1,011,985	1,011,985	1,011,985
Net borrowings[2]	(254,294)	(254,294)	(254,294)
Other net liabilities	(18,737)	(18,737)	(18,737)
IFRS NAV	738,954	738,954	738,954
Exclude: fair value of interest rate derivatives	-	(337)	(337)
Include: real estate transfer tax[3]	-	68,815	-
NAV used in per share calculations	738,954	807,432	738,617
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	173.9	190.0	173.8

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £336,000,000 (31 March 2022: £271,000,000) net of cash of £11,216,000 (31 March 2022: £16,706,000).
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

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

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

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

Table 4: EPRA net initial yield

	30 September 2022 £'000	31 March 2022 £'000
Total properties per external valuer's report	**1,006,120**	1,011,985
Less development property and land	**(87,220)**	(98,950)
Net valuation of completed properties	**918,900**	913,035
Add estimated purchasers' costs[4]	**62,485**	62,086
Gross valuation of completed properties including estimated purchasers' costs (A)	**981,385**	975,121
Gross passing rents[5] (annualised)	**43,703**	40,605
Less irrecoverable property costs[5]	**(2,424)**	(1,478)

~~**Net annualised rents (B)**~~	~~**41,279**~~	~~39,127~~
Add notional rent on expiry of rent-free periods or other lease incentives[6]	**3,078**	3,376
'Topped-up' net annualised rents (C)	**44,357**	42,503
EPRA NIY (B/A)	**4.2%**	4.0%
EPRA 'topped-up' net initial yield (C/A)	**4.5%**	4.4%

4. Estimated purchasers' costs at 6.8%.
5. Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.
6. Adjustment for unexpired lease incentives such as rent-free periods, discounted rent period and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive. Rent-frees expire over a weighted average period of three months.

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

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

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

Table 5: EPRA vacancy rate

	30 September 2022 £'000	31 March 2022 £'000
Annualised ERV of vacant premises (D)	**4,068**	3,241
Annualised ERV for the investment portfolio (E)	**55,933**	51,479
EPRA vacancy rate (D/E)	**7.3%**	6.3%

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

Table 6: Total cost ratio/EPRA cost ratio

	Six months ended 30 September 2022 £'000	Six months ended 30 September (Restated) 2021 £'000
Property operating expenses	**2,341**	2,486
Service charge expenses	**1,607**	1,587
Add back: service charge income	**(1,385)**	(1,273)
Add back insurance recharged	**(827)**	(792)
Net property operating expenses	**1,736**	2,008
Administration expenses	**4,550**	3,921
Less ground rents[7]	**(91)**	(91)
Total cost including direct vacancy cost (F)	**6,195**	5,838
Direct vacancy cost	**(693)**	(901)
Total cost excluding direct vacancy cost (G)	**5,502**	4,937
Rental income	**22,941**	22,044
Less ground rents paid	**(526)**	(542)
Gross rental income (H)	**22,415**	21,502
Less direct vacancy cost	**(693)**	(901)
Net rental income	**21,722**	20,601
Total cost ratio including direct vacancy cost (F/H)	**27.6%**	27.2%
Total cost ratio excluding direct vacancy cost (G/H)	**24.5%**	23.0%

	Six months ended 30 September 2022 £'000	Six months ended 30 September (Restated) 2021 £'000
Total cost including direct vacancy cost (F)	**6,195**	5,838
EPRA total cost including direct vacancy cost (I)	**6,195**	5,838
Direct vacancy cost	**(693)**	(901)
EPRA total cost excluding direct vacancy cost (J)	**5,502**	4,937
EPRA cost ratio including direct vacancy cost (I/H)	**27.6%**	27.2%
EPRA cost ratio excluding direct vacancy cost (J/H)	**24.5%**	23.0%

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

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. 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 2022 or the year ended 31 March 2022.

Table 7: Lease data

As at 30 September 2022	Year 1 £'000	Year 2 £'000	Years 3 to 10 £'000	Year 10+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	**3,549**	**4,900**	**31,741**	**4,708**	**(1,195)**	**43,703**
ERV of leases expiring in:	**8,334**	**5,866**	**37,303**	**5,625**	**(1,195)**	**55,933**
Passing rent subject to review in:	**8,744**	**13,690**	**22,462**	**2**	**(1,195)**	**43,703**
ERV subject to review in:	**14,273**	**15,894**	**26,960**	**1**	**(1,195)**	**55,933**

WAULT to expiry is 5.4 years and to break is 4.4 years.

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

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

Table 8: Capital expenditure

	Six months ended 30 September 2022 £'000	Year ended 31 March 2022 £'000
Acquisitions[8]	**66,833**	43,391
Development spend[9]	**2,518**	1,103
Completed investment properties:[10]		
No incremental lettable space - like-for-like portfolio	**2,144**	6,467
No incremental lettable space - other	**-**	-
Occupier incentives	**-**	-
Total capital expenditure	**71,495**	50,961
Conversion from accruals to cash basis	**(691)**	2,886
Total capital expenditure on a cash basis	**70,804**	53,847

8. Acquisitions include £64,601,000 completed investment property and £2,232,000 development property and land (31 March 2022: £30,027,000 and £13,364,000 respectively).

9. Expenditure on development property and land.

10. Expenditure on completed investment properties.

Table 9: Like-for-like rental income

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 (Restated) £'000	% Change
Like-for-like rental income[11]	**21,376**	21,268	0.5%
Development lettings	**169**	297	
Properties acquired	**1,266**	302	
Properties sold	**130**	177	
Rental income	**22,941**	22,044	
Service charge income	**1,385**	1,273	
Dilapidation income	**372**	597	
Insurance recharge	**827**	792	
Revenue	**25,525**	24,706	

11. Like-for-like portfolio valuation as at 30 September 2022: £826.8 million (30 September 2021: £822.5 million).

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

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

	As at 30 September 2022	As at 31 March 2022

	£'000	£'000
Interest-bearing loans and borrowings	**336,000**	271,000
Cash	(11,216)	(16,706)
Net borrowings (A)	**324,784**	254,294
Total portfolio valuation per valuer's report (B)	**1,006,120**	1,011,985
LTV ratio (A/B)	**32.3%**	25.1%

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.

	Six months ended 30 September 2022 Pence per share	**Year ended 31 March 2022 Pence per share**
Opening EPRA NTA (A)	**173.8**	135.1
Movement (B)	**(20.5)**	38.7
Closing EPRA NTA	**153.3**	173.8
Dividends per share (C)	**3.3**	6.2
Total accounting return (B+C)/A	**(9.9)%**	33.2%

Table 12: Interest cover

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

	Six months ended 30 September 2022 £'000	**Six months ended 30 September 2021 £'000**
Adjusted operating profit before gains on investment properties (A)	**17,927**	16,712
Interest receivable on derivatives (B)	**(74)**	-
Loan interest (C)	**4,850**	2,555
Interest cover (A/(B+C))	**375.3%**	654.1%

Table 13: Ongoing charges ratio

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

	Six months ended 30 September 2022 £'000	**Six months ended 30 September 2021 £'000**
Administration expenses	**4,550**	3,921
Less: head lease asset depreciation	**(91)**	(91)
Ongoing charges	**4,459**	3,830
Annualised ongoing charges (A)	**8,918**	7,660
Opening NAV as at 1 April	**738,954**	574,091
NAV as at 30 September	**678,578**	647,366
Average undiluted NAV during the period (B)	**708,766**	610,729
Ongoing charges ratio (A/B)	**1.3%**	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 and includes licence fee income, divided by the weighted average number of shares in issue during the period

Admission
The admission of Warehouse REIT plc onto the AIM market of the London Stock Exchange on 20 September 2017

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

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

AIM
A market operated by the London Stock Exchange

APM
An Alternative Performance Measure is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these 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 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 capitalization-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

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

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

Like-for-like rental income growth
The increase in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property

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

SONIA
Sterling Overnight Index Average

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

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

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

The full half-yearly report can be accessed via the Company's website at www.warehousereit.co.uk.

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

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