



WARE
HOUSE
REIT

THE SPECIALIST
WAREHOUSE INVESTOR

HALF YEAR RESULTS
5 NOVEMBER 2019

WAREHOUSE REIT PLC

TILSTONE



DISCLAIMER AND NOTICES TO INVESTORS IN THE UNITED KINGDOM AND EUROPE

This presentation (the "Presentation") has been approved as a financial promotion by G10 Capital Limited ("G10"). G10 Capital Limited is authorised and regulated by the Financial Conduct Authority. Tilstone Partners Limited is an Appointed Representative of G10 Capital Limited (together the "Companies"). This Presentation should not be acted or relied upon without seeking independent tax and investment advice. Investors should familiarise themselves with the Prospectus and all supporting documentation prior to subscribing.

No undertaking, representation, warranty or other assurance is given, and none should be implied, as to, and no reliance should be placed on, the accuracy, completeness or fairness of the information or opinions contained in the Presentation. The information contained in the Presentation is subject to completion, alteration and verification nor should it be assumed that the information in the Presentation will be updated. Opinions and estimates constitute the Companies' judgment and should be regarded as indicative, preliminary, strictly non-binding and for illustrative purposes only. All example statements and any indicative terms and features of any solution given are strictly indicative and may be based on certain implicit and explicit assumptions which the Companies may or may not be able to disclose at the time of the Presentation and which will need verification in any specific case.

In particular, but without prejudice to the generality of the foregoing, any forecasts, opinions, estimates and projections contained in the Presentation constitute the judgement of the Companies and are provided for illustrative purposes only. Such forecasts, opinions, estimates and projections involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forecasts, opinions, estimates and projections. Accordingly, no representation or warranty (express or implied) is or will be made or given in relation to, and (except in the case of wilful fraud) no responsibility or liability is or will be accepted by the Companies or any of its directors, officers, employees, agents or advisers in respect of, such forecasts, opinions, estimates and projections or their achievement or reasonableness. Relevant Persons of the Presentation must determine for themselves the reliance (if any) that they should place on such forecasts, opinions, estimates and projections. Further, no representation as to the actual value which may be received in connection with a transaction is given, nor the legal, tax or accounting effects of consummating a transaction.

The distribution of any document provided at or in connection with the Presentation in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession any such documents may come should inform themselves about and observe any such restrictions. In particular, information contained within the Presentation is not for distribution in or into the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions.

The information contained in the Presentation has not been approved by the Financial Conduct Authority. This Presentation does not constitute, or form part of, any offer of, or invitation to apply for, securities nor shall it, or the fact of its distribution, form the basis of or be relied upon in connection with any contract or commitment to acquire any securities. The information contained in the Presentation has been prepared to assist Recipients in making their own evaluations and does not purport to contain all of the information that recipients of the Presentation who are considering acquiring or subscribing for shares, bonds or other securities may need or desire. In all cases, Recipients should conduct their own investigation and analysis of the data in the Presentation. The Presentation should not be considered a recommendation by the Companies' or any of its directors, officers, employees, agents or advisers in connection with any purchase of or subscription for securities.

DISCLAIMER AND NOTICES TO INVESTORS IN THE UNITED KINGDOM AND EUROPE

The following risks are a non-exhaustive list of risks associated with the Company. Investors should take independent financial advice prior to investing in the Company.

- Performance – The performance of the Company would be adversely affected by a downturn in the UK property market in terms of market value or a weakening of rental yields.
- Operational Performance – Both rental income and market value of the properties acquired by the Company will be affected by the operational performance of the properties or the related business being carried on in the property and the general financial performance of the tenants.
- Failure to Achieve Investment Objectives – The ability of the Company to achieve its investment objectives depends on the ability of TPL to identify, select and execute investments which offer the potential for satisfactory returns. The underperformance of TPL could have a material adverse affect on the Company's financial condition and operations.
- Competition - The Company may face significant competition from other UK or foreign property investors. The existence of such competition may have a material adverse impact on the Company's ability to acquire properties and to secure tenants for its properties at satisfactory rental rates and on a timely basis.
- Regulatory Compliance - The Company cannot guarantee that the Group will maintain continued compliance with all of the REIT conditions. If the Company fails to maintain its REIT status, its rental income and capital gains may be subject to UK taxation which could have a material impact on the financial condition of the Company.
- Borrowing - The Company intends to use borrowings to acquire further properties and those borrowings may not be available at the appropriate time or on suitable terms. If borrowings are not available on suitable terms or at all this will have a material adverse impact on the returns to Shareholders and in particular the level of dividends paid. Whilst the use of borrowings should enhance the NAV where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's portfolio falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company.
- Development & Maintenance - Any development or refurbishment works may involve significant costs and may be adversely affected by certain restrictions. This could cause the resulting revenues to be lower than budgeted, and may cause the asset to fail to perform in accordance with the Company's investment projections, consequently impacting on the financial condition of the Company.

AGENDA

- Key Highlights 3
- Financial Results 5
- Acquisitions 9
- Portfolio Overview 14
- Asset Management 17
- Outlook 20
- Appendices 21

Externally managed by an experienced team
Tilstone Partners – Investment Adviser



Andrew Bird MRICS
Tilstone Partners
Managing Director



Peter Greenslade FCA
Tilstone Partners
Finance Director



Paul Makin MRICS
Tilstone Partners
Investment Director



Simon Hope FRICS
Tilstone Partners - Chairman
Warehouse REIT
Non-Executive Director



HALF YEAR RESULTS – KEY OPERATIONAL HIGHLIGHTS

- Rents are growing
- Strong occupational demand from a variety of sources
- April capital raise fully invested at 7.0% NIY within six months and ahead of target
- WAULT continues to increase
- Quality of assets improved (location, covenant strength, age, size)
- Progressing value add opportunities on ‘lazy acres’
- Improved cost ratios
- Dividend fully covered by underlying EPS in the period, not reflecting full positive impact of recent acquisitions

8.0%

LETTINGS
AHEAD OF ERV

43 new lettings during the period at 8.0% ahead of ERV
Lfl ERV growth of 1.2% (12 months growth of 4.1%)

91.5%

OCCUPANCY

Excluding units under refurbishment or under offer occupancy is 96.8%
As at 31 March 2019: 92.0%

5.1 YEARS

WAULT

As at 31st March 19
WAULT was 4.6 years

5A1

QUALITY OF
INCOME

Top 10 tenants generate 27% of total rent, all rated 5A1 by D&B



HALF YEAR RESULTS – KEY FINANCIAL HIGHLIGHTS

- **Strong financial position**
 - Rental income and operating profit strongly ahead of 2018 half year
 - EPRA NAV per share impacted by £8.6m of deployment costs less revaluation uplift from those assets now delivering
 - Target dividend for the full year to March 2020 will increase
 - LTV marginally ahead of target range but will be managed below 40% in the near term through the disposal of a small number of non-core assets
- **Post-period end activity**
 - Completed the acquisition of the multi-let Midpoint Estate in Middlewich, Cheshire, for £15.5m, reflecting a net initial yield of 6.6%
 - Disposal of four small assets for £3.0m, ahead of their 31 March 2019 book value of £2.8m reflecting a NIY of 5.8%
 - Commenced lease renewal negotiations on more than £400,000 pa of rent currently due to expire before 31 March 2020

£7.3m

EPRA
EARNINGS

EPRA earnings up to £7.3m against
£2.9m in 6 months to September
2018

105.2p

EPRA NAV
PER SHARE

Decrease of 4.1% from 109.7p
at 31 March 2019 after share issue
impact and deployment costs

3.0p

DIVIDEND PAID
PER SHARE

Target dividend for the year
to 31 March 2020 increased

40.2%

LTV
RATIO

Just outside target
range of 30-40%

FINANCIAL HIGHLIGHTS

	30 Sept 2019	30 Sept 2018	Change
IFRS profit before tax	£2.8m	£11.0m	-
Adjusted EBITDA	£9.7m	£7.2m	+35%
Adjusted Earnings	£7.3m	£5.1m	+43%
Adjusted EPS	3.0p	3.1p	-1%
EPRA EPS	3.0p	1.8p	+67%
Dividends per share	3.0p	3.0p	-

	30 Sept 2019	31 March 2019	Change
Portfolio value	£438.7m	£307.4m	+43%
Loan-to-value	40.2%	39.7%	-1.3%
EPRA NAV per share	105.2p	109.7p	-4%
Total costs ratio	26.5%	28.9%	-8.3%

ADJUSTED EARNINGS

	30 Sept 2019	30 Sept 2018	Change
Gross rental income	£13.6m	£10.7m	+26%
Property operating expenses	(£1.7m)	(£1.8m)	-8%
Investment management fee	(£1.4m)	(£0.9m)	+53%
Other administration expenses	(£0.8m)	(£0.8m)	+13%
Adjusted EBITDA	£9.7m	£7.2m	+35%
Net finance costs	(£2.4m)	(£2.1m)	+19%
Adjusted earnings	£7.3m	£5.1m	+43%
Adjusted EPS	3.0p*	3.1p	-3%
Ongoing charge ratio	1.0%	2.2%	-

* Adjusted EPS covered dividend despite cash drag of April raise



MOVEMENT IN EPRA NAV

Pence per share



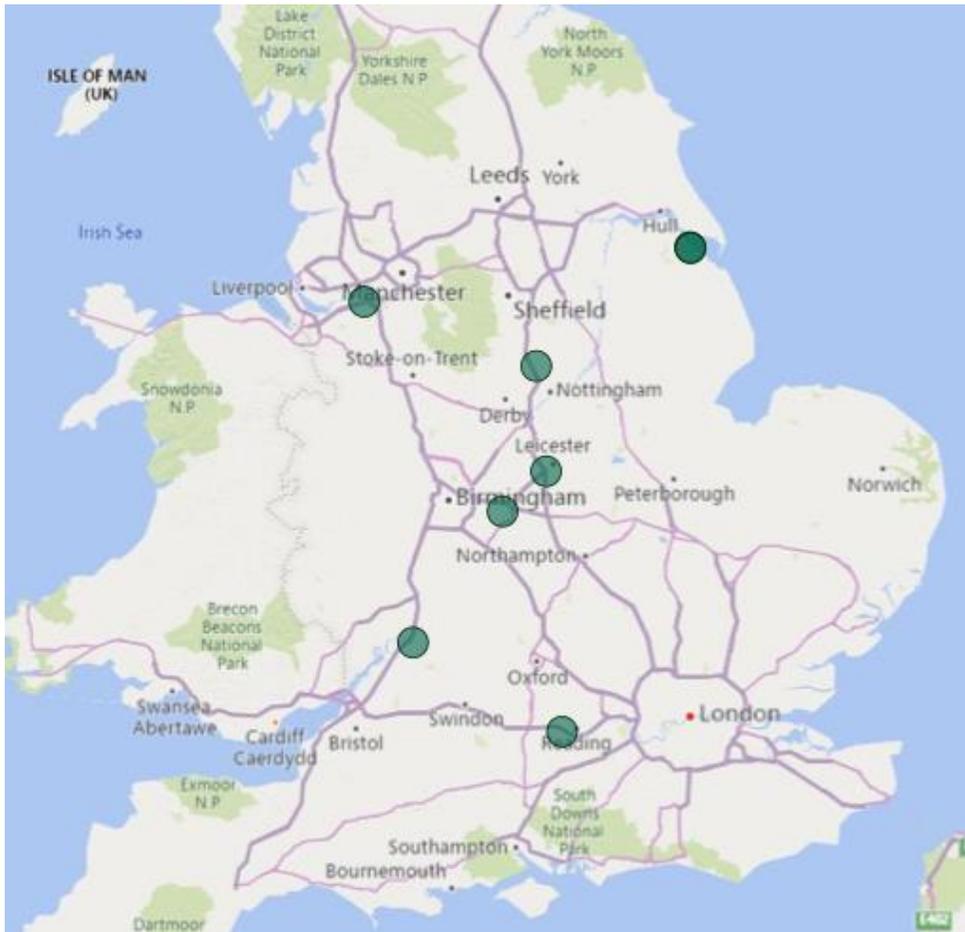
BALANCE SHEET

	30 Sept 2019	31 March 2019	Change
Investment properties	£438.7m	£307.4m	+43%
Net borrowings	(£176.3m)	(£122.1m)	+44%
Other net liabilities	(£9.7m)	(£3.0m)	-
Total equity	£252.7m	£182.3m	+39%
Fair value of interest rate derivatives	(£0.1m)	(£0.2m)	-
EPRA NAV	£252.6m	£182.1m	+39%
Number of shares	240.3m	166.0m	-
EPRA NAV per share	105.2p	109.7p	-4%
Total costs ratio	26.5%	28.9%	-8%

THE ECHELON PORTFOLIO

Fully-let portfolio of reversionary warehouse and distribution assets

- What is it?
 - Reversionary portfolio of eight warehouse and distribution properties in key locations across England
 - Total floor area of 995,100 sq ft arranged across 1 multi-let and 7 single let assets
 - Headline rent of £5,378,000 reflecting a low rent of £5.40 per sq ft
 - 100% of the income is secured against D&B rated "minimum risk" covenants WAULT of 5.3 years
 - Portfolio is fully let to 9 tenants including Amazon, Iron Mountain, Direct Wines and Sytner



Purchase price	Net initial yield	Contracted rent (pa)	Average rent
£70,000,000*	7.0%	£5,378,000	£5.40 sq ft
Occupancy	Key tenants		
100%	Amazon, Iron Mountain, Direct Wines and Sytner		

* Excluding deferred consideration of up to £5.0m

THE ECHELON PORTFOLIO

Amazon UK Services, Exeter Way, Theale, Reading



Area	WAULT	Contracted rent (pa)	Average rent
91,700 sq ft	2.0 years	£894,000	£9.40 sq ft

Occupancy	Tenant
100%	Amazon UK Services Limited

Direct Wines, Hurricane Road, Gloucester



Area	WAULT	Contracted rent (pa)	Average rent
188,300 sq ft	12.0 years	£1,065,000	£5.66 sq ft

Occupancy	Tenant
100%	Direct Wines Limited

THE ECHELON PORTFOLIO

Iron Mountain, Stretton Green, Warrington



Area	WAULT	Contracted rent (pa)	Average rent
106,100 sq ft	0.4 years	£487,000	£4.59 sq ft

Occupancy	Tenant
100%	Iron Mountain (UK) plc

Sytner & Emerson Process Management, Leicester



Area	WAULT	Contracted rent (pa)	Average rent
114,000 sq ft	5.8 years	£848,000	£7.44 sq ft

Occupancy	Tenant
100%	Sytner Ltd & Emerson Process Management Ltd

THE ECHELON PORTFOLIO

Fully-let portfolio of reversionary warehouse and distribution assets

Sherwood 217, Nottingham



Area	217,400 sq ft
WAULT	3.0 years
Average rent	£4.50 sq ft

Liberty Aluminium Technologies, Coventry



Area	138,500 sq ft
WAULT	2.8 years
Average rent	£3.57 sq ft

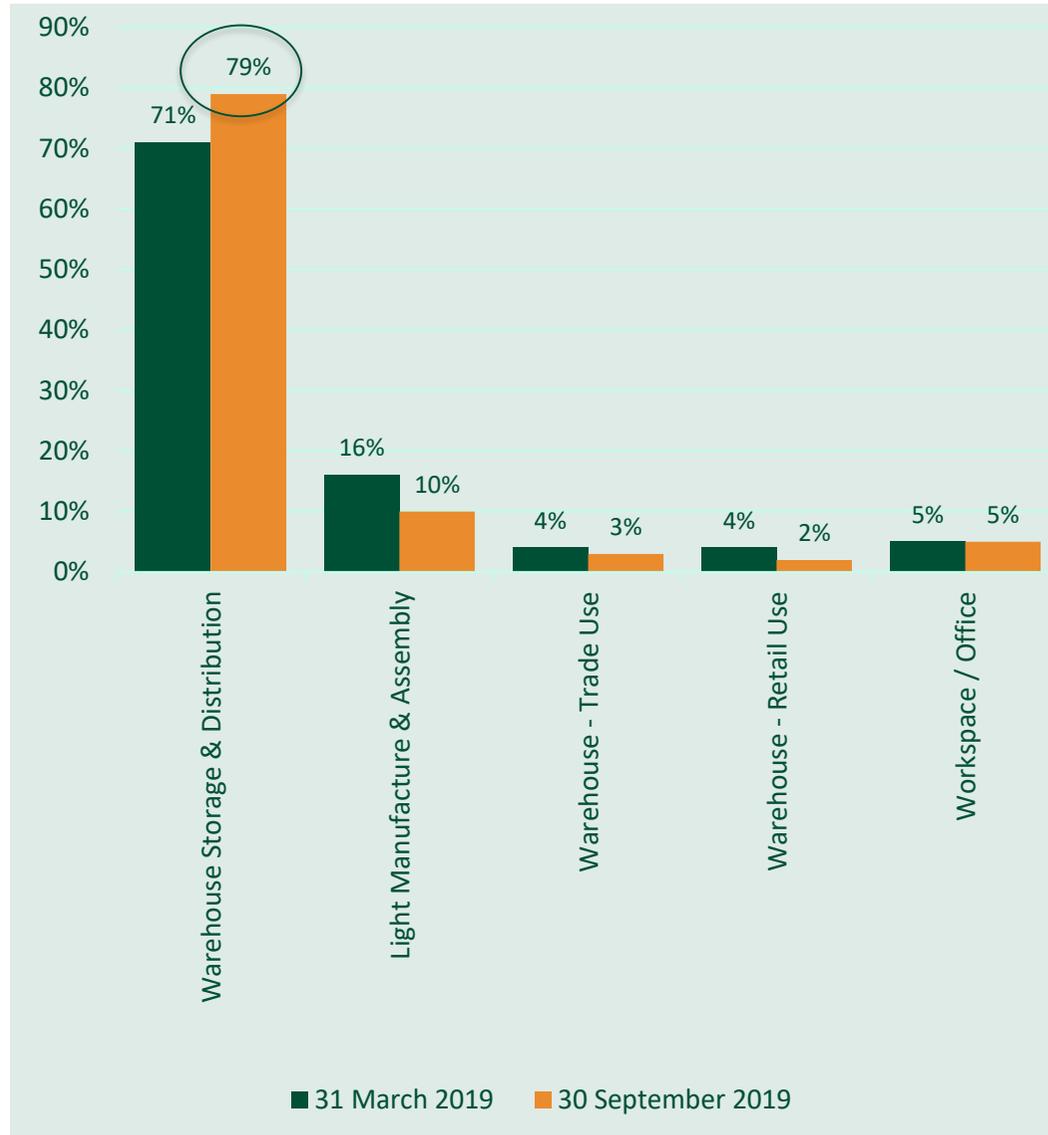
Daniels Chilled Foods & Convenience Foods, Europarc, Grimsby



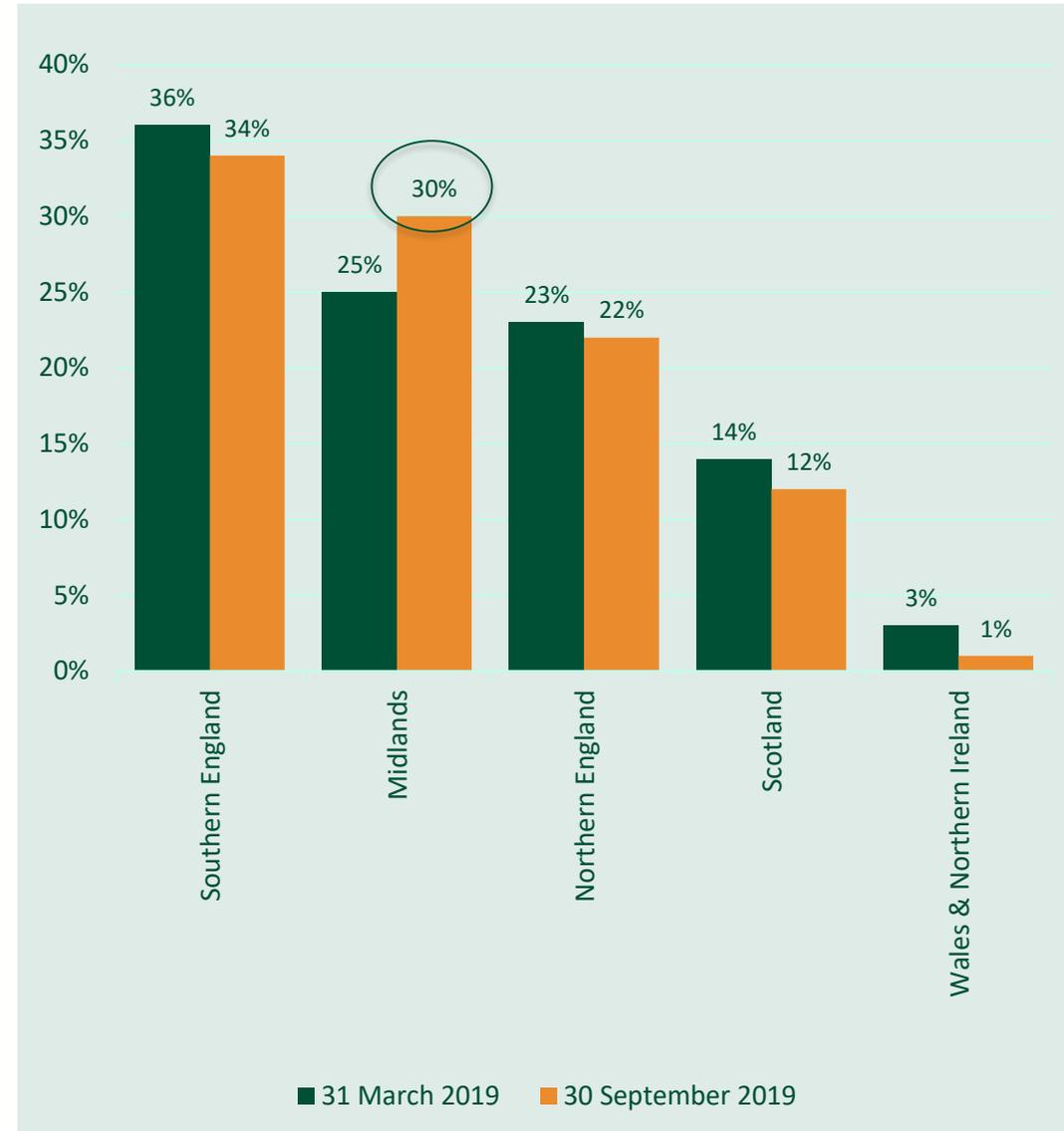
Area	139,100 sq ft
WAULT	7.9 years
Average rent	£4.37 sq ft

INCREASED WEIGHTING TO STORAGE & DISTRIBUTION AND MIDLANDS

Portfolio value by use



Portfolio value by location



THE VALUATION

As at 30 September 2019	Valuation £m	% of total portfolio	Occupancy	Average rent £ per sq ft pa	Lease length to expiry years	Net initial yield	Reversionary yield	Capital value £ per sq ft
Warehouse storage & distribution	348.4	79%	92.5%	5.30	5.3	6.2%	7.0%	71
Light manufacture & assembly	45.4	10%	84.1%	4.59	4.3	7.2%	8.5%	53
Warehouse - trade use	12.4	3%	100.0%	7.19	6.1	7.1%	7.3%	93
Warehouse - retail use	10.8	2%	100.0%	10.44	5.0	8.2%	9.4%	119
Workspace & office	21.7	5%	85.0%	10.00	3.9	7.3%	8.8%	106
Total	438.7	100%	91.5%*	5.47	5.1**	6.5%	7.3%	71

As at 31 March 2019

Portfolio valuation £m	Contracted rent £m per annum	ERV £m per annum
307.4	21.6	24.9
Area m sq ft	Weighted unexpired lease term years	Average capital value £ per sq ft
4.6	4.6	67

As at 30 September 2019

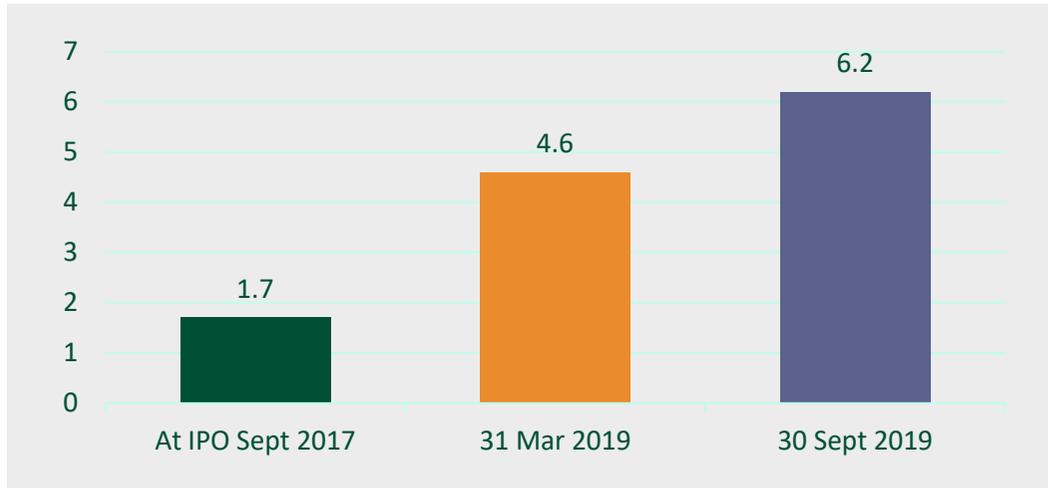
Portfolio valuation £m	Contracted rent £m per annum	ERV £m per annum
438.7	30.3	34.5
Area m sq ft	Weighted unexpired lease term years	Average capital value £ per sq ft
6.2	5.1	71

* Excluding units under offer to let and units undergoing refurbishment, occupancy was 96.8%

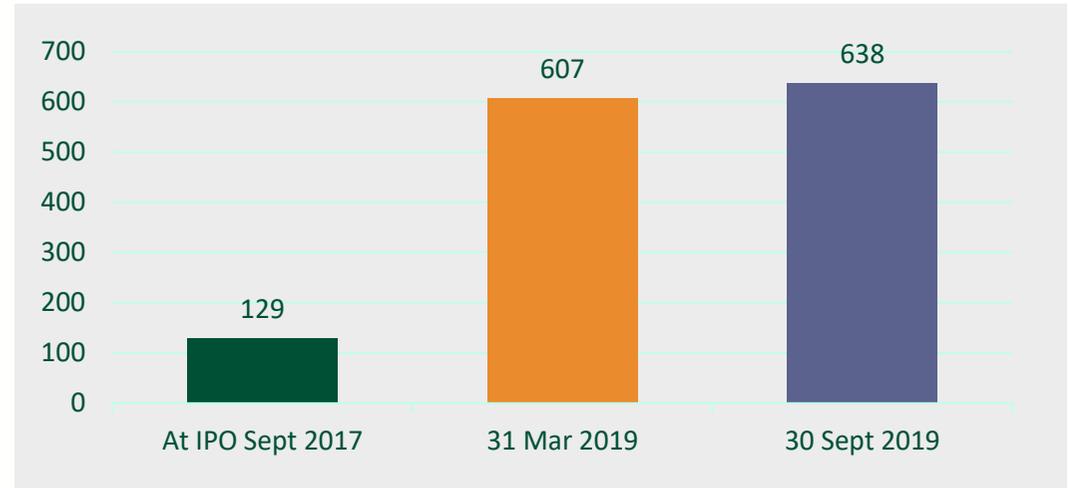
** Lease length to first break 3.9 years

DELIVERY ON IPO STRATEGY

Total m sq ft



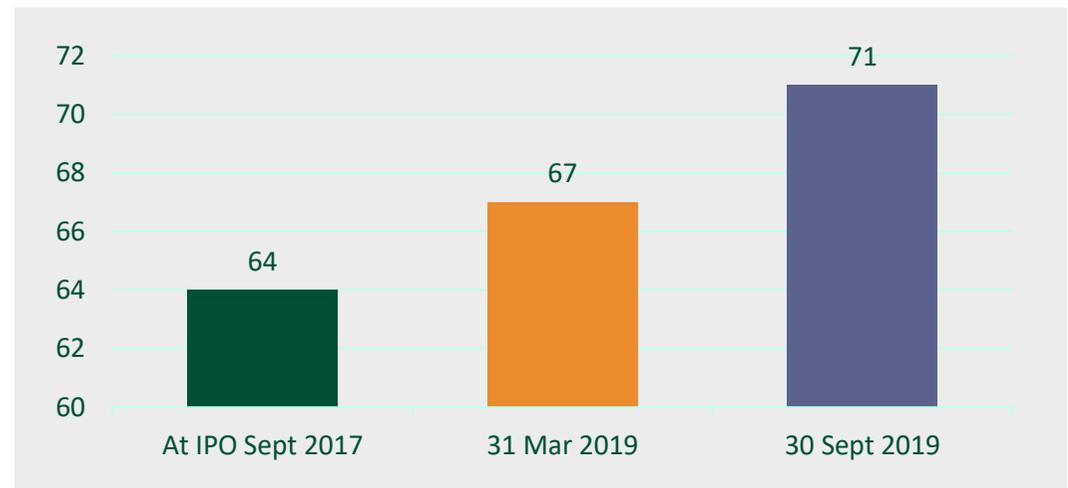
Total number of tenants



Average rent £ per sq ft



Average capital value £ per sq ft



ASSET MANAGEMENT HIGHLIGHTS

- Delivering consistent leasing outperformance
 - 43 new lettings of vacant space generating rent of £0.9m pa, 8.0% ahead of the 31 March 2019 ERV including:
 - a ten-year lease without a break, on a unit at Vantage Point, Leeds, at 22.9% ahead of ERV
 - a 10-year lease, with a break at year five, on a unit at Kingsditch Trading Estate, at 13.2% ahead of ERV
 - a nine-year lease, with a break at year six, on a unit at Shieling Court, Corby, at 11.1% ahead of ERV
 - 57 lease renewals including major renewal with Alliance Healthcare, securing income of £2.1m and a 23.4% increase in previously contracted rents
 - Overall occupancy reduced to 91.5% from 92.0% as at 31 March 2019 reflecting impact of space taken back to undergo refurbishment
 - Occupancy excluding units undergoing refurbishment and units under offer to let was 96.8%, versus 94.9% as at 31 March 2019
 - Over the last quarter, 80% of occupiers did not vacate at lease expiry
 - For lease breaks, 62% of income continued – of the 38% that did break, 63% was re-let at 19.9% ahead of previous rents



Vantage Point,
Leeds



Shieling Court,
Corby

CASE STUDY – ACTIVE ASSET MANAGEMENT DRIVING RETURNS

Daneshill Industrial Estate, Basingstoke

- What is it?
 - Regional Distribution Centre totalling 113,300 sq ft on a six-acre site
 - Situated less than two miles from J6 of the M3 motorway
 - Lease term to Boots of <1.5 years at date of purchase who have been in occupation since 1989
 - Passing rent of £5.74 per sq ft at date of purchase
- What have we done since purchase?
 - Understood the strategic importance of the warehouse for the operator servicing pharmacies, dispensing doctors and hospitals
 - In August 2019 agreed a 10-year lease renewal, with no breaks, at a 42% uplift to the previous rent paid, equivalent to £8.19 per sq ft
 - Renewal reflects the strong demand for high quality warehouses, and the shortage of alternatives, in this key distribution location as well as the importance of the unit to the tenant's supply chain
- What is the future?
 - Acquire freehold or extend long leasehold interest



Valuation 31 Mar' 19 £11,700,000	Valuation at IPO £8,200,000	Contracted rent (pa) 31 Mar'19 £650,000	ERV (pa) 31 Mar' 19 £925,000
Occupancy 100%	Key tenants Alliance Healthcare (Distribution) Ltd		

CASE STUDY – ASSET MANAGEMENT UNDERPINNING FUTURE INCOME GROWTH

Witan Park Industrial Estate, Witney

- What is it?
 - Multi-let industrial estate of 12 units totalling 112,200 sq ft located adjacent to the A40
 - Strategic location 14 miles from Oxford with limited supply of warehousing
- What have we done since purchase?
 - Acquired the property on IPO with low average rents of £5.20 per sq ft
 - Received a surrender premium and dilapidations payment of £0.8m in April 2019 providing effective income cover in respect of the units taken back to early 2020
 - Currently investing c.£750k refurbishing 70,600 sq ft of vacant space
- What is the future?
 - Post refurbishment, returning the previously single let unit to a range of smaller units and securing new occupiers at higher rents
 - Now quoting £8.25 per sq ft on smaller roadside units and £7.25 per sq ft on larger units
 - Rebrand and reposition the estate with a redevelopment of Unit 4 to improve access and marketability of all units to drive ERV growth

Before
After




Contracted rent 31 Mar'19 £603,000 £5.38 sq ft	ERV 31 Mar'19 £706,000 £6.29 sq ft	Contracted rent 30 Sept'19 £223,000 £5.36 sq ft	ERV 30 Sept'19 £792,000 £6.96 sq ft
Occupancy 30 Sept'19 33.5%		Key tenants Kent Frozen Foods, Autoparts Diagnostic, J Millin & Son	



CONCLUSIONS AND OUTLOOK

- Delivering consistent leasing outperformance
 - Like-for-like ERV growth of 1.2% in the period and 4.1% over the last year
 - 43 new lettings at 8.0% ahead of valuer’s ERV delivering consistent leasing outperformance and building a track record of disciplined investment and planning gains
 - Implemented a positive strategy of accelerating asset enhancing capital expenditure driving ERV and valuation potential
- Looking forward
 - Market fundamentals remain supportive: strong demand from diverse occupier base - rental growth continues
 - Investment value less than replacement cost: economic buffer – constrained supply
 - Opportunity to capture significant reversion across the existing portfolio
 - Increased scale provides improved operational efficiency and cost ratios
 - Portfolio well positioned to outperform the wider market (average rent of £5.47 per sq ft and capital value of £71 per sq ft)
 - Management shareholding of £19.9m provides alignment with shareholders: no performance fee

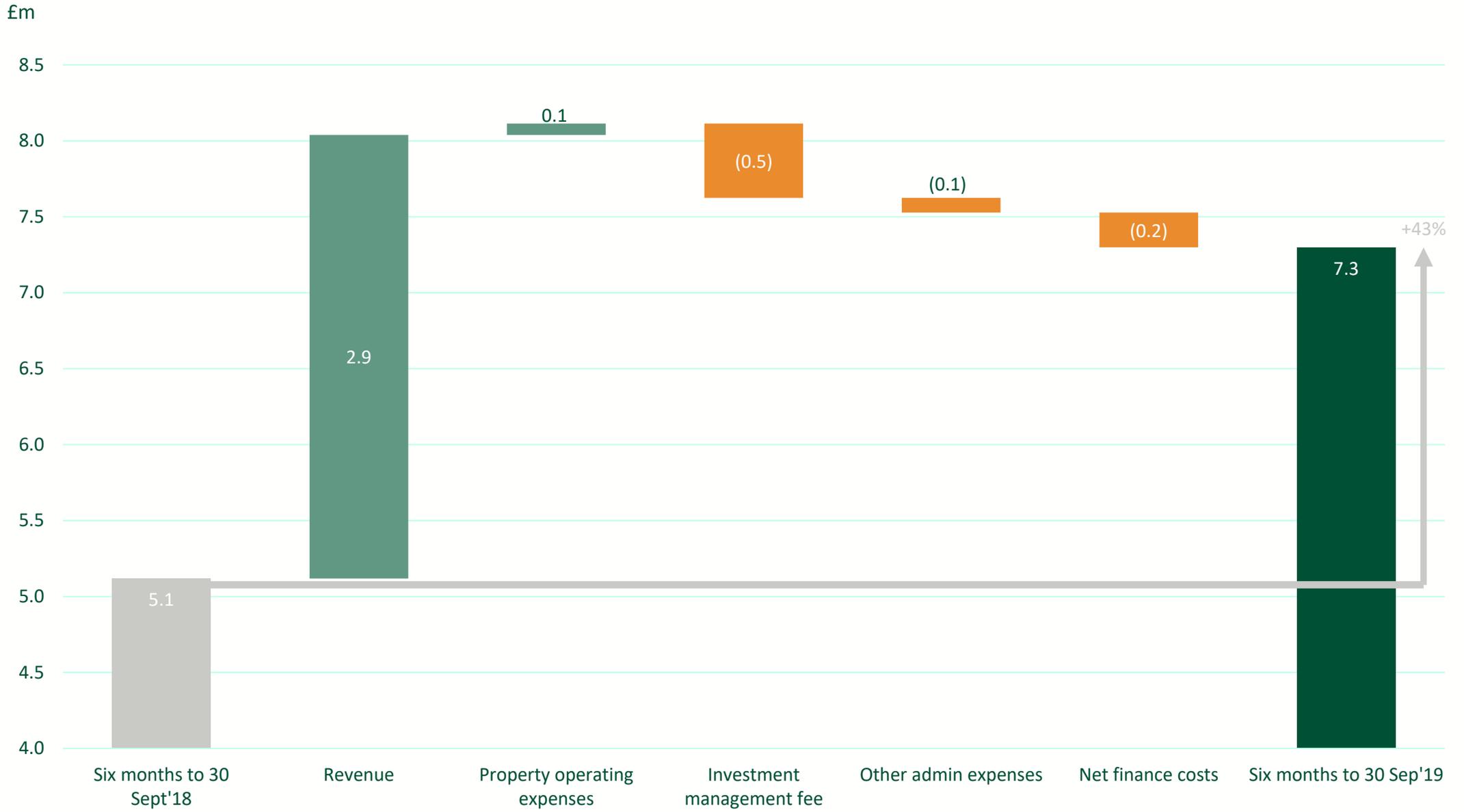


APPENDICES

- Adjusted earnings bridge 22
- Change in net debt 23
- EPRA earnings & IFRS profit 24
- Peer group property metrics 25
- Peer group performance 26
- Peer group valuation metrics 27
- Management agreement & arrangements 28
- Tilstone Partners management team 29
- Warehouse REIT Board of Directors 30



ADJUSTED EARNINGS BRIDGE



CHANGE IN NET DEBT



EPRA EARNINGS & IFRS PROFIT

	30 September 2019	30 September 2018	Change
Adjusted earnings	£7.3m	£5.1m	+43%
One-off costs	-	(£2.2m)**	-
EPRA earnings	£7.3m	£2.9m	+150%
Profit on disposal of properties	£0.0m	£3.7m	-
Fair value movement on properties	(£4.3m)*	£4.4m	-
Fair value of derivatives	(£0.2m)	-	-
IFRS profit for period	£2.8m	£11.0m	-74%
EPRA EPS	3.0p	1.8p	+73%
IFRS EPS	1.2p	6.6p	-82%

* Including costs associated with acquisitions in the period of £8.6m

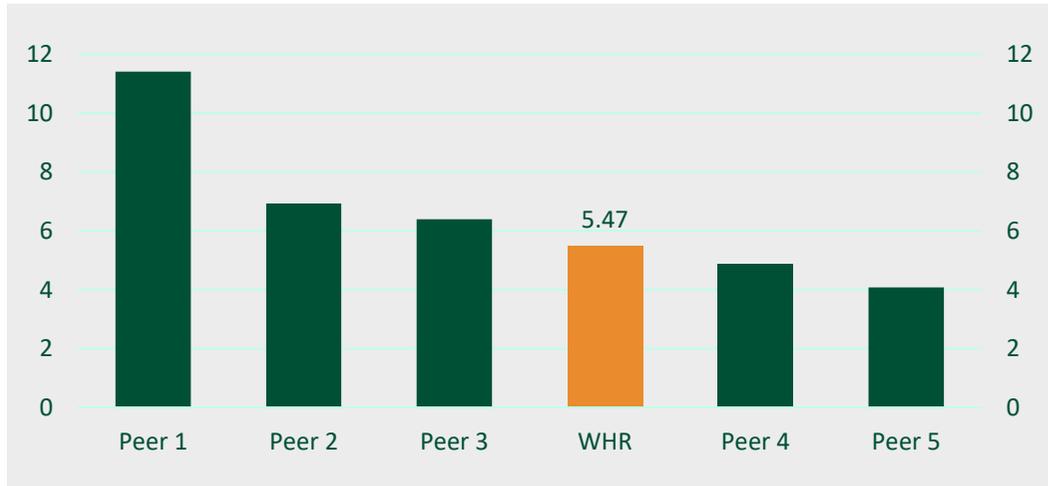
** Property and acquisition provision of 1.3p per share

Past performance is not a reliable indicator of future results



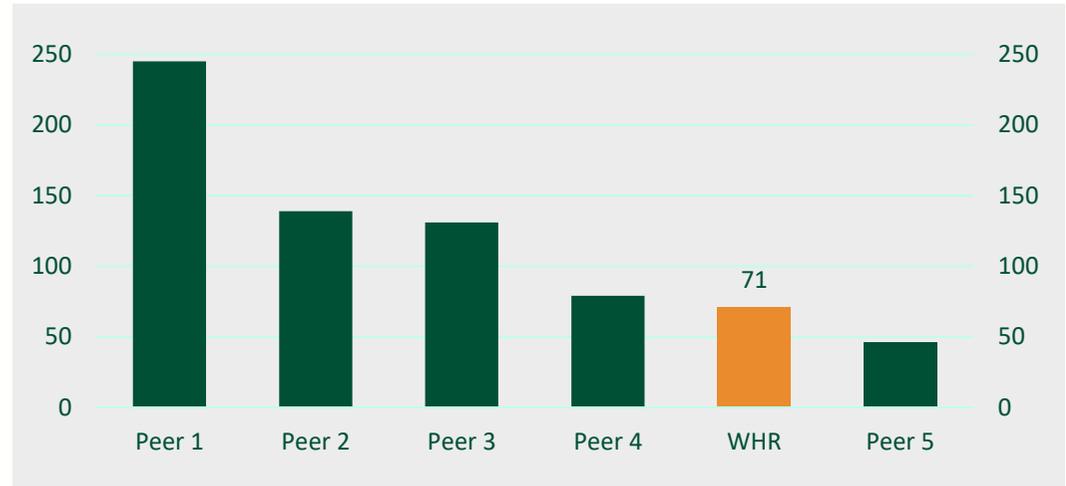
PEER GROUP PROPERTY METRICS

UK industrial/distribution average rent - £ per sq ft pa



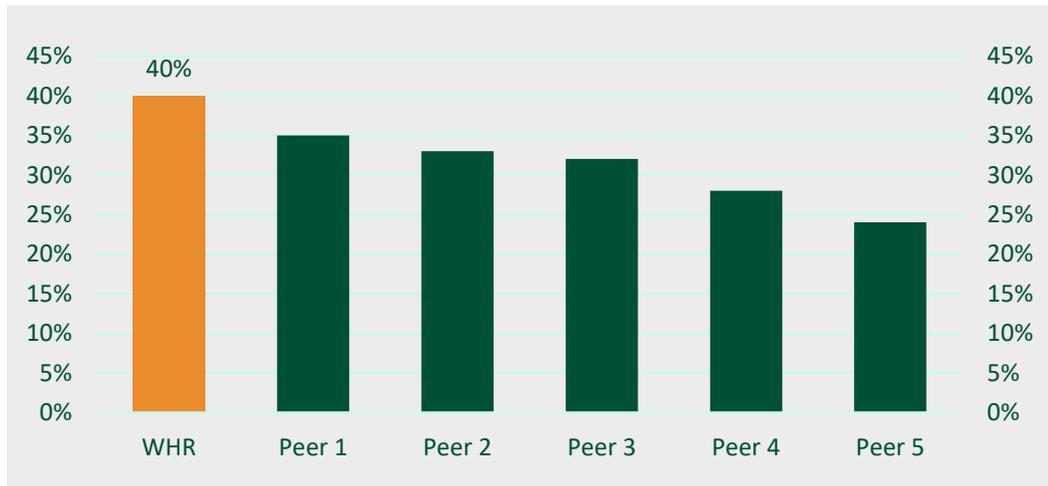
Source: Company reports

UK industrial/distribution capital value - £ per sq ft



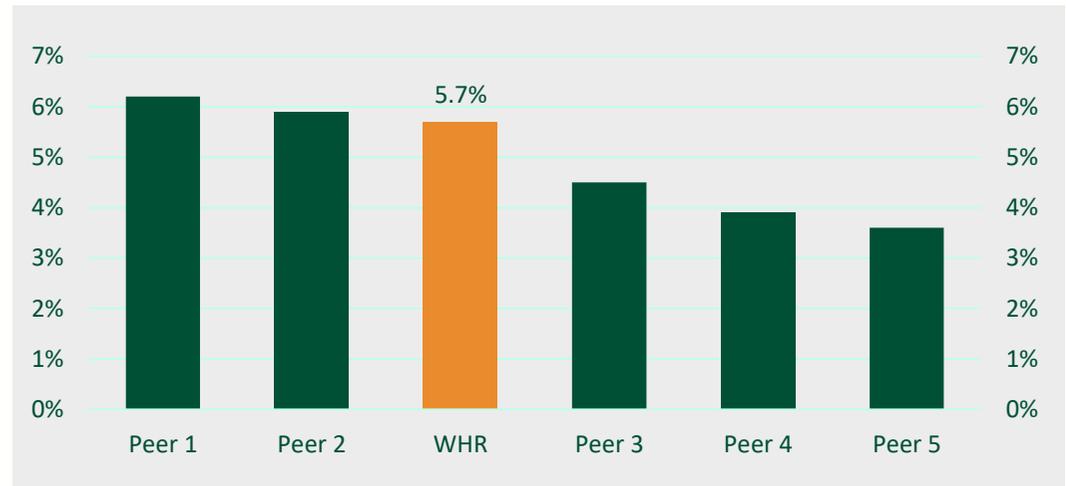
Source: Company reports

Loan to value ratio



Source: Company reports

UK industrial/distribution EPRA net initial yield

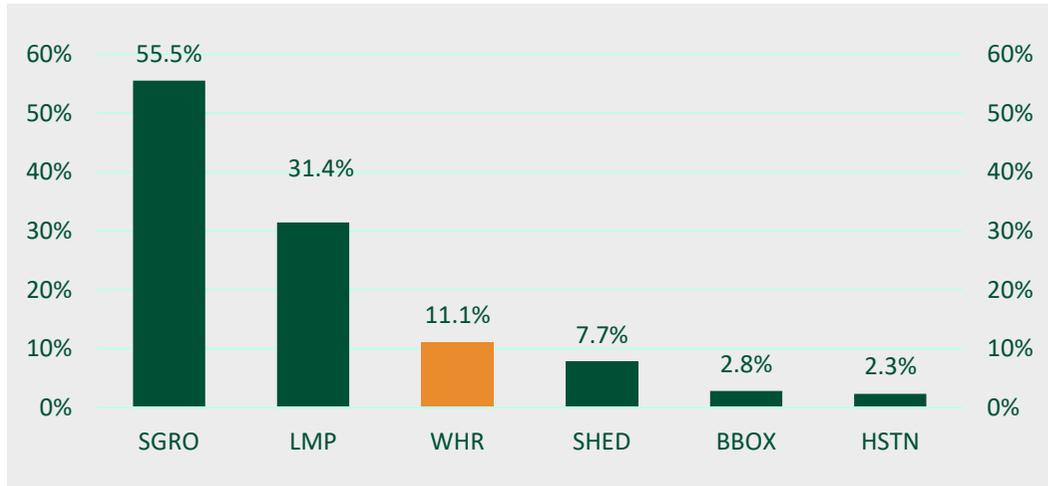


Source: Company reports



PEER GROUP PERFORMANCE

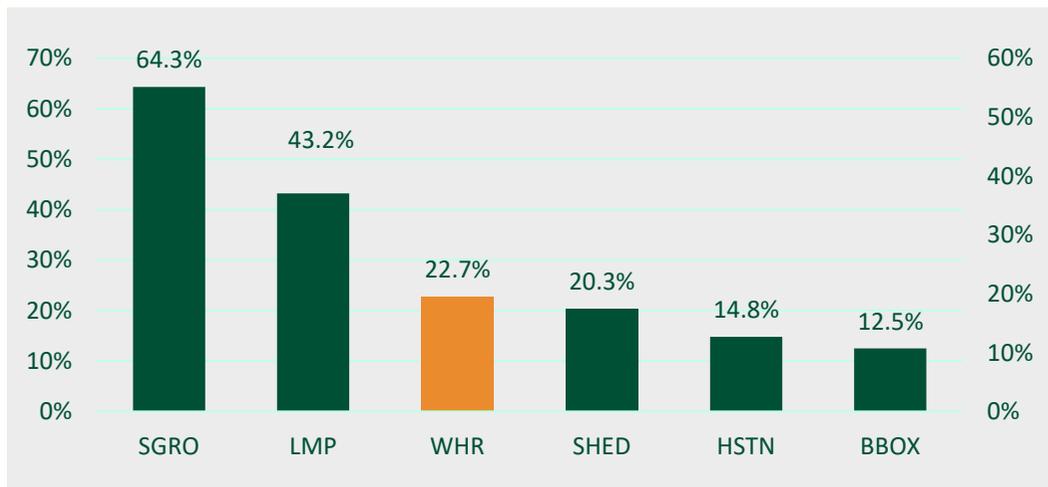
Share price movement – last two years



Source: DataStream

Period to 31 October 2019

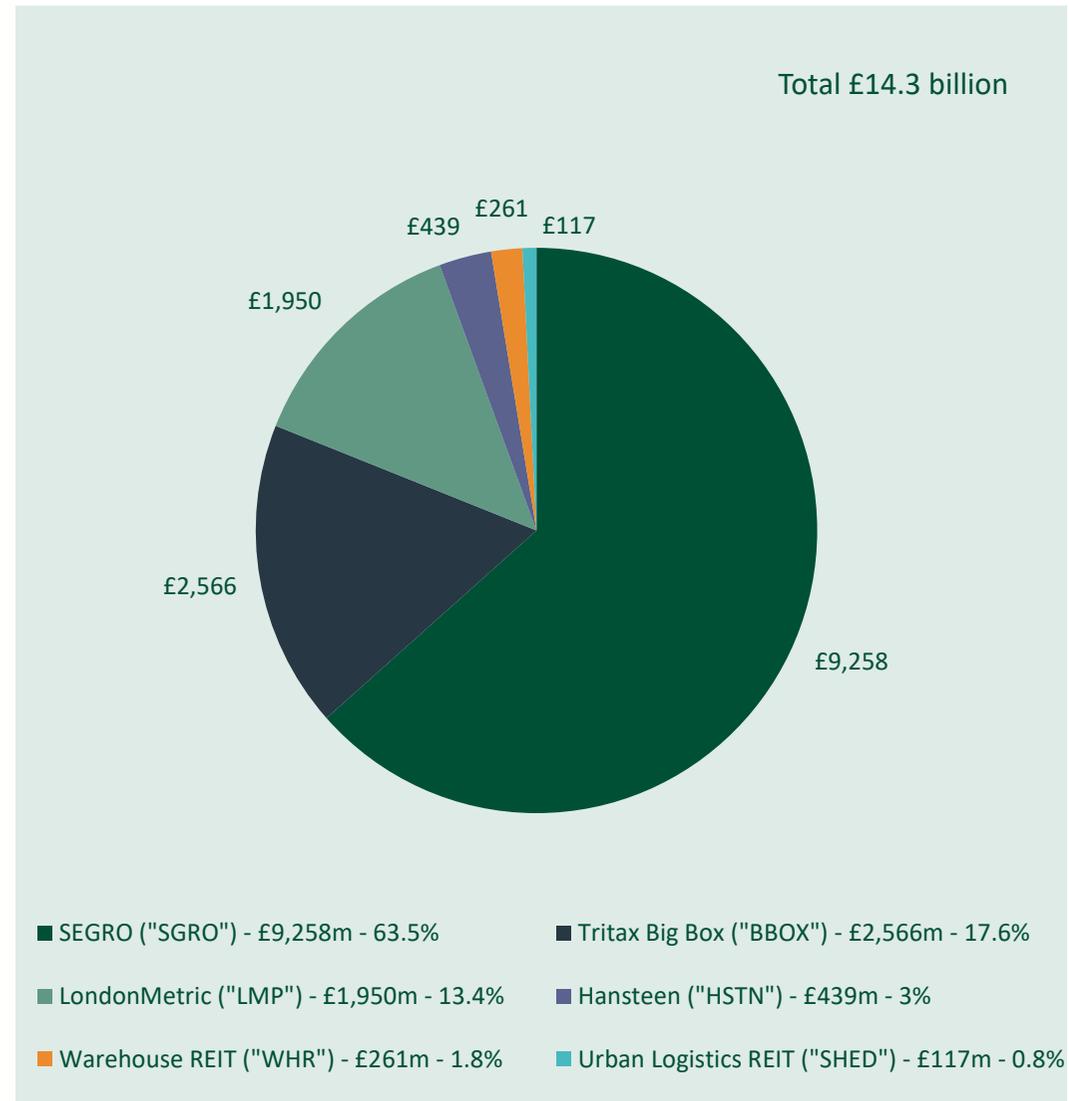
Total shareholder return – last two years



Source: DataStream

Period to 31 October 2019

Market capitalisation - £ million



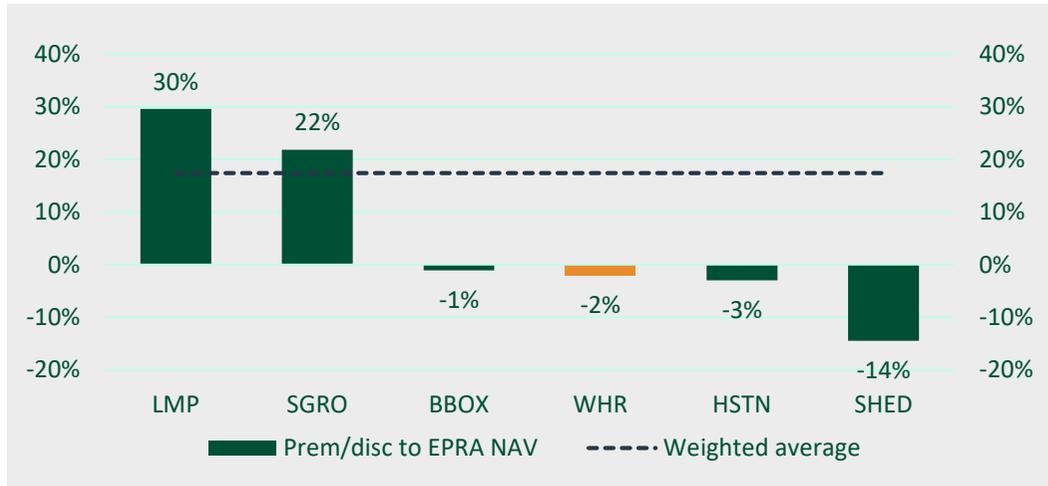
Source: DataStream

As at 31 October 2019



PEER GROUP VALUATION METRICS

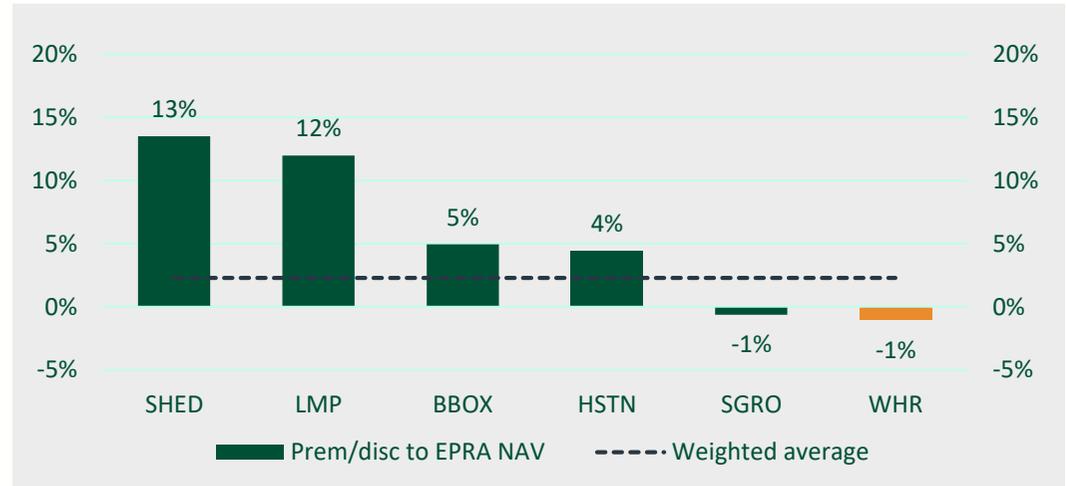
Premium/discount to spot NAV – October 2019



Source: Peel Hunt

As at 31 October 2019

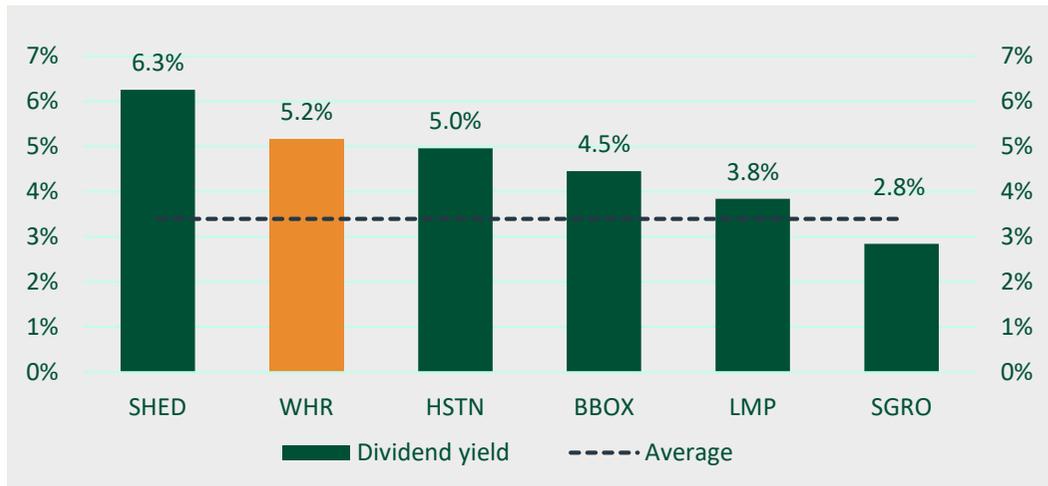
Premium/discount to spot NAV – October 2017



Source: Peel Hunt

As at 31 October 2017

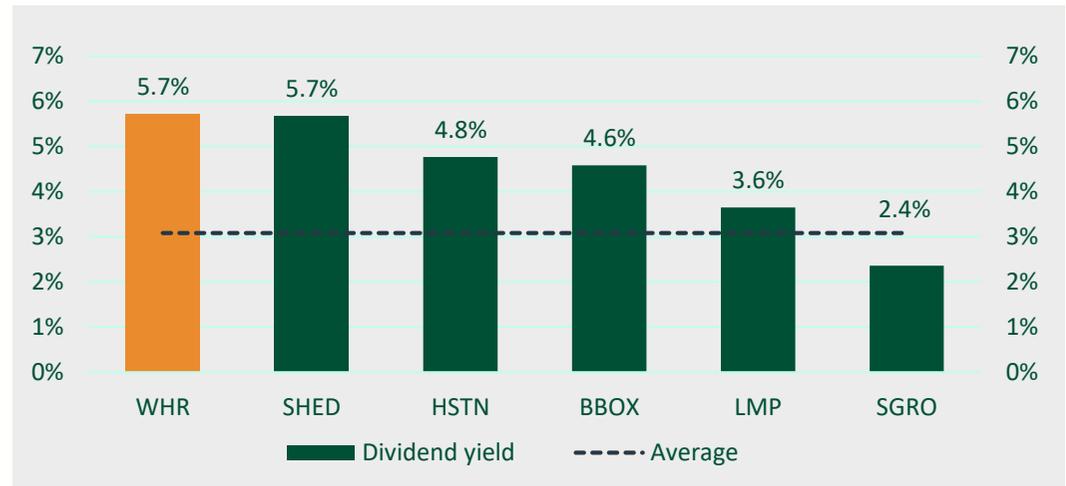
Earnings yields



Source: Peel Hunt

As at 31 October 2019

Dividend yields



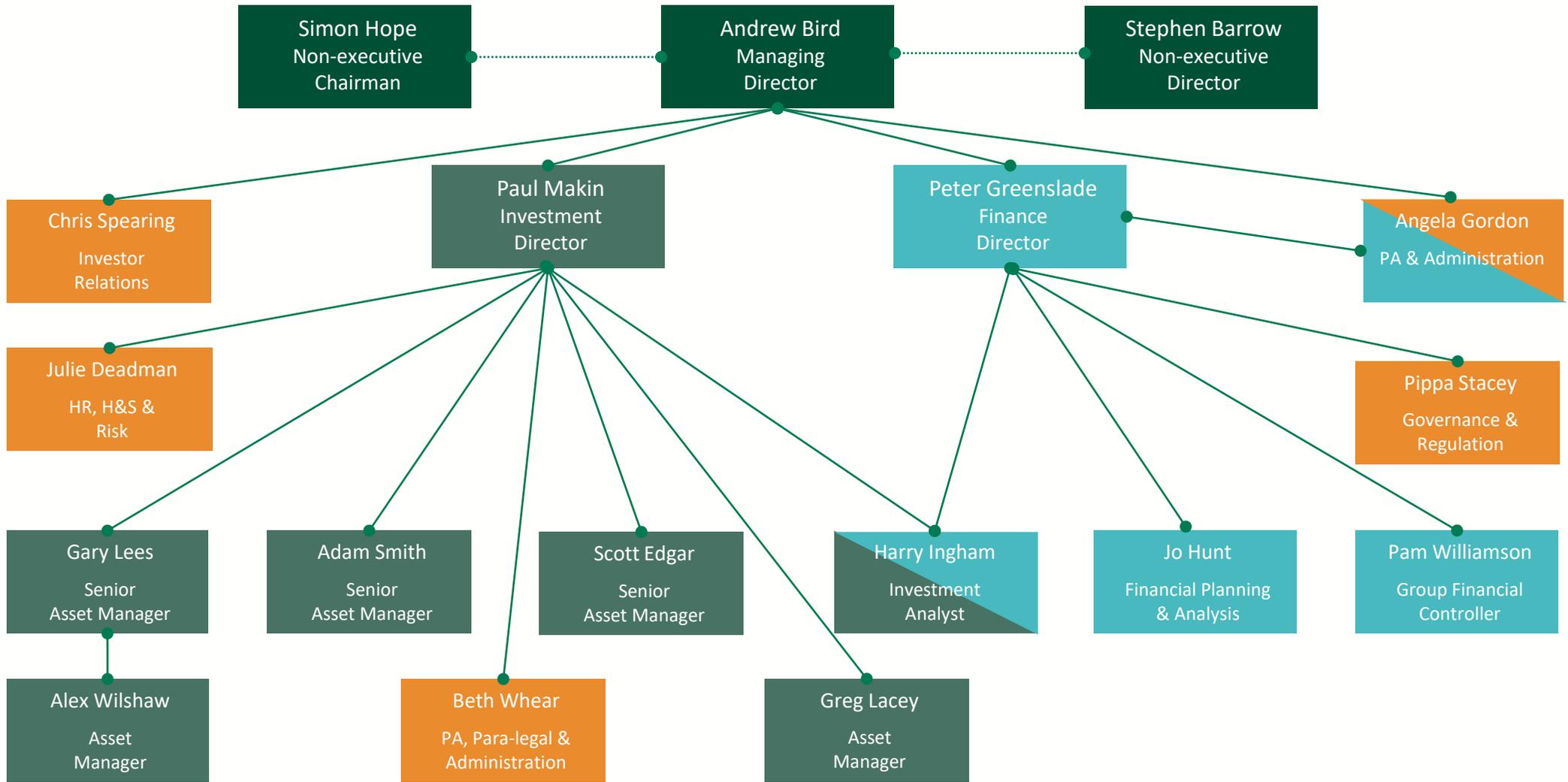
Source: Peel Hunt

As at 31 October 2019

MANAGEMENT AGREEMENT & ARRANGEMENTS

Investment adviser	Tilstone Partners Limited
Fees	1.1.% of EPRA NAV up to £500m and 0.9% thereafter with no performance fee
Term	Five year term with 2 years mutual notice period not exercisable in the initial 36 months (from August 2017)
Board/Independent directors	Neil Kirton (Chairman), Lynette Lackey, Martin Meech and Aimee Pitman
Listing	Investment company on the AIM Market of the London Stock Exchange
Regulatory and tax status	UK REIT regime and AIF (G10 Capital Limited)
Strategy	Policy to invest in a diversified portfolio of small and medium sized urban warehouse in the UK
Target total return	10%+ (dividends plus NAV growth)
Target dividend	REIT policy to distribute at least 90% of property income with target dividend of at least 6.0p for 2019/20
Dividend frequency	Paid quarterly
NAV	EPRA NAV £252.7m or 105.2p per share as at 30 September 2019
Borrowings	£150m RCF and £60m fixed-term loan with HSBC at blended rate of 2.14% above LIBOR expiring on 30 November 2022
Hedging	£60.0m interest rate caps at blended rate of 1.625% with 44% of total borrowings being fixed/hedged
Loan to value	40.2% as at 30 September 2019
Cost ratio	26.5% in six months to 30 September 2019 (ongoing charge ratio 1.0%)
Market capitalisation	£263.1m as at 4 November 2019

TILSTONE PARTNERS MANAGEMENT TEAM





WAREHOUSE REIT BOARD OF DIRECTORS



Neil Kirton
Chairman

Neil has over 25 years of experience in the securities and investment banking industries in the City of London



Aimee Pitman
Non-Executive Director

Aimee runs her own strategy consulting business, and has over 25 years' experience in strategy development across various sectors



Lynette Lackey
Non-Executive Director

Lynette is a chartered accountant and experienced NED with considerable knowledge of the real estate sector



Martin Meech
Non-Executive Director

Martin is the Group Property Director of Travis Perkins Plc, the largest supplier of building materials in the UK



Simon Hope
Non-Executive Director (non-independent)

Simon leads the Real Estate investment teams at Savills and was on the Savills plc board from 1999 to 2010



Stephen Barrow
Non-Executive Director (non-independent)

Stephen is an experienced global equity investor and is currently a non-employee Partner of Absolute Return Partners



**WARE
HOUSE
REIT**

**THE SPECIALIST
WAREHOUSE INVESTOR**

**HALF YEAR RESULTS
5 NOVEMBER 2019**

WAREHOUSE REIT PLC

TILSTONE