



25 June 2024

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

FULL YEAR RESULTS FOR THE 12 MONTHS ENDED 31 MARCH 2024

Robust occupational demand and multi-let focus underpins rising values and continued leasing momentum

Neil Kirton, Chairman of Warehouse REIT commented: "The standout feature of this year has been the resilience of the industrial occupational markets, reinforcing our conviction in the multi-let asset class and driving a 5.1% increase in like-for-like rental growth. This part of the market remains structurally under-supplied in terms of well-located, quality assets, supporting an increase in our valuation and enabling us to capture an uplift on previous rents of nearly 30%.

We have continued to execute on our disposal strategy, with £165.2 million of non-core assets sold since our disposal plan was announced in November 2022. This includes Barlborough Links, Chesterfield a single-let asset which sold for £46.0 million in June. Releasing capital from Radway Green in Crewe, will complete that plan and negotiations are well advanced.

This strong progress provides us with the flexibility to undertake selective value accretive acquisitions, and today we are pleased to announce the acquisition of part of the Ventura Retail Park in Tamworth for £38.6 million, a retail warehousing asset which is highly complementary to our business and our skill set."

High-quality, strategically located assets delivering strong valuation performance

- Portfolio value up 2.0% on a like-for-like basis to £810.2 million (31 March 2023: £828.8 million)
 - Investment Portfolio value up 2.6%; multi-let portfolio, up 3.1%, like-for-like
 - Strong performance driven by growth in estimated rental values of 7.7% with equivalent yields broadly flat
- EPRA NTA per share up 1.5% to 124.4p (31 March 2023: 122.6p)
- Total accounting return of 6.7% (31 March 2023: -25.7%)

Resilient occupational market supporting leasing activity with rents 28.6% ahead of previous rents

- 103 lease events over 1.5 million sq ft securing £10.0 million of contracted rent, 28.6% ahead of previous passing rents and 8.6% ahead of March 2023 ERV's including:
 - £1.6 million from 45 new lettings, 37.7% ahead of previous contracted rent;
 - £2.8 million from 36 renewals, 36.7% ahead of previous contracted rent; and
 - £5.6 million from 22 rent reviews, 23.9% ahead of previous contracted rent
- 5.1% like-for-like growth in contracted rents, with portfolio reversion increased to 13.1%
- Occupancy at 96.4% with c.99% of FY24 rent already collected
- Post period-end, a further 21 lease events over 0.6 million sq ft, securing £0.6 million of contracted rent, 13.1% ahead of previous contracted rent

Disposal plan near completion, focused on lower yielding, non-core assets and demonstrating liquidity

- £110.5 million of asset sales exchanged or completed since 1 April 2023, comprising:
 - £53.0 million in FY24, 15.6% ahead of March 2023 book value; generating £5.5 million of profit
 - £57.5 million post year end sales, including Barlborough Links, a single-let asset in Chesterfield
- Negotiations well advanced to release capital from Radway Green, Crewe, completing our disposal plan

£38.6 million acquisition of Phase 2 of the Ventura Retail Park, Tamworth

- Retail warehousing highly complementary to multi-let industrial and leverages Tilstone's expertise and experience
- Attractive entry point with a net initial yield of 7.4%, ahead of our cost of debt

Robust operational performance driving improved earnings

- Operating profit up 8.7% to £35.0 million (31 March 2023: £32.2 million), reflecting leasing momentum and reduction in EPRA cost ratio of 640 basis points to 24.4%, our lowest ever
- Adjusted earnings of £20.6 million (31 March 2024: £19.8 million)
- Adjusted EPS up 2.1% to 4.8p (31 March 2023: 4.7p)
- Dividend maintained at 6.4p; 95% covered when profits on disposals included
- £320.0 million of debt refinanced with more favourable covenants and additional interest rate caps of £50.0 million acquired
- 88.0% of debt hedged at year end, rising to over 90% post year end capital activity; no major refinancing until 2028
- LTV at 33.1% as at 31 March 2024, (31 March 2023: 33.9%)

Progressing our sustainability strategy

- 66.6% of the portfolio now EPC A-C rated (31 March 2023: 60.2%)

Financial highlights

Year ended 31 March	2024	2023
Gross property income	£47.1m	£47.8m
Operating profit before change in value of investment properties	£35.0m	£32.2m
IFRS profit/(loss) before tax	£34.3m	(£182.8m)
IFRS earnings per share	8.1p	(43.0)
Adjusted earnings per share	4.8p	4.7p
Dividends paid per share	6.4p	6.4p
Total accounting return	6.7%	(25.7%)
Gross to net rental income ratio	96.8%	91.7%
Total cost ratio	24.4%	28.4%
As at	31 March 2024	31 March 2023
Portfolio valuation	£810.2m	£828.8m
IFRS net asset value	£535.6m	£528.5m
IFRS net asset value per share	126.1	124.4p
EPRA net tangible assets ("NTA") per share	124.4p	122.6p
Loan to value ("LTV") ratio	33.1%	33.9%

Investment portfolio statistics

As at	31 March 2024	31 March 2023
Contracted rent	£44.6m	£45.3m
ERV	£53.5m	£53.3m
Passing rent	£42.9m	£41.2m
WAULT to expiry	5.0 years	5.5 years
WAULT to first break	4.1 years	4.5 years
EPRA topped up yield	5.6%	5.5%
Equivalent yield	6.5%	6.5%
Occupancy	96.4%	95.8%

Meeting

A meeting for professional investors and analysts will be held at 9am on 25 June 2024. Registration is required for this event, please email FTI Consulting at warehousereit@fticonsulting.com should you wish to attend.

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

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Further information on Warehouse REIT is available on its website: warehousereit.co.uk

Notes

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

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

We invest in our business by selectively acquiring assets with potential and by delivering opportunities we have created. Through proactive asset management we unlock the value inherent in our portfolio, helping to capture rising rents and driving an increase in capital values to deliver strong returns for our investors over the long term.

Sustainability is embedded throughout our business, helping us meet the expectations of our stakeholders today and futureproofing our business for tomorrow.

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

CHAIRMAN'S STATEMENT

In many respects the standout feature of the year has been the resilience and strength of our occupational markets. The multi-let industrial sector, which remains critically undersupplied in terms of well-located, quality assets has continued to perform well. We have maintained our strong track record of successfully capturing reversion and generating significant rental growth and I am pleased to say that this has underpinned an increase in the net asset valuation for the year under review.

In addition to maximising returns from the existing portfolio, we have continued to focus on reshaping the balance sheet to create a platform that is appropriate for your business. We have sold £165.2 million of assets since the disposal plan was announced in November 2022 but importantly, we have not sold any flagship estates.

We know what our assets are worth and have been patient but proactive in our approach. Releasing capital from Radway Green, our 100-acre site adjacent to the M6 is a very good example of that. We have refused to move with undue haste, recognising the unrealised strategic value in this development and during the year, have seen significant interest develop from various parties with negotiations now well advanced. A successful conclusion completes our disposal plan.

This strategy is consistent not only with a higher interest rate environment but also, with sales being accretive to earnings, a commitment to move our shareholders back towards a covered dividend. Reflecting the good progress we have made, the Board is comfortable that the Group now has the flexibility to selectively undertake value accretive acquisitions, and accordingly is pleased to have acquired part of the Ventura Retail Park in Tamworth, a retail warehousing asset which is highly complementary to our business and our skill set.

OPERATIONAL REVIEW

Our asset management in the year has driven a 5.1% increase in like-for-like contracted rent, bringing total contracted rent to £44.6 million. We are successfully capturing reversion, with deals on average 28.6% ahead of prior rents, equating to £2.1 million of new rent and including the letting of vacant space, £3.0 million of new rent was added in the year. Post year end activity adds a further £0.6 million to contracted rent.

With over 100 deals completed in the year, our leasing activity also provides strong evidence of rental growth, supporting our valuation. ERV growth across the portfolio was 7.7%, exceeding our own expectations, and driving a like-for-like portfolio valuation uplift of 2.0%, (with an increase of 3.1% in our multi-let portfolio), taking the total value of our assets to £810.2 million.

This performance is a strong endorsement of our strategic focus on multi-let industrials. As well as providing more opportunities to capture reversion, this is a highly scarce asset class, with rebuild costs well above capital values due to expensive development finance and a strict planning regime. Our capital value of £93.5 per sq ft compares to a reinstatement value of c.£116.2 per sq ft. At the same time, demand for multi-let space is more resilient given the diversity of its occupier base and together these dynamics support our continuing high occupancy of 96.4%, driving future rental growth.

CAPITAL ACTIVITY

Our disposal programme has targeted assets that are non-core or where our asset management plans have been substantially delivered. We executed on £53.0 million of sales in the year, in many cases successfully selling into pockets of demand to achieve a price ahead of book value with an average premium of 15.6%. This crystallised a profit on sale of £5.5 million.

Post year end sales totalled £57.5 million and comprised the £46.0 million disposal of Barlborough Links in Chesterfield, a single-let property with rental growth capped through indexation, as well as two other single-let assets in Plymouth and Newport. These transactions increase our pro forma weighting towards multi-let assets to c.78% from c.72% at year end and further focus the portfolio on our core assets where we see opportunities to drive value for shareholders.

FINANCIAL PERFORMANCE

At £35.0 million, operating profits were 8.6% ahead of last year, with our leasing activity and the fall in operating costs more than offsetting the impact of disposals. Adjusted earnings per share were 4.8 pence, 2.1% ahead of last year and rise to 6.1 pence when profits from disposals are taken into account, meaning that on a cash basis, the full year dividend of 6.4 pence is 95.3% covered.

The uplift in valuation has driven an increase in our EPRA NTA per share of 1.5% to 124.4 pence (31 March 2023: 122.6 pence), contributing to a total accounting return of 6.7%.

BALANCE SHEET

In addition to the disposals programme, in June 2023 we completed a successful refinancing of our previous £320.0 million facility to further optimise our balance sheet. The new facility comprises a £220.0 million term loan and a £100.0million revolving credit facility with a club of four lenders: HSBC, Bank of Ireland, NatWest and Santander. The new facility was agreed on more favourable covenants, reflecting the strength of our banking relationships as well as the quality of the portfolio, and the tenure has been extended from January 2025 to June 2028.

In November 2023, we acquired a further £50.0 million of interest rate caps, replacing the £30.0 million of caps expiring and fixing SONIA at 2.0%. This is in addition to the £200.0 million of interest rate caps acquired in the last financial year. As a result, 88.0% of our debt was hedged at year end and our weighted average cost of debt was 4.2%.

As at 31 March 2024, the Group's loan to value of 33.1% remains well within our target range of 30% to 40%, with £36.0 million of headroom within our new facilities.

ESG

We have continued to progress our ESG agenda. Last year we set out a commitment to be net zero in scope 1 and 2 greenhouse gas emissions by 2030 alongside a framework for reducing our wider carbon footprint. Sustainability is firmly embedded in the way we manage our portfolio with each refurbishment aiming to remove gas, electrify heating and lighting and deliver a minimum EPC B rating. This has driven a significant increase in our EPC A–C rated space, which now accounts for 66.6% of the portfolio compared to 60.2% at the start of the year and, in addition, makes our space more attractive to occupiers, supporting leasing and valuation.

This year, we have also reported some scope 3 emissions for the first time. Looking forward, improving our visibility over, and ultimately setting a target for the reduction of scope 3 emissions is an important priority for the business. Our close engagement with occupiers and the steps we have taken to introduce green leases, which encourage data sharing wherever possible, are already having a positive impact in this respect.

On the Governance side, as previously announced, Martin Meech stepped down from the Board at the Annual General Meeting (“AGM”) in September 2023. Following a comprehensive search, Dominic O’Rourke joined the Board as a Non-Executive Director in the same month. He is currently Group Property Director for FTSE 100 retailer Next plc, a role he has held since 2014. His customer-facing experience in a sector that is key for our business is proving to be a highly positive and complementary addition to the Board’s expertise.

CONCLUSION AND OUTLOOK

Our disposal plan was announced in November 2022, when the rapid adjustment in interest rates impacted our financing costs, and in turn our earnings. We have largely delivered on that plan and are optimistic of a positive outcome on the Radway process in the coming months.

Thereafter, capturing reversion becomes our primary tool for rebuilding dividend cover. Our focus on what is a resilient part of the market and our active asset management has created more rental upside in our portfolio which is now 13.1% reversionary and looking forward, we believe attractive levels of rental growth will continue.

We are also identifying opportunities to selectively make acquisitions of higher yielding warehousing assets. Retail warehousing is an area in which Tilstone Partners has experience and represents a highly attractive opportunity at this time. We are very well placed to source value accretive opportunities in this space and the Ventura Retail Park is an excellent example of that.

This year, it feels appropriate to comment on the equity market context, which has seen an increase in the level of corporate activity, both in our sector and across listed investment trusts more generally. Our conviction, as a Board, is that this Company owns high-quality, strategically-located assets, but we are acutely aware that that is not reflected in the price at which our equity currently trades. We believe that rebuilding dividend coverage is an important first step in narrowing that discount and are confident the Company has in place a strategy that will deliver this.

In summary, commercial real estate is a sector that has been, and may continue to be, challenged by higher interest rates. We are successfully managing our way through that and the Board are committed to making the decisions and taking the steps that are necessary to create a sound platform from which our operational strength can drive value for all our shareholders.

Neil Kirton
Chairman

We use the following key performance indicators (“KPIs”) to monitor our performance and strategic progress

OCCUPANCY

96.4%

Description

Total open market rental value of the units leased divided by total open market rental value, excluding development property and land, and equivalent to one minus the EPRA vacancy rate.

Why is this important?

Shows our ability to retain occupiers at renewal and to let vacant space, which in turn underpins our income and dividend payments.

How we performed

Active asset management, asset disposals and the robust occupational market helped us to increase occupancy by 6 bps during the year to 96.4%.

LIKE-FOR-LIKE RENTAL INCOME GROWTH

5.1%

Description

The increase in contracted rent of units owned throughout the period, expressed as a percentage of the contracted rent at the start of the period, excluding development property, land and units undergoing refurbishment.

Why is this important?

Shows our ability to identify and acquire attractive properties and grow average rents over time.

How we performed

We delivered further good rental growth, as we continued to capture the reversionary potential in the portfolio through active asset management.

RENTAL INCREASES AGREED VERSUS VALUER’S ERV

8.6%

Description

The difference between the rent achieved on new lettings and renewals and the ERV assessed by the external valuer, expressed as a percentage above the ERV at the start of the period.

Why is this important?

Shows our ability to achieve rental growth ahead of ERV through asset management and the attractiveness of our assets to potential occupiers.

How we performed

We let space overall 8.6% ahead of ERV, maintaining our strong track record of exceeding valuers expectations.

LIKE-FOR-LIKE VALUATION CHANGE

2.0%

Description

The change in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, and net of capital expenditure.

Why is this important?

Shows our ability to acquire the right quality of assets at attractive valuations, add value through asset management and drive increased capital values by capturing rental growth.

How we performed

After last year’s adverse market conditions, we have seen a 2.0% increase in the like-for-like valuation as general market conditions improve and reflecting the quality of our portfolio.

TOTAL ACCOUNTING RETURN

6.7%

Description

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.

Why is this important?

Demonstrates the Group’s success at creating value for shareholders.

How we performed

We delivered a total accounting return of 6.7% in the year, below our target as ongoing economic uncertainty continues to weigh on the sector but significantly ahead of last year reflecting a increase in our valuation.

TOTAL COST RATIO

24.4%

Description

The total cost ratio is the sum of property expenses and administration expenses (ex one-off costs) as a percentage of gross rental income.

Why is this important?

Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.

How we performed

The total cost ratio improved further in the year due to non-recoverable holding costs on larger vacant buildings and a lower investment advisor fee. Excluding vacancy costs, the total cost ratio was 23.4%.

EPRA NTA PER SHARE

124.4p

LOAN TO VALUE RATIO

33.1%

Description

The EPRA net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. This is expressed on a per share basis.

Why is this important?

Shows our ability to acquire well and to increase capital values through active asset management.

How we performed

The increase in capital values relative to the market contributed to a 1.5% increase in EPRA NTA per share to 124.4pence per share.

Description

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

Why is this important?

Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.

How we performed

The decrease in the LTV primarily reflects our proceeds from asset disposals reducing our level of debt as well as an increase in portfolio value.

INVESTMENT ADVISOR'S REPORT

GOOD PROGRESS WITH OUR PRIORITIES

At the start of the financial year, we set ourselves four priorities for FY24. These were to:

- capture the reversionary potential in the portfolio;
- recycle capital by disposing of assets, enabling us to pay down the Group's floating rate debt, strengthen the balance sheet and support earnings;
- progress the Radway Green development scheme; and
- increase dividend cover, by driving earnings through these actions.

We made good progress with the first two of these priorities, and we have a clear plan in place to deliver value from Radway Green, Crewe, which will position the Group to increase its dividend cover over time.

PRIORITY: CAPTURING REVERSION

At the year end, the contracted rent roll for the investment portfolio (excluding developments) was £44.6 million, compared to an ERV of £53.5 million. The difference reflects £7.0 million (or 13.1%) of portfolio reversion and £1.9 million of potential rent on vacant space.

The structure of the Group's leases supports capturing this reversion, with less than 10% being index linked through either a cap or collar arrangement. This flexibility is an important advantage in a more inflationary environment

We made good progress capturing reversion in FY24, with a total of 103 lease events completed, covering 1.5 million sq ft. As a result, we were able to capture £3.0 million of new contracted rent for the year, with £0.9 million of contracted rent coming from the letting vacant space.

Total contracted rents for the investment property portfolio stood at £44.6 million at year end, an increase of 5.1% on a like-for-like basis during the year.

The table following demonstrates the potential for continuing to capture reversion in the years ahead. These represent good opportunities for further rental growth and reflects the position before any further ERV growth or outperformance.

Rent subject to review or lease expiry	Contracted rent (£m)	ERV (£m)
FY25	12.6	16.1
FY26	8.0	9.1
FY27	5.7	6.5
FY28	5.4	5.6
FY28+	12.9	14.3

PRIORITY: CAPITAL RECYCLING

We keep the portfolio under constant review, to identify mature or non-core assets that are candidates for disposal. This has been a particular focus in FY24.

During the year, the Group sold seven estates for £53.0 million. This was 15.6% ahead of their aggregate book value, crystallising a profit on disposal of £5.5 million in the year, and reflecting a blended net initial yield of 5.0%. Sales have focused on single-let assets, or assets where we have substantially completed our asset management initiatives leaving little further upside. This good performance demonstrates our ability to match assets that are non-core for Warehouse REIT with pockets of demand across the market. We will continue to rigorously assess our portfolio to ensure we remain focused on the highest returning opportunities to maximise value for shareholders.

The assets sold in FY24 were:

- Dales Manor Business Park, Cambridge for £27.0 million;
- Warrington South Industrial Estate, for £11.6 million; and
- smaller assets in Ipswich, Ellesmere Port, the Isle of Wight, Cardiff and Halifax totalling £14.4 million.

The Group's total asset sales since we announced the disposal plan in November 2022 stood at £107.7 million at 31 March 2024. Since the year end, we have announced further disposals totalling £57.5 million. This takes total disposals since November 2022 to £165.2 million demonstrating the liquidity of the Group's portfolio. See Post-Period End Activity for more information.

PRIORITY: PROGRESSING RADWAY GREEN

Radway Green is the Group's key logistics development opportunity, in a premier location just 1.5 miles from Junction 16 of the M6 near Crewe. At the interim results in November 2023, the Group announced that it was evaluating options for the scheme, including the sale of all or part of Radway Green, and that it would not progress the development alone. Negotiations are now well advanced.

This is a highly attractive scheme, with full planning permission and the potential to deliver at least 1.8 million sq ft of space, across two phases of 0.8 million sq ft and 1.0 million sq ft.

PRIORITY: INCREASE DIVIDEND COVER

Adjusted earnings per share was 4.8 pence for the year (FY23: 4.7 pence), representing cover of 75.0% of the total dividend for the year of 6.4 pence. The table below reconciles the movement in adjusted EPS between the two years:

Adjusted earnings per share	Pence
For the year ended 31 March 2023	4.7
Rental income and dilapidations	(0.1)
Reduced non-recoverable property expenses	0.2
Reduced investment management fee and other administrative expenses	0.2
Net finance costs	(0.2)
For the year ended 31 March 2024	4.8

The actions we have taken in FY24 position the Group to deliver rising earnings and dividend cover moving forwards.

In FY24, the Group generated profits on disposals of £5.5 million or 1.3 pence per share. Adding these profits to adjusted EPS results in earnings of 6.1 pence per share, increasing dividend cover on a cash basis to 95.3% for the year.

AN ATTRACTIVE AND RESILIENT PORTFOLIO

Focus on multi-let estates

The Group is highly focused on multi-let estates, which made up 71.6% of the portfolio by value at the year end (excluding development land). We favour these estates because they:

- offer more asset management opportunities than single-let assets, helping us to raise the rental tone more quickly and capture the reversion created;
- reduce risk by having a more diverse range of occupiers, spread across different industries;
- provide flexibility for occupiers with a range of unit sizes to suit the life cycle of a company and the ability to scale up by taking multiple units; and
- are a scarce asset class, with rebuild costs generally below capital values, constraining supply and supporting rental growth.

The portfolio analysis table below provides more information on the split between multi-let and single-let assets at the year end.

A strategically located portfolio

The portfolio is spread across important economic hubs, in gateway locations with access to major arterial routes and a plentiful local labour force. This contributes to occupier demand and the potential for long-term rental growth.

In particular, the portfolio has exposure to key industrial hubs in:

- the North West (25.1% of the investment portfolio);
- the Midlands (22.7%); and
- the Oxford-Cambridge Arc, centred on Milton Keynes (24.2%).

Portfolio analysis

At the year end, the investment portfolio comprised 642 units across 7.8 million sq ft of space (31 March 2023: 833 units across 8.2 million sq ft). The table below analyses the portfolio as at 31 March 2024:

	Value (£m)	Occupancy by ERV (%)	NIY (%)	Equivalent yield (%)	Average rent (£ per sq ft)	ERV (£ per sq ft)	Capital value (£ per sq ft)
Multi-let more than 100k sq ft	373.5	96.1	5.6	6.4	5.84	6.82	90.93
Multi-let less than 100k sq ft	150.4	92.7	6.0	6.8	6.89	7.58	99.32
Single-let regional distribution	129.9	100.0	5.5	6.1	5.54	6.55	94.09
Single-let last mile	78.0	100.0	6.0	6.6	6.49	7.48	94.79
Total	731.8	96.4	5.7	6.5	6.05	6.99	93.52
Development land	78.4						
Total portfolio	810.2						

Capital values show upside potential

The NIY of the investment portfolio was 5.7% at 31 March 2024, with a reversionary yield of 6.8%. The average capital value across the portfolio was £93.52 per sq ft, which remains well below the reinstatement value for this type of asset, which is £116.16 per sq ft on our portfolio.

Occupancy remains high

Occupancy across the investment portfolio remained high at 96.4% at the year end (31 March 2023: 95.8%). Effective occupancy, which excludes units under offer to let or undergoing refurbishment, was 97.6% (31 March 2023: 98.4%), with 0.4% of the investment portfolio under offer to let and a further 0.8% undergoing refurbishment at that date.

The weighted average unexpired lease term for the investment portfolio stood at 5.0 years (31 March 2023: 5.5 years).

DIVERSE OCCUPIER BASE INCREASES RESILIENCE

The Group has a diverse occupier base of 445 businesses, with around 73.8% generating revenues of more than £10 million and around 89.2% exceeding £1 million of revenues.

The table below shows the occupier split by sector at the year end:

Occupier base by sector at 31 March 2024	Contracted rent %
Wholesale and trade distribution	35.0
Food and general manufacturing	28.0
Services and utilities	17.8
Transport and logistics	11.8
Technology, media and telecoms	3.1
Construction	2.9
Other	1.4
	100

The Group's rent roll is also well diversified. The top 15 occupiers account for 36.3% of the contracted rents from the investment portfolio, with the top 100 generating 77.7%.

Top 15 occupiers at 31 March 2024	Rent £m	% of total rent	D&B score
Amazon UK Services Limited	3.2	7.3	5A2
John Lewis plc	1.9	4.3	5A1
Wincanton Holdings Limited	1.9	4.2	5A1
DFS Limited	1.3	3.0	5A2
Direct Wines Limited	1.2	2.6	N2
Alliance Healthcare (Distribution) Limited	0.9	2.1	5A2
Argos Limited	0.8	1.9	5A2
Magna Exteriors (Liverpool) Limited	0.8	1.9	N-
International Automotive Components Limited	0.8	1.8	4A4
Evtac Aluminium Technologies Limited	0.7	1.4	N4
Emerson Process Management Limited	0.7	1.4	5A2
Howden Joinery Properties Limited	0.5	1.1	N3
A. Schulman Thermoplastics Limited	0.5	1.1	4A2
Colormatrix Europe Limited	0.5	1.1	5A2
Magna Exteriors (Banbury) Limited	0.5	1.1	C3
Total	16.2	36.3	

This spread of occupiers across industries and business sizes means the Group is not reliant on any one occupier or industry. This increases the Group's resilience and helps to mitigate both financial and leasing risks.

Contracted rent by occupier size	%
Top 15 occupiers	36.3
Occupiers 16 – 25	9.2
Occupiers 26 – 50	15.9
Occupiers 51 – 100	16.2
Others	22.4
	100.0

Occupiers remain in robust shape

We monitor the strength of the occupiers' covenants by using credit software such as Dun & Bradstreet, anti-money laundering software such as Dow Jones, monitoring news flow and analysing company reports. This keeps us informed of how evolving macroeconomic conditions are affecting their businesses. For smaller occupiers, the Group also often has the benefit of rent deposits, giving it additional protection from bad debts.

Overall, the Group's occupiers appear well placed in the current environment, which is reflected in our rent collection and the continued low level of bad debts (see the Financial Review). As at 17 June 2024, we had collected 99.3% of the rent due in respect of the year and we expect this to increase further as we work with occupiers to collect the outstanding amount.

Working with occupiers

While the Group's outsourced property managers handle some day-to-day administrative tasks with occupiers, we ensure that we always own the occupier relationship. Our asset management team regularly visits sites, meets occupiers face to face and holds calls with them. Initiatives such as the recently opened estate office at Bradwell Abbey in Milton Keynes enable our team to be on site, build stronger relationships and helps develop letting interest.

We also run surveys to obtain insights from occupiers, so we can support them better and to inform our asset management plans. These typically cover current and future space requirements, the number of people on site, where their stock comes from and goes to, what, if any, on site amenities they would value and what their ESG priorities are. This year our occupier survey covered the top 25 occupiers and two of the Group's largest estates; responses covered around 19% of contracted rents. It was conducted in person, providing an excellent opportunity to develop these key relationships.

LEASING ACTIVITY

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

New leases

The Group completed 45 new leases on 0.2 million sq ft of space during the year, which will generate annual rent of £1.6 million, 37.7% ahead of the previous contracted rent and 8.7% ahead of the 31 March 2023 ERV. The level of incentives has reduced compared with the prior year.

Highlights are shown in the table below:

Estate	Lease length (years)	Annual rent (£)	Increase over	
			Previous rent	ERV at 31/3/23
Halebank Industrial Estate, Widnes	5	325,000	+50.2%	+1.6%
Delta Court Industrial Estate, Doncaster	5	138,800	+15.7%	+12.0%
Bradwell Abbey, Milton Keynes	3	97,000	–	+10.5%
Delta Court Industrial Estate, Doncaster	10	89,100	+31.0%	+40.6%

Lease renewals

The Group continues to retain the majority of its occupiers, with 76.7% remaining in occupation at lease expiry and 74.3% with a break arising in the year.

There were 36 lease renewals on 0.4 million sq ft of space during FY24, with an average uplift of 36.7% above the previous passing rent and 9.9% above the ERV.

Highlights are shown in the table below:

Estate	Lease length (years)	Annual rent (£)	Increase over	
			Previous rent	ERV at 31/3/23
Kingsland Grange, Warrington	5	498,000	+42.3%	+27.3%
Matrix Park, Eaton Point	5	320,500	+22.7%	In-line
South Fort Street, Edinburgh	10	200,200	+30.1%	+5.5%
Knowsley Business Park, Knowsley	10	118,900	+37.5%	In-line

Rent reviews

During the year, we completed 22 rent reviews, generating an additional £5.6 million per annum, 23.9% ahead of previous rent and 8.0% ahead of the March 2023 ERV.

Highlights are shown in the table below:

Estate	Agreed passing rent (£)	Increase over	
		Previous rent	ERV at 31/3/23
Chittening Industrial Estate, Bristol	390,000	+51.0%	+3.2%
Lynx Business Park, Newmarket	334,500	+28.6%	+28.6%
Howley Park Industrial Estate, Morley	304,500	+31.5%	+15.0%

TARGETED CAPITAL EXPENDITURE DRIVING RENTAL GROWTH AND IMPROVED ENERGY PERFORMANCE

On average, the Group budgets to invest around 0.75% of its gross asset value (“GAV”) in capital expenditure each year. This excludes development projects and is therefore based on GAV excluding developments. Our priorities when investing in the estate are to drive rental growth, improve EPC ratings and secure other ESG improvements. Approximately 20% of capex is typically directed to EPC-related improvements and all capex must generate a minimum return of 10% on the capital deployed. Our capital expenditure plans also take account of local demand and supply, the requirements of individual units versus the overall estate, and our longer-term aspirations to hold or sell the asset.

Total capital expenditure in the year was £3.3 million, equivalent to 0.4% of GAV excluding developments. At the year end, approximately 0.8% of the portfolio’s ERV was under refurbishment (31 March 2023: 1.3%).

FINANCIAL REVIEW

Performance

Rental income for the year was £44.0 million (FY23: £45.8 million), with the reduction reflecting the impact of asset disposals, partially offset by the Group’s leasing activity, EPRA like-for-like rental growth of 5.7% and a full year contribution from Bradwell Abbey (acquired in the first half of FY23).

The Group’s operating costs include its running costs (primarily the management, audit, company secretarial, other professional, and Directors’ fees), and property-related costs (including legal expenses, void costs and repairs). Total operating costs for the year were £16.0 million (FY23: £18.9 million), with the cost base benefiting from a reduction in the Investment Advisor’s fee of £1.2 million to £5.7 million (FY23: 6.9 million) and lower vacancy costs, following successful lettings activity in the year.

The net increase in the expected credit loss allowance remained low at £0.2 million (FY23: £0.2 million). This reflects the diversity and quality of the Group’s occupiers and our close relationships with them.

The total cost ratio, which is the adjusted cost ratio including direct vacancy costs, was 24.4% (FY23: 28.4%). The ongoing charges ratio, representing the costs of running the REIT as a percentage of NAV, was 1.4% (FY23: 1.3%).

The Group disposed of assets totalling £53.0 million in the year, resulting in a net profit on disposal of £5.5 million.

At 31 March 2024, the Group recognised a gain of £15.1 million on the revaluation of its portfolio (FY23: loss of £193.4 million). See the Valuation section below for more information.

Financing income in the year was £8.5 million (FY23: £6.9 million), including £8.2 million (FY23: £2.0 million) of interest receipts from interest rate derivatives.

Financing costs include the interest and fees on the Group's revolving credit facility ("RCF") and term loan (see Debt Financing and Hedging). The finance expenses were £24.6 million (FY23: £15.5 million). While the impact has been partly mitigated by the Group's interest rate caps (see below), the all-in cost of debt for the year reduced to 4.2% (FY23: 4.3%). The Group also had a £5.2 million change in fair value of derivatives (FY23: £4.9 million gain), as well as £1.7 million related to the accelerated amortisation of loan issue costs, as a result of the debt refinancing in the first half of the year.

The statutory profit before tax was £34.3 million (FY23: £182.9 million loss).

The Group has continued to comply with its obligations as a REIT and the profits and capital gains from its property investment business are therefore exempt from corporation tax. The corporation tax charge for the year was therefore £nil (FY23: £nil).

Earnings per share under IFRS was 8.1 pence (FY23: 43.0 pence loss per share). EPRA EPS was 2.9 pence (FY23: 3.9 pence). Adjusted earnings per share was 4.8 pence (FY23: 4.7 pence).

Dividends

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

Quarter to	Declared	Paid/to be paid	Amount (pence)
30 June 2023	31 August 2023	6 October 2023	1.6
30 September 2023	15 November 2023	29 December 2023	1.6
31 December 2023	26 January 2024	2 April 2024	1.6
31 March 2024	25 June 2024	26 July 2024	1.6
Total			6.4

The total dividend was therefore in line with the Group's target for the year of 6.4 pence and was 95.3% covered by adjusted EPS and profit on sale of investment properties. Three dividends were property income distributions and one was a non-property income distribution. The cash cost of the total dividend for the year will be £27.2 million (FY23: £27.6 million).

Valuation

The portfolio was independently valued by CBRE as at 31 March 2024, in accordance with the internationally accepted RICS Valuation – Global Standards 2020 (incorporating the International Valuation Standards) (the "Red Book"), and the RICS Valuation – Global Standards 2021 – UK national supplement.

The portfolio valuation was £810.2 million (31 March 2023: £828.8 million), representing a 2.0% like-for-like valuation increase. The value of the investment portfolio was up 2.6% on a like-for-like basis with development land down 2.5% reflecting the impact of higher interest rates on financing development schemes.

The EPRA NIY at the year end was 5.4% (31 March 2023: 5.0%) and the EPRA topped up NIY was 5.6% (31 March 2023: 5.5%). Whilst there was some softening in valuation yields in the December 2023 quarter across the whole, FY24 valuation yields for multi-let warehouses generally remained flat. The increase in valuation was therefore driven by an increase in rental levels and ERVs brought about by a combination of market forces and active asset management.

Net asset value

EPRA Net Tangible Assets ("NTA") per share was 124.4 pence at 31 March 2024 (31 March 2023: 122.6 pence.) The table below reconciles the movement in the EPRA NTA in FY24:

EPRA NTA per share	Pence
As at 31 March 2023	122.6
Adjusted earnings	4.8
Profit on disposals	1.3
Dividends	(6.4)
Valuation movement	3.5
Accelerated borrowing costs	(0.4)
Cost of interest rate caps taken out in the year	(1.0)
As at 31 March 2024	124.4

Debt financing and hedging

The Group refinanced its debt facilities in the first half of FY24, extending the term and improving the covenants. The new £320.0 million facility comprises a £220.0 million term loan and a £100.0 million RCF. It replaces the Company's previous £320.0 million debt facility and extends the tenure from January 2025 to June 2028. The facility is provided by a club of four lenders: HSBC, Bank of Ireland, NatWest and Santander. The minimum interest cover is 1.5 times, compared to 2.0 times under the previous facility, and the

maximum LTV has been extended from 55% to 60%. Both the term loan and the RCF attract a margin of 2.2% plus SONIA for an LTV below 40% or 2.5% if the LTV is above 40%.

At 31 March 2024, £64.0 million was drawn against the RCF and £220.0 million against the term loan. This gave total debt of £284.0 million (31 March 2023: £306.0 million), with the Group also holding cash balances of £16.0 million (31 March 2023: £25.1 million). The LTV ratio at 31 March 2024 was therefore 33.1% (31 March 2023: 33.9%). Interest cover for the period was 3.1 times, meaning the Group was substantially within the covenants in the debt facility.

At the year end, the Group had £250.0 million of interest rate caps in place, of which £200.0 million fixed SONIA at 1.5% and £50.0 million fixed SONIA at 2.0%. The Group took out the £50.0 million cap in November 2023, to replace a £30.0 million cap that expired in the month.

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.

TILSTONE PARTNERS LIMITED

As the Investment Advisor, our team plays a crucial role in the Group's success. Our people have a range of relevant skills, including real estate investment, asset management, finance and sustainability.

While everyone who joins us has the experience and qualifications they need for their role, we are committed to supporting professional and personal development and training. We therefore run an annual appraisal process and provide both statutory and individual training, according to each person's job or personal requirements. This year we have provided some additional disclosure on training and development within our EPRA Sustainability tables.

In March 2024 we also conducted our first employee survey. We had a 100% participation rate and were particularly pleased that over 90% rated their overall working environment as Very Good or Good. Responding to the survey, we have introduced a number of benefits, including employee volunteering days and match funding. We set annual objectives which align to our values and every employee has at least one ESG-related objective. Diversity and inclusion are important to us, as we recognise the benefits of diverse viewpoints and life experiences. At the year end, our gender diversity was 55% male, 45% female across the Investment Advisor.

POST-PERIOD END ACTIVITY

The Group exchanged or completed on the sale of £57.5 million of single-let assets in three separate transactions. These sales bring the total since 1 April 2023 to £110.5 million.

The transactions comprise Barlborough Links in Chesterfield, which has exchanged for £46.0 million, Parkway Industrial Estate in Plymouth sold for £6.3 million and Celtic Business Park, Newport sold for £5.2 million.

Also in June 2024, the Group exchanged contracts to acquire Ventura Retail Park in Tamworth, a retail warehousing asset for £38.6 million, representing a net initial yield of 7.4%. Ventura is one of the top 20 shopping parks in the UK with an excellent occupier line up including Boots, Sports Direct and H&M. Comprising 13 units and covering 119,000 sq ft, it is part of a larger retail cluster including M&S and Asda, adjacent to the A5.

COMPLIANCE WITH THE INVESTMENT POLICY

The investment policy is summarised below. The Group continued to comply in full with this policy throughout the year.

Investment policy	Status	Performance
The Group will only invest in warehouse assets in the UK.	<input checked="" type="checkbox"/>	All of the Group's estates are UK-based warehouses.
No individual warehouse will represent more than 20% of the Group's last published gross asset value ("GAV"), at the time it invests.	<input checked="" type="checkbox"/>	The largest individual warehouse represents 5.8% of GAV.
The Group will target a portfolio with no one occupier accounting for more than 20% of its gross contracted rents at the time of purchase. No more than 20% of its gross assets will be exposed to the creditworthiness of a single occupier at the time of purchase.	<input checked="" type="checkbox"/>	The largest occupier accounts for 7.3% of gross contracted rents and 6.4% of gross assets.
The Group will diversify the portfolio across the UK, with a focus on areas with strong underlying investment fundamentals.	<input checked="" type="checkbox"/>	The portfolio is well balanced across the UK.
The Group can invest no more than 10% of gross assets in other listed closed-ended investment funds.	<input checked="" type="checkbox"/>	The Group held no investments in other funds during the year.
The Group's exposure to assets under development (including pre-let assets, forward fundings or assets which have been at least partially de-risked), assessed on a cost basis, will not exceed 20% of gross assets at the time of purchase.	<input checked="" type="checkbox"/>	The Group's exposure to developments at the year end was 9.7% of GAV.
The Group may invest directly, or through forward funding agreements or commitments, in developments (including pre-developed land), where: <ul style="list-style-type: none">the structure provides us with investment risk rather than development risk;the development is at least partially pre-let, sold or de-risked in a similar way; andwe intend to hold the completed development as an investment asset.		
The Group may, where considered appropriate, undertake an element of speculative development, provided that the exposure to these assets, assessed on a cost basis, does not exceed 10% of gross assets. Speculative developments are those which have not been at least partially leased, pre-leased or de-risked in a similar way.		
The Group views an LTV of between 30% and 40% as optimal over the longer term but can temporarily increase gearing up to a maximum of LTV of 50% at the time of an arrangement, to finance value-enhancing opportunities.	<input checked="" type="checkbox"/>	The LTV at 31 March 2024 was 33.1%.

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 year, the Group generated total property income of £51.0 million and operating profits of £35.0 million, showing that rents would have to fall by approximately 31.4% before the business became loss-making. This is considered highly unlikely given the high occupational demand for warehouse assets, our strong relationships with the broad range of occupiers across the portfolio, the level of rent collection and the fact that the portfolio ERV exceeds the year-end contracted rent roll by 20.0%.

At the same time, the Group has a strong balance sheet, with substantial cash and headroom within its facilities at the year end of £45.9 million. The Group has refinanced its debt facilities, extending the term by more than three years to June 2028, and at the date of this report has interest rate caps on £250.0 million of debt.

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

INVESTMENT MANAGER

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

INVESTMENT ADVISOR

Tilstone Partners Limited is Investment Advisor to the Company.

Simon Hope

Tilstone Partners Limited

24 June 2024

PRINCIPAL RISKS AND UNCERTAINTIES

BUSINESS

A Economic downturn impacting on the warehouse market

A general downturn in the UK economy could have a negative impact on the warehouse market. In particular, the exposure would be increased if there was a decline in specific markets, for example logistics.

Risk mitigation:
The Investment Advisor maintains detailed forecasts of the property portfolio, which is subject to regular scenario testing.

Metrics in key areas e.g. rent collection, credit risk ratings are monitored monthly to enable prompt identification of changes or trends.

We have a robust and diverse occupier base and our annual review of the occupier mix informs our leasing approach. We conduct a portfolio risk review monthly.

We also stress test the working capital model and associated assumptions are reviewed biannually.

Change from previous year New

This was previously included in the corporate risk register, but during 2023, it was escalated to the list of principal risks.

BUSINESS

C Poor performance of the Investment Advisor or Investment Manager

The Group outsources its activities and is reliant on the performance of third-party service providers.

In particular, poor performance of the Investment Advisor could have a significant impact on the performance of the Group, as it is fundamental to the management and delivery of all aspects of the business.

Risk mitigation:
There are contracts in place between the Company, the Investment Advisor and the Investment Manager, setting out responsibilities.

The Group has a clear scheme of delegation, approved by the Board. Significant decisions are the responsibility of the Board.

The Investment Advisor and Investment Manager provide regular quarterly reports to the Board, which include key performance targets and KPIs.

The Management Engagement Committee carries out an annual service review, which is reported to the Board.

Members of the Investment Advisor team have an equity

B Poor returns on the portfolio

There is a risk that the returns generated by the portfolio may not be in line with our plans and forecasts. There are many factors that could drive this, including an inappropriate investment strategy set by the Board; poor delivery of the strategy; or poor yields from the property portfolio because of reduced capital valuations or rental income.

This would have an impact on the financial performance of the REIT, and returns for our investors.

Risk mitigation:

The investment strategy is set by the Board, and performance against key targets and KPIs is reviewed and reported to the Board on an ongoing basis.

Significant decisions, relating to assets or occupiers, follow established protocols, ensuring there is proper assessment, at the right levels.

Change from previous year No Change

COMPLIANCE

D Loss of REIT status

Loss of our REIT status, through failing to meet regulatory requirements or listing rules would have a significant impact on our reputation and the financial returns for our investors.

Risk mitigation:

The Board has approved a clear governance framework that incorporates the Matters Reserved for the Board and delegated authorities, which are further supported by the clear, contracted allocation of responsibilities to our third-party service providers.

The Investment Advisor reviews the position against REIT legislation with the Company Secretary quarterly.

Dividend cover and cash are continuously monitored against forecasts, and the position reported to the Audit and Risk Committee, and Board.

investment in the Group, ensuring incentives are aligned and minimising the risk of reduced or poor service levels.

Change from previous year No change

Change from previous year No change

COMPLIANCE

E Breach of loan covenants or our borrowing policy

Our loan funding is subject to conditions, and breach of those could result in restrictions to funding and activities going forwards. In addition to the loan covenants, the Board approved and communicated our borrowing policy, and breach of those limits may risk financial and reputational damage.

Risk mitigation:

Our financial position is closely monitored, with the Investment Advisor monitoring loan-to-value percentages and interest cover ratios against the loan covenant and borrowing policy on an ongoing basis.

In addition, forecasts are prepared and reviewed both to assess the business's position, and to ensure that any acquisition decisions include consideration of the cash and funding impact.

The Board receives a formal update each quarter, and there is a quarterly compliance letter prepared for the bank.

Change from previous year No change

OPERATIONAL

G Significant rent arrears/irrecoverable bad debt

A substantial increase in our bad debt, or the level of arrears and slow payment, could have a direct impact on cash flow and profitability. This may also have an impact on average lease lengths, and void levels and costs.

Risk mitigation:

Our diverse portfolio of assets and wide range of occupiers is a key driver of our performance and risk profile in relation to bad debts.

We have approximately 445 occupiers across our portfolio of 69 estates, and our top ten occupiers generate less than 35% of our rent roll.

Our occupier portfolio risk is monitored to ensure that commitments to / reliance on different sectors and business types is understood.

CLIMATE

F Impact of climate change on our portfolio

Climate change may have an impact across the business, including both physical risks – e.g. extreme weather events impacting on properties – and transitional risks – such as properties not meeting occupier requirements relating to energy efficiency, or the increasing costs of compliance as requirements around energy efficient solutions and building standards increase.

It is important to our investors that we manage our portfolio responsibly, which may also increase opportunities for access to green financing.

Risk mitigation:

The Sustainability Committee approves and monitors progress on our sustainability strategy.

Our Investment Advisor, along with our property managers, are working with occupiers to understand their energy usage, and how we can support them to meet their sustainability objectives and net zero plans. We are also working with external specialists to refine our ambitions and targets, and enhance our climate-related governance and reporting.

Capital development and refurbishment works include consideration of energy efficient solutions, emissions management, and options to reduce waste and resource usage, and we are building these into our standard processes through the use of our Environmental Refurbishment and Development standards.

More details of our plans and progress are included in the sustainability report.

Change from previous year No change

H Inappropriate acquisitions, breach of the investment policy

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

Risk mitigation:

We have a comprehensive acquisition protocol which is linked to the Matters Reserved for the Board and the delegated authority matrix.

The protocol sets out detailed due diligence steps (including environmental due diligence), which must be completed and fully evidenced as part of the decision-making process. Acquisition decisions are approved by the Investment Advisor Investment Committee and the Investment Manager Investment Committee,

At an operational level, we have robust processes in place to ensure that we accurately record, invoice and collect amounts due. Working with the property managers, our credit control processes identify any potential arrears problems to enable action to be taken at an early stage.

There is a rigorous due diligence process prior to the acceptance of occupiers, with rent guarantees or rent deposits taken where appropriate. We also have ongoing automated credit risk monitoring on the occupier portfolio.

and any higher risk acquisition decisions (by value or complexity) are escalated to the Board.

The REIT's Depositary, Gen II, is also required to approve acquisition decisions.

Change from previous year No change

Change from previous year No change

FINANCIAL

I **Unable to raise funding through equity, debt or asset disposals sufficient to raise capital and finance the Group's activities.**

There are three areas of potential risk:

inability to attract additional equity investment;

difficulty in securing new loan funding for the business, at an affordable rate; and

our ability to raise funds through the disposal of assets could be impacted by a hardening market if the economy weakens.

Risk mitigation:

We recognise that market conditions remain challenging and in particular impact our ability to raise equity but we have a range of alternative funding options at our disposal.

The Group's refinancing was completed during the year, which improved the headroom in the loan-to-value percentage and the interest cover ratio.

We have successfully completed a number of disposals during the year. The Investment Advisor maintains close contact with agents to ensure that disposal proceeds and the timing of sales are optimised. The monitoring of financial covenants also enables efficient disposal planning.

Regular investor communications ensure we receive timely feedback on our strategy and performance, informing decision-making around potential future capital raisings.

Change from previous year No change

J **Interest rate changes**

Changes in interest rates could directly impact on our cost of capital, and indirectly may impact on market stability.

Risk mitigation:

Changes in interest rates are not in our control, and our focus is therefore on mitigation of the impact. A five-year funding agreement was agreed during the year and the Group has £250.0m of interest rate caps in place.

The Investment Advisor maintains detailed records of the property portfolio, and financial scenario testing is undertaken to assess the potential impact of changes in financing costs.

Change from previous year Increase

While interest rates have stabilised during the year, they remain high, increasing our cost of capital, and increasing our financial exposure.

GOING CONCERN AND VIABILITY STATEMENT

GOING CONCERN

The Board monitors the Group's ability to continue as a going concern. Specifically, at quarterly Board meetings, the Board reviews summaries of the Group's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows. Throughout the year, the Board met, in conjunction with the Investment Advisor, Tilstone, to review the uncertainties created by geopolitical tensions and inflation and interest rates, and specifically their potential impact on rent collection, cash resources, loan facility headroom, covenant compliance, acquisitions and disposals of investment properties, discretionary and committed capital expenditure and dividend distributions.

The Group ended the year with £9.9 million of unrestricted cash and £36.0 million of headroom readily available under its facilities. Disposals are an important part of our approach to portfolio optimisation and we continually review the portfolio to identify opportunities to increase efficiency and dispose of any assets that are considered ex-growth or non-core, recycling that capital into accretive acquisitions or to reduce debt. The Group made disposals totalling £53.0 million during the year and completed £61.6 million post year end.

The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants. Valuations would need to fall by c.40% or rents by c.45%, when compared with 31 March 2024, before these covenants would be breached, which, based on available market data, is considered unlikely.

As at 21 June 2024, 99.3% of rents invoiced in relation to the year ended 31 March 2024 have been received. Furthermore, current debt and associated covenants are summarised in note 17, with no covenant breaches during the period.

Tilstone has prepared projections for the Group covering the going concern period to 30 June 2025, which have been reviewed by the Directors. As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios that included extreme downside sensitivities in relation to rental cash collection, making no discretionary capital expenditure, adverse refinancing conditions and minimum dividend distributions under the REIT rules.

Accordingly, based on this information, and in light of mitigating actions available and the recent refinancing, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements.

ASSESSMENT OF VIABILITY

In accordance with the AIC Code of Corporate Governance, the Directors have assessed the Group's prospects over a period greater than the 12 months considered by the going concern provision.

The Directors have conducted their assessment over a three-year period to June 2027, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

The principal risks summarise the matters that could prevent the Group from delivering its strategy. The Board seeks to ensure that risks are kept to a minimum at all times and, where appropriate, the potential impact of such risks is modelled within its viability assessment.

The nature of the Group's business as the owner of a diverse portfolio of UK warehouses, principally located close to urban centres or major highways and let to a wide variety of occupiers, reduces the impact of adverse changes in the general economic environment or market conditions, particularly as the properties are typically flexible spaces, adaptable to changes in occupational demands.

The Directors' assessment takes into account forecast cash flows, debt maturity and renewal prospects, forecast covenant compliance, dividend cover and REIT compliance. The model is then stress tested for severe but plausible scenarios, individually and in aggregate, along with consideration of potential mitigating factors. The key sensitivities applied to the model are a downturn in economic outlook and restricted availability of finance, specifically:

- i. increased occupier churn and occupier defaults;
- ii. increased void periods following break or expiry;
- iii. decreased rental income;
- iv. decrease in property valuation; and
- v. increased interest rates.

The sensitivity analysis identifies the decrease in valuations and rental income that would result in a breach of the LTV, market value covenants or interest cover covenants as set out in the Going Concern section above. Taking into account mitigating actions, the results of the sensitivity analysis and stress testing demonstrated that the Group would have sufficient liquidity to meet its ongoing liabilities as they fall due, maintain compliance with banking covenants and maintain compliance with the REIT regime over the period of the assessment.

Furthermore, the Board, in conjunction with the Audit and Risk Committee, carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, strategy, future performance, solvency or liquidity over the three-year period. The risk review process provided the Board with assurance that the mitigations and management

systems are operating as intended. The Board believes that the Group is well positioned to manage its principal risks and uncertainties successfully, taking into account the current economic and political environment.

The Board's expectation is further supported by regular briefings provided by Tilstone. These briefings consider market conditions, opportunities, changes in the regulatory landscape and the current economic and political risks and uncertainties. Additionally, the shortage of supply nationally, is seen as mitigation. These risks, and other potential risks that may arise, continue to be closely monitored by the Board.

VIABILITY STATEMENT

The period over which the Directors consider it is feasible and appropriate to report on the Group's viability is a three-year period to June 2027. This period has been selected because it is the period that is used for the Group's medium-term business plans. Underpinning this plan is an assessment of each individual unit's performance, driving the overall letting assumptions and corresponding forecast cash flows.

Having made an assessment of each individual unit's performance, the forecast cash flows, covenant compliance and the impact of sensitivities in combination, the Directors confirm that, taking account of the Group's current position, the principal risks and in light of the current economic uncertainty, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Neil Kirton

Chairman

24 June 2024

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

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements of the Group in accordance with UK adopted international accounting standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Additionally, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101') subject to any material departures disclosed and explained in the Company financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, including ensuring the Annual Report and Financial Statements are made available. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. As such, the Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements and visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

- The Directors confirm that, pursuant to their responsibilities under DTR4, to the best of their knowledge: the financial statements, prepared in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company (and Group as a whole); and
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company (and Group as a whole), together with a description of the principal risks and uncertainties that it faces.

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

On behalf of the Board

Neil Kirton

Chairman

24 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

All items in the statement derive from continuing operations. No operations were acquired or discontinued during the year.

There is no other comprehensive income and therefore the profit for the year after tax is also the total comprehensive income.

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Continuing operations			
Gross property income	3	47,173	47,845
Service charge income	3	3,853	3,340
Service charge expenses	4	(4,068)	(3,767)
Net property income		46,958	47,418
Property operating expenses	4	(4,330)	(5,454)
Gross profit		42,628	41,964
Administration expenses	4	(7,605)	(9,716)
Operating profit before gains/(losses) on investment properties		35,023	32,248
Fair value gains/(losses) on investment properties	13	15,082	(193,367)
Realised gains/(losses) on disposal of investment properties	13	5,521	(13,105)
Operating profit/(loss)		55,626	(174,224)
Finance income	7	8,460	2,039
Finance expenses	8	(24,566)	(15,528)
Changes in fair value of interest rate derivatives	8	(5,214)	4,850
Profit/(loss) before tax		34,306	(182,863)
Taxation	9	–	–
Total comprehensive income/(loss) for the period		34,306	(182,863)
Earnings/(loss) per share (basic and diluted) (pence)	12	8.1	(43.0)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 24 June 2024 and signed on its behalf by:

Neil Kirton

Company number: 10880317

	Notes	31 March 2024 £'000	31 March 2023 £'000
Assets			
Non-current assets			
Investment property	13	695,345	842,269
Interest rate derivatives	18	5,485	11,228
		700,830	853,497
Current assets			
Investment property held for sale	14	129,060	625
Interest rate derivatives	18	1,756	–
Cash and cash equivalents	15	15,968	25,053
Trade and other receivables	16	11,519	9,258
		158,303	34,936
Total assets		859,133	888,433
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	(280,413)	(304,093)
Other payables and accrued expenses	20	–	(11,300)
Head lease liability	19	(14,235)	(14,320)
		(294,648)	(329,713)
Current liabilities			
Interest rate derivatives	18	–	(3,841)
Other payables and accrued expenses	20	(20,658)	(18,584)
Deferred income	20	(7,251)	(7,115)
Head lease liability	19	(987)	(705)
		(28,896)	(30,245)
Total liabilities		(323,544)	(359,958)

Net assets		535,589	528,475
Equity			
Share capital	21	4,249	4,249
Share premium	22	275,648	275,648
Retained earnings	23	255,692	248,578
Total equity		535,589	528,475
Number of shares in issue (thousands)		424,862	424,862
Net asset value per share (basic and diluted) (pence)	24	126.1	124.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

Further details of retained earnings are presented in note 23

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2022		4,249	275,648	459,057	738,954
Total comprehensive loss		–	–	(182,863)	(182,863)
Dividends paid	11	–	–	(27,616)	(27,616)
Balance at 31 March 2023		4,249	275,648	248,578	528,475
Total comprehensive income		–	–	34,306	34,306
Dividends paid	11	–	–	(27,192)	(27,192)
Balance at 31 March 2024		4,249	275,648	255,692	535,589

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Cash flows from operating activities			
Operating profit/(loss)		55,626	(174,224)
Adjustments to reconcile profit/ (loss) for the period to net cash flows:			
(Gains)/losses from change in fair value of investment properties	13	(15,082)	193,367
Realised (gain)/loss on disposal of investment properties	13	(5,521)	13,105
Head lease movement in asset value		(61)	(42)
Operating cash flows before movements in working capital		34,962	32,206
(Increase)/decrease in other receivables and prepayments		(2,464)	329
(Decrease)/increase in other payables and accrued expenses		(1,723)	2,788
Net cash flow generated from operating activities		30,775	35,323
Cash flows from investing activities			
Acquisition of investment properties		(5,888)	(66,053)
Capital expenditure		(5,197)	(4,628)
Development expenditure		(6,974)	(7,141)
Purchase of interest rate caps	18	(5,069)	(2,200)
Interest received		7,740	989
Disposal of investment properties		51,733	58,101
Net cash flow generated from/(used in) investing activities		36,345	(20,932)
Cash flows from financing activities			
Bank loans drawn down	17	323,000	65,000
Bank loans repaid	17	(345,000)	(30,000)
Loan interest and other finance expenses paid		(21,321)	(11,810)
Other finance expenses paid		(367)	(786)
Non-recurrent loan fees		(4,251)	–
Head lease payments		(1,074)	(832)
Dividends paid in the period	11	(27,192)	(27,616)
Net cash flow used in financing activities		(76,205)	(5,648)
Net (decrease)/increase in cash and cash equivalents		(9,085)	8,347
Cash and cash equivalents at start of the period		25,053	16,706
Cash and cash equivalents at end of the period	15	15,968	25,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. General information

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

The Group's consolidated financial statements for the year ended 31 March 2024 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 24 June 2024. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 02 to 62.

2. Basis of preparation

These financial statements are prepared in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern. They carefully considered areas of potential financial risk and reviewed cash flow forecasts, evaluating a number of scenarios, which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure and minimum dividend distributions under the REIT rules.

Accordingly, based on this information, and in light of mitigating actions available, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements (see the going concern on pages 61 to 62).

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

2.1 Changes to accounting standards and interpretations

New standards and interpretations effective in the current period

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

- amendments to IAS 1 and IFRS Practice Statement 2 'Presentation of Financial Statements' clarifies that significant accounting policies has been replaced with material accounting policies; and
- amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies the distinction between accounting policies and accounting estimates and also replaces the definition of accounting estimates. Under the new definition, estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.

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. Other amendments with an effective date this year are not relevant to the Group.

New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2024 or later. The Group is not adopting these standards early. There are no accounting standards expected to have a material impact on the Group.

2.2 Significant accounting judgements and estimates

The preparation of these financial statements in accordance with IFRS requires the Directors of the Group to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations detailed below, that have had a significant effect on the amounts recognised in the financial statements.

Estimates

In the process of applying the Group's accounting policies, the Investment Advisor has made the following estimates, which have the most significant risk of material change to the carrying value of assets recognised in the consolidated financial statements:

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external independent valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2022 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property and land values per acre for development properties. The valuers have the buildings location, building specification and various other climate-related considerations and have factored this into the valuation. See notes 13 and 25 for further details.

2.3 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are stated in the notes to the financial statements.

a) Basis of consolidation

The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024.

b) Functional and presentation currency

The overall objective of the Group is to generate returns in Pound Sterling and the Group's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

c) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment in, and provision of, UK urban warehouses.

3. Property income

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Rental income	44,025	45,750
Insurance recharged	1,496	1,592
Dilapidation income	1,652	503
Gross property income	47,173	47,845
Service charge income	3,853	3,340
Total property income	51,026	51,185

No occupier accounts for more than 10% of rental income.

Accounting policy

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross property income in the Group statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is invoiced in advance and for all rental income that relates to a future period, this is deferred and appears within current liabilities in the Group statement of financial position.

For leases that contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, once the rental uplifts are agreed.

Occupier lease incentives are recognised as an adjustment of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the occupier has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the occupier will exercise that option.

Insurance income is recognised in the accounting period in which the services are rendered.

Amounts received from occupiers to terminate leases or to compensate for dilapidations are recognised in the Group statement of comprehensive income when the right to receive them arises, typically at the cessation of the lease.

Service charge income is recognised when the related recoverable expenses are incurred. The Group acts as the principal in service charge transactions as it directly controls the delivery of the services at the point at which they are provided to the occupier.

4. Property operating and administration expenses

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Service charge expenses	4,068	3,767
Premises expenses	2,625	3,532
Insurance	1,509	1,735

Loss allowance on trade receivables	196	187
Property operating expenses	4,330	5,454
Investment Advisor fees	5,725	6,970
Costs associated with the transfer to the Main Market	–	1,069
Directors' remuneration (including social security costs)	179	179
Head lease asset depreciation	165	189
Other administration expenses	1,536	1,309
Administration expenses	7,605	9,716
Total	16,003	18,937

Details of how the Investment Advisor fees are calculated are disclosed in note 29.

Accounting policy

All property operating expenses and administration expenses are charged to the consolidated statement of comprehensive income and are accounted for on an accruals basis.

Property expenses are costs incurred by the Group that are not directly recoverable from an occupier, as well as professional fees relating to the letting of our estates.

5. Directors' remuneration

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Neil Kirton	48	48
Lynette Lackey	38	38
Martin Meech	17	38
Aimée Pitman	38	38
Simon Hope	–	–
Stephen Barrow	–	–
Dominic O'Rourke	21	–
Employer's national insurance contributions	17	18
Total	179	180

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' remuneration report. The Group had no employees in either period. All payments made are short-term employee benefits.

6. Auditor's remuneration

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Audit fee	214	192
Total	214	192

The Group reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees are comprised of the following items:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Group year-end Annual Report and Financial Statements	190	172
Subsidiary accounts	24	20
Total	214	192

Non-audit fees payable to the Group's Auditor comprised the following:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Services as reporting accountant relating to Main Market move	–	110
Total	–	110

The Audit Committee receives assurance from the Auditor that its independence is not compromised. The Group's Auditor for the year ended 31 March 2024 was BDO LLP.

7. Finance income

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Interest from cash and short-term deposits	267	12
Interest from derivatives	8,193	2,027
Total	8,460	2,039

Accounting policy

Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income. See note 18 for details on the accounting policy for interest rate derivatives.

8. Finance expenses

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loan interest	21,791	14,057
Head lease interest	1,054	961
Accelerated loan arrangement fees	1,688	–
Loan arrangement fees amortised	883	1,052
Recurrent loan fees	362	607
Bank charges	6	5
	25,784	16,682
Less: amounts capitalised on the development of properties	(1,218)	(1,154)
Total	24,566	15,528

Finance expenses include accelerated amortisation of £1.6 million given the refinancing of the facility that took place in July 2023. Refer to note 17 for details.

The interest capitalisation rates for the year ended 31 March 2024 ranged from 4.3% to 4.7% (31 March 2023: 3.2% to 4.3%).

Accounting policy

Finance costs consist of interest and other costs that the Group incurs in connection with bank and other borrowings. Any finance costs that are separately identifiable and directly attributable to an asset that takes a period of time to complete are capitalised as part of the cost of the asset. Ongoing services fees relating to the maintenance of the facility are expensed in the period in which they occur. Fair value movements on derivatives are recorded in finance expenses or in finance income depending on the fair value movement during the year. See note 19 for the accounting policy on head lease interest expensed.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Corporation tax on residual income	–	–
Total	–	–

Reconciliation of tax charge to profit before tax:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Profit/(loss) before tax	34,306	(182,863)
Corporation tax at 25.0% (2023: 19.0%)	8,577	(34,744)
Change in value of investment properties	(3,771)	36,740
Realised (profit)/loss on disposal of investment properties	(1,380)	2,490
Tax-exempt property rental business	(3,426)	(4,486)
Total	–	–

Accounting policy

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per the REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period, if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

10. Operating leases

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 14 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2024 are as follows:

	31 March 2024 £'000	31 March 2023 £'000
Within one year	40,436	42,033
Between one and two years	33,894	33,340
Between two and three years	27,053	26,998
Between three and four years	22,170	22,360
Between four and five years	18,597	18,457
Between five and ten years	35,956	34,394
More than ten years	7,925	19,607
Total	186,031	197,189

11. Dividends

For the year ended 31 March 2024

	Pence per share	£'000
Third interim dividend for year ended 31 March 2023 paid on 3 April 2023	1.60	6,798
Fourth interim dividend for year ended 31 March 2023 paid on 7 July 2023	1.60	6,798
First interim dividend for year ended 31 March 2024 paid on 6 October 2023	1.60	6,798
Second interim dividend for year ended 31 March 2024 paid on 29 December 2023	1.60	6,798
Total dividends paid during the year	6.4	27,192
Paid as:		
Property income distributions	6.4	27,192
Non-property income distributions	–	–
Total	6.4	27,192

For the year ended 31 March 2023

	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
First interim dividend for year ended 31 March 2023 paid on 1 October 2022	1.60	6,798
Second interim dividend for year ended 31 March 2023 paid on 30 December 2022	1.60	6,798
Total dividends paid during the year	6.50	27,616
Paid as:		
Property income distributions	6.50	27,616
Non-property income distributions	–	–
Total	6.50	27,616

As a REIT, the Group is required to pay property income distributions (“PIDs”) equal to at least 90% of the property rental business profits of the Group.

A third interim property income dividend for the year ended 31 March 2024 of 1.60 pence per share was declared on 26 February 2024 and paid on 2 April 2024. In addition, a fourth interim non-property income dividend for the year ended 31 March 2024 of 1.60 pence per share will be declared on 25 June 2024 and paid on 26 July 2024.

Accounting policy

Dividends due to the Group’s shareholders are recognised when they become payable.

12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary shareholders of the Group 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.

The European Public Real Estate Association (“EPRA”) publishes guidelines for calculating adjusted earnings on a comparable basis. EPRA EPS is a measure of EPS designed by EPRA to enable entities to present underlying earnings from core operating activities, which excludes fair value movements on investment properties.

The Group has also included an additional earnings measure called 'Adjusted Earnings' and 'Adjusted EPS'. Adjusted Earnings and Adjusted EPS recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Group's floating interest rate exposure. The premiums for the interest rate caps, which are being paid in quarterly instalments, are included in the statement of financial position as a derivative asset measured at fair value and have not been deducted in the calculation of adjusted earnings. Also included in adjusted earnings is the add back of the costs associated with the early close out of debt, as these costs will not be recurring.

The Board deems this a more relevant indicator of core earnings as it reflects our ability to generate earnings from our portfolio and matches the basis on which interest cover is measured for loan covenant compliance.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
IFRS earnings/(losses)	34,306	(182,863)
EPRA earnings adjustments:		
(Gain)/loss on disposal of investment properties	(5,521)	13,105
Fair value (gains)/losses on investment properties	(15,082)	193,367
Interest from derivatives	(8,193)	(2,027)
Changes in fair value of interest rate derivatives	5,214	(4,850)
Losses associated with early close out of debt (see note 17)	1,688	–
EPRA earnings	12,412	16,732
Group-specific earnings adjustments:		
Interest from derivatives	8,193	2,027
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	–	1,069
Adjusted earnings	20,605	19,828

	Year ended 31 March 2024 Pence	Year ended 31 March 2023 Pence
Basic IFRS EPS	8.1	(43.0)
Diluted IFRS EPS	8.1	(43.0)
EPRA EPS	2.9	3.9
Adjusted EPS	4.8	4.7

	Year ended 31 March 2024 Number of shares	Year ended 31 March 2023 Number of shares
Weighted average number of shares in issue (thousands)	424,862	424,862

13. UK investment property

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 April 2023	752,485	75,660	828,145
Acquisition of properties	–	–	–
Capital expenditure	3,327	8,191	11,518
Movement in rent incentives	1,065	(3)	1,062
Disposal of properties	(42,462)	(3,125)	(45,587)
Fair value gains/(losses) on revaluation of investment property	17,312	(2,230)	15,082
Total portfolio valuation per valuer's report	731,727	78,493	810,220
Assets transferred to held for sale	(56,230)	(72,830)	(129,060)
Adjustment for head lease obligations	14,185	–	14,185
Carrying value at 31 March 2024	689,682	5,663	695,345

	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
Transferred in the period	5,449	(5,449)	–
Acquisition of properties	64,512	2,216	66,728

Capital expenditure	5,035	8,295	13,330
Movement in rent incentives	1,272	28	1,300
Disposal of properties	(71,206)	–	(71,206)
Assets transferred to held for sale	(625)	–	(625)
Fair value losses on revaluation of investment property	(164,987)	(28,380)	(193,367)
Total portfolio valuation per valuer's report	752,485	75,660	828,145
Adjustment for head lease obligations	14,124	–	14,124
Carrying value at 31 March 2023	766,609	75,660	842,269

All completed investment properties are charged as collateral on the Group's borrowings. See note 17 for details.

Included within the carrying value of investment properties as at 31 March 2024 is £11.5 million (31 March 2023: £10.4 million) in respect of rent incentives as a result of the IFRS treatment of leases with rent-free periods, which require recognition on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property on which revaluations are measured.

During the period the Group capitalised £1.2 million (31 March 2023: £1.2 million) of interest paid in development properties. Please see note 8 for details on the capitalisation rate used.

Realised (gain)/loss on disposal of investment properties

	31 March 2024 £'000	31 March 2023 £'000
Net proceeds from disposals of investment property during the year	51,733	58,101
Carrying value of disposals	(46,212)	(71,206)
Realised gain/(loss) on disposal of investment properties	5,521	(13,105)

Accounting policy

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed and they have the potential to be fully income-generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. In addition, it is the Group's policy to capitalise finance costs relating to the development of the assets with planning permission, where development work is underway see note 8 for details.

Subsequent to initial recognition, investment property is stated at fair value (see note 25). Gains or losses arising from changes in the fair values are included in the profit and loss in the period in which they arise under IAS 40 Investment Property.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Movements in rent incentives are presented within the total portfolio valuation.

Where an investment property is held under a leasehold interest, the headlease is initially recognised as an asset at cost plus the present value of minimum ground rent payments and is subsequently measured at fair value. The corresponding rental liability to the head leaseholder is included in the balance sheet as a finance lease obligation (see note 19).

14. Investment properties held for sale

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Carrying value at 31 March 2022	–	–	–
Disposal of properties	–	–	–
Assets transferred in	625	–	625
Carrying value at 31 March 2023	625	–	625
Disposal of properties	(625)	–	(625)
Assets transferred in	56,230	72,830	129,060
Carrying value at 31 March 2024	56,230	72,830	129,060

As at 31 March 2024, Radway Green, Crewe along with the associated land are designated as held for sale, as sales offers are in progress and will likely be completed during the year ended 31 March 2025. St Modwen Road, Plymouth completed on 29 April 2024 and Barlborough Links Chesterfield exchanged contracts for completion which will occur during H1 of FY'25. Pikelaw Place, Skelmersdale is expected to complete during H1 of FY'25.

Accounting policy

An asset will be classified as held for sale in line with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' if its carrying value is expected to be recovered through a sale transaction rather than continuing use. An asset will be classified in this way only when a sale is highly probable, management are committed to selling the asset at the year-end date, the asset is available for immediate sale in its current condition and the asset is expected to be disposed of within 12 months after the date of the consolidated statement of financial position.

15. Cash and cash equivalents

	31 March 2024	31 March 2023
	£'000	£'000
Cash and cash equivalents	9,905	18,990
Cash in transit	6,063	6,063
Total	15,968	25,053

Cash in transit comprises £6.1 million (31 March 2023: £6.1 million) of cash held by the Group's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 2 April 2024 as disclosed in note 11.

Accounting policy

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

16. Trade and other receivables

	31 March 2024	31 March 2023
	£'000	£'000
Rent and insurance receivables	4,425	3,952
Payments in advance of property completion	2,217	2,080
Interest receivable on derivatives	1,770	1,050
Occupier deposits	643	698
Prepayments	266	191
Other receivables	2,198	1,287
Total	11,519	9,258

The rent and insurance receivables balance represents gross receivables of £4.7 million (31 March 2023: £4.2 million), net of a provision for doubtful debts of £0.3 million (31 March 2023: £0.2 million).

Payments in advance of property completion represent the deposits paid to vendors upon exchange of purchase contracts.

Accounting policy

Rent and other receivables are recognised at their original invoiced value and become due based on the terms of the underlying lease or at the date of invoice.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

17. Interest-bearing loans and borrowings

	31 March 2024	31 March 2023
	£'000	£'000
At the beginning of the year	306,000	271,000
Drawn in the year	323,000	65,000
Repaid in the year	(345,000)	(30,000)
Interest-bearing loans and borrowings	284,000	306,000
Unamortised fees at the beginning of the year	(1,907)	(2,784)
Loan arrangement fees paid in the year	(4,251)	(175)
Unamortised fees written off in the year	1,688	–
Amortisation charge for the year	883	1,052
Unamortised loan arrangement fees	(3,587)	(1,907)
Loan balance less unamortised loan arrangement fees	280,413	304,093

On 2 June 2023, the Group entered into a new £320.0 million facility, replacing the Group's previous £320.0 million debt facility and extending the tenure from January 2025 to June 2028. It comprises a £220.0 million term loan (2023: £182.0 million) and a £100.0 million RCF (2023: £138.0 million) with a club of four lenders; HSBC, Bank of Ireland, NatWest and Santander. The minimum interest

cover is 1.5 times compared to 2.0 times under the previous facility and the maximum LTV has been extended to 60% from 55%. Both the term loan and the RCF attract a margin of 2.2% plus SONIA for an LTV below 40% or 2.5% if above. The Group has £250.0 million of interest rate caps in place, £50.0 million has a termination date of 20 November 2026, £100.0 million has a termination date of 20 July 2025 and £100.0 million has a termination date of 20 July 2027 (see note 18). The facilities are secured on all completed investment properties within the portfolio.

At 31 March 2024, £64.0 million was drawn against the RCF (31 March 2023: 124.0 million) and £220.0 million against the term loan (31 March 2023: £182.0 million). This gave total debt of £284.0 million (31 March 2023: £306.0 million); with the Group also holding cash balances of £16.0 million (31 March 2023: £25.1 million), the Group's net debt as at 31 March 2024 was £268.0 million (31 March 2023: £280.9 million). The LTV ratio at 31 March 2024 was therefore 33.1% (31 March 2023: 33.9%), with the decrease reflecting the disposal of properties in the year and the higher portfolio valuation.

As at 31 March 2024, there was £36.0 million (31 March 2023: £14.0 million) available to draw.

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

Accounting policy

Loans and borrowings are initially recognised as the proceeds received net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost with interest charged to the consolidated statement of comprehensive income at the effective interest rate, and shown within finance costs. Transaction costs are spread over the term of the loan.

18. Interest rate derivatives

	31 March 2024 £'000	31 March 2023 £'000
At the start of the period	7,387	337
Additional premiums accrued	3,849	10,926
Changes in fair value of interest rate derivatives	(5,214)	4,850
Movement in interest rate derivative premium payable	1,219	(8,726)
Balance at the end of the period	7,241	7,387
Current	1,756	(3,841)
Non-current	5,485	11,228
Balance at the end of the period	7,241	7,387

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 ("caps") against movements in SONIA. The caps have a combined notional value of £250.0 million with £200.0 million at a strike rate of 1.50% and the remaining £50 million at a strike rate of 2.00%. The £50.0 million cap has a termination date of 20 November 2026, £100.0 million has a termination date of 20 July 2025 and £100.0 million has a termination date of 20 July 2027.

Total consideration payable for the interest rate caps has been deferred over eight consecutive quarters, subsequent to the issuance of the instrument. The Group has paid £5.1 million in deferred premiums during the year to 31 March 2024 (2023: £2.2 million). The remaining premium of £7.5 million is due in quarterly instalments with the final payment due in October 2025.

Accounting policy

Interest rate derivatives 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.

All receipts of income from the instrument are recognised as finance income in note 8 of the financial statements separate from the fair value measurement recorded.

19. Head lease obligations

The following table analyses the present value of minimum lease payments under non-cancellable head leases using an average discount rate of 6.91% for each of the following periods:

	31 March 2024 £'000	31 March 2023 £'000
Current liabilities		
Within one year	987	705
Non-current liabilities		
After one year but not more than two years	903	919
After two years but not more than five years	2,374	2,141

After five years but not more than ten years	3,035	2,776
Later than ten years	7,923	8,484
	14,235	14,320
Total head lease obligations	15,222	15,025

The maturity analysis has been expanded in the current year to provide more information. The comparatives have been amended for consistency.

	31 March 2024 £'000	31 March 2023 £'000
Head lease liability — opening balance	15,025	14,896
Cash flows	(1,074)	(832)
Non-cash movements		
Interest	1,054	961
Head lease accrual	217	—
Head lease obligations — closing balance	15,222	15,025

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

	31 March 2024 £'000	31 March 2023 £'000
Current liabilities		
Within one year	1,056	1,052
Non-current liabilities		
After one year but not more than five years	4,223	4,219
Later than five years	86,696	85,530
Total	91,975	90,801

The weighted average unexpired lease term of head leases is 88.2 years (31 March 2023: 93.9 years).

Accounting policy

At the commencement date, head lease obligations are recognised at the present value of future lease payments using the discount rate implicit in the lease, if determinable, or, if not, the property-specific incremental borrowing rate.

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

	31 March 2024 £'000	31 March 2023 £'000
Administration expenses payable	1,763	2,170
Deferred consideration payable	10,300	4,500
Capital expenses payable	1,743	3,864
Loan interest payable	4,161	3,691
Property operating expenses payable	733	855
Other expenses payable	1,958	3,504
Total other payables and accrued expenses — current	20,658	18,584

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost. No discounting is applied to deferred consideration on the grounds of materiality.

	31 March 2024 £'000	31 March 2023 £'000
Capital expenses payable	—	11,300
Total other payables and accrued expenses — non-current	—	11,300

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

	31 March 2024 £'000	31 March 2023 £'000
Total deferred income	7,251	7,115

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

21. Share capital

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

Ordinary shares of £0.01 each		31 March 2024 £'000		31 March 2023 £'000
	Number		Number	
Authorised, issued and fully paid:				
At the start of the period	424,861,650	4,249	424,861,650	4,249
Shares issued	–	–	–	–
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 Group, 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.

22. Share premium

Share premium comprises the following amounts:

	31 March 2024 £'000	31 March 2023 £'000
At the start of the period	275,648	275,648
Shares issued	–	–
Share premium	275,648	275,648

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares net of direct issue costs.

23. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 March 2024 £'000	31 March 2023 £'000
Capital reduction reserve	161,149	161,149
Total unrealised gains on investment properties	111,093	96,011
Total unrealised gain on interest rate caps	(168)	5,046
Total realised profits	106,646	82,208
Dividends paid from revenue profits	(123,028)	(95,836)
Retained earnings	255,692	248,578

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties and interest rate caps contained within this reserve are not distributable until any gains crystallise on the sale of the investment property and settlement of the interest rate caps. The capital reduction reserve is a distributable reserve established upon cancellation of the share premium of the Group on 17 November 2017.

24. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Group in the statement of financial position by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments in issue, basic and diluted NAV per share are identical.

	31 March 2024 £'000	31 March 2023 £'000
IFRS net assets attributable to ordinary shareholders	535,589	528,475
IFRS net assets for calculation of NAV	535,589	528,475
Adjustment to net assets:		
Fair value of interest rate derivatives (note 18)	(7,241)	(7,387)
EPRA NTA	528,348	521,088

	31 March 2024 Pence	31 March 2023 Pence
IFRS basic and diluted NAV per share (pence)	126.1	124.4
EPRA NTA per share (pence)	124.4	122.6

	31 March 2024 Number	31 March 2023 Number
--	-------------------------	-------------------------

	of shares	of shares
Number of shares in issue (thousands)	424,862	424,862

25. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying value of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The loans are at variable interest rates of 2.2% to 2.5% above SONIA.

Interest rate derivatives

The fair value of the interest rate cap contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial.

The fair value is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

Investment properties

Six-monthly valuations of investment property are performed by CBRE, accredited independent external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued. The valuations are the ultimate responsibility of the Directors however, who appraise these every six months.

The valuation of the Group's investment property at fair value is determined by the independent external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2022 (incorporating the International Valuation Standards).

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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

The following tables show an analysis of the fair values of investment properties and interest rate derivatives recognised in the statement of financial position by level of the fair value hierarchy¹:

Assets and liabilities measured at fair value	31 March 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties and assets held for sale	–	–	810,220	810,220
Interest rate derivatives	–	7,241	–	7,241
Total	–	7,241	810,220	817,461

Assets and liabilities measured at fair value	31 March 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties and assets held for sale	–	–	828,770	828,770
Interest rate derivatives	–	7,387	–	7,387
Total	–	7,387	828,770	836,157

1 Explanation of the fair value hierarchy:

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

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

The following table analyses:

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

31 March 2024	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Multi-let more than 100k sq ft	373,510	Income capitalisation	ERV	£2.62 – £10.90
			Equivalent yield	5.2% – 11.1%
Multi-let less than 100k sq ft	150,390	Income capitalisation	ERV	£5.22 – £12.53
			Equivalent yield	5.7% – 13.1%
Single-let regional distribution	129,875	Income capitalisation	ERV	£5.25 – £7.38
			Equivalent yield	5.7% – 9.7%
Single-let last mile	78,065	Income capitalisation	ERV	£4.25 – £12.71
			Equivalent yield	5.5% – 9.5%
Development land	78,380	Comparable method	Sales rate per acre	£195,000 – £860,000
	810,220			

31 March 2023	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Multi-let more than 100k sq ft	383,975	Income capitalisation	ERV	£2.38 – £17.50
			Equivalent yield	5.0% – 19.8%
Multi-let less than 100k sq ft	153,910	Income capitalisation	ERV	£3.24 – £12.02
			Equivalent yield	5.8% – 17.8%
Single-let regional distribution	131,890	Income capitalisation	ERV	£3.50 – £7.38
			Equivalent yield	5.1% – 7.8%
Single-let last mile	83,335	Income capitalisation	ERV	£3.50 – £12.71
			Equivalent yield	5.3% – 13.4%
Development land	75,660	Comparable method	Sales rate per acre	£200,000 – £925,000
	828,770			

The weighted average equivalent yield and ERV for completed investment property is 6.4% and £7.60 per sq ft, respectively (31 March 2023: 6.8% and £7.26 per sq ft). The weighted average sales rate per acre for development property and land is £681,000 (31 March 2023: £622,000).

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 discount rate (and equivalent yield) in isolation would result in a significantly lower/higher fair value measurement.

Generally, a change in the assumption made for the ERV is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield)

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of completed investment property and derivatives:

As at 31 March 2024

Completed investment property	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	36,592	36,592
Change in net equivalent yields of 25 basis points	27,874	(30,214)
Development property and land	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in sales rate per acre of 5%	3,892	(3,892)
Interest rate derivatives	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in SONIA by 50 basis points	2,423	(2,417)

As at 31 March 2023

Completed investment property	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	37,656	(37,656)
Change in net equivalent yields of 25 basis points	28,012	(30,341)

Development property and land	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in sales rate per acre of 5%	3,756	(3,756)

Interest rate derivatives	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in SONIA by 50 basis points	2,630	(2,634)

Gains recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to £15,082,000 (31 March 2023: loss of £193,367,000) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains/(losses) on investment properties'.

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

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

26. Financial risk management objectives and policies

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition of the Group's property portfolio. The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. In order to address interest rate risk, the Group has entered into interest rate cap instruments.

The instruments have a combined notional value of £250.0 million, £200.0 million at a strike rate of 1.50% and the remaining £50.0 million at a strike rate of 2.00%. £100.0 million has a termination date of 20 July 2025, £100.0 million has a termination date of 20 July 2027 and the £50.0 million has a termination date of 20 November 2026.

As at 31 March 2024, the unhedged exposure to changes in interest rates is £34.0 million (31 March 2023: £76.0 million).

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

Effect on (loss)/profit before tax:	2024		2023	
	Increase in interest rates by 1%	Decrease in interest rates by 1%	Increase in interest rates by 1%	Decrease in interest rates by 1%
	£'000	£'000	£'000	£'000
Increase/(decrease)	(340)	340	(760)	760

Credit risk

Credit risk is the risk that a counterparty or occupier will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

All cash deposits are placed with approved counterparties, currently HSBC Bank plc. In respect of property investments, in the event of a default by an occupier, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Advisor monitors the occupier arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

Credit risk is not considered material due to the diverse number of occupiers in the investment property portfolio.

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

	31 March 2024	31 March 2023
	£'000	£'000
Cash and cash equivalents	9,905	18,990
Restricted cash	6,063	6,063
Trade and other receivables ¹	9,036	6,987
Total	25,004	32,040

1 Excludes prepayments and payments in advance of completion.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	Fair value hierarchy	2024		2023	
		Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Held at amortised cost					
Cash and cash equivalents	n/a	9,905	9,905	18,990	18,990
Restricted cash	n/a	6,063	6,063	6,063	6,063
Trade and other receivables ¹	n/a	9,036	9,036	6,987	6,987
Other payables and accrued expenses ²	n/a	(18,985)	(18,985)	(26,629)	(26,629)
Interest-bearing loans and borrowings	n/a	(280,413)	(280,413)	(304,093)	(304,093)
Held at fair value					
Interest rate derivatives (assets)	2	7,241	7,241	7,387	7,387

1 Excludes prepayments and payments in advance of completion.

2 Excludes VAT liability and deferred income.

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

Year ended 31 March 2024	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	5,233	15,755	20,988	330,805	–	372,781
Other payables and accrued expenses	8,685	10,300	–	–	–	18,985
Head lease obligations	264	792	1,056	3,167	86,696	91,975
Total	14,182	26,847	22,044	333,972	86,696	483,741

Year ended 31 March 2023	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Interest-bearing loans and borrowings	–	13,993	321,112	–	–	335,105
Other payables and accrued expenses	10,829	4,500	11,300	–	–	26,629
Head lease obligations	263	789	1,055	3,164	85,530	90,801
Total	11,092	19,282	333,467	3,164	85,530	452,535

27. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Tilstone Holdings Limited	UK	63,872 ordinary shares	100%
Tilstone Warehouse Holdco Limited	UK	94,400 ordinary shares	100%
Tilstone Industrial Warehouse Limited ¹	UK	23,600 ordinary shares	100%
Tilstone Retail Warehouse Limited ¹	UK	20,000 ordinary shares	100%
Tilstone Industrial Limited ¹	UK	20,000 ordinary shares	100%

Tilstone Retail Limited ¹	UK	200 ordinary shares	100%
Tilstone Trade Limited ¹	UK	20,004 ordinary shares	100%
Tilstone Basingstoke Limited ¹	UK	1,000 ordinary shares	100%
Tilstone Glasgow Limited ¹	UK	1 ordinary share	100%
Tilstone Radway Limited ¹	UK	100 ordinary shares	100%
Tilstone Oxford Limited ¹	UK	1,000 ordinary shares	100%
Tilstone Liverpool Limited ¹	UK	100 ordinary shares	100%
Warehouse 1234 Limited ¹	UK	100 ordinary shares	100%
Tilstone Chesterfield Limited ¹	UK	15,000,001 ordinary shares	100%

1 Indirect subsidiaries.

The registered office of all subsidiaries is located at 65 Gresham Street, London EC2V 7NQ.

Tilstone Property Holdings Limited was voluntarily struck off and dissolved on 5 December 2023.

28. Capital management

The Group's capital is represented by share capital, reserves and borrowings totalling £816.0 million (2023: £832.0 million).

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. The Group's capital policies are as follows:

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available while maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but be subject to a maximum 60% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

The Group is subject to banking covenants in regards to its debt facility and these include a prescribed methodology for interest cover and market value covenants that are measured at a Group level.

The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include loan to value ("LTV"), interest cover ratio and loan to projected project cost ratio. The Group LTV at the year end was 33.1% (2023: 33.9%) and there is substantial headroom within existing covenants.

29. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Group and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration (including social security costs) for the period totalled £178,000 (31 March 2023: £179,000) and at 31 March 2024, a balance of £nil (31 March 2023: £nil) was outstanding. The Directors who served during the year received £1.5 million in dividend payments (31 March 2023: £1.6 million). Further information is given in note 5 and in the Directors' remuneration report on pages 90 to 92.

Investment Advisor

The Group is party to an Investment Management Agreement with the Investment Manager and the Investment Advisor, pursuant to which the Group has appointed the Investment Advisor to provide investment advisory services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction by the Investment Manager and the Board of Directors.

For its services to the Group, the Investment Advisor receives an annual fee at the rate of 1.1% of the NAV of the Group up to £500 million and at a lower rate of 0.9% thereafter. Refer to page 95 of the Directors' report for further information.

During the year, the Group incurred £5,725,000 (31 March 2023: £6,970,000) in respect of investment management fees. As at 31 March 2024, £1,429,000 (31 March 2023: £1,529,000) was outstanding.

During the year, the Group reimbursed £nil (31 March 2023: £86,900) in respect of direct costs incurred by the Investment Advisor relating to the movement to the Premium Segment of the Main Market, as well as £5,151 (31 March 2023: £16,665) of incidental travel related costs.

30. Ultimate controlling party

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

31. Notes to the statement of cash flows

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

	Interest payable £'000	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2023	3,691	304,093	15,025	322,809
Changes from financing cash flows:				
Bank loans drawn down	–	323,000	–	323,000
Bank loans repaid	–	(345,000)	–	(345,000)
Loan arrangement fees paid in the year	–	(4,251)	–	(4,251)
Loan interest paid	(21,321)	–	–	(21,321)
Head lease payments	–	–	(1,074)	(1,074)
Total changes from financing cash flows	(21,321)	(26,251)	(1,074)	(48,646)
Amortisation charge for the year	–	883	–	883
Arrangement fees written off	–	1,688	–	1,688
Head lease interest	–	–	1,054	1,054
Interest and commitment fee	21,791	–	–	21,791
Accrued head lease expense	–	–	217	217
Balance as at 31 March 2024	4,161	280,413	15,222	299,796

	Interest payable £'000	Interest-bearing loans and borrowings £'000	Head lease liability £'000	Total £'000
Balance as at 1 April 2022	1,444	268,216	14,896	284,556
Changes from financing cash flows:				
Bank loans drawn down	–	65,000	–	65,000
Bank loans repaid	–	(30,000)	–	(30,000)
Loan arrangement fees paid in the year	–	(175)	–	(175)
Interest and commitment fees paid	(11,810)	–	–	(11,810)
Head lease payments	–	–	(832)	(832)
Total changes from financing cash flows	(11,810)	34,825	(832)	22,183
Amortisation charge for the year	–	1,052	–	1,052
Head lease interest	–	–	961	961
Interest and commitment fee	14,057	–	–	14,057
Accrued head lease expense	–	–	–	–
Balance as at 31 March 2023	3,691	304,093	15,025	322,809

32. Capital commitments

Other than the amounts disclosed in note 20, the Group has no material capital commitments in relation to its development activity, asset management initiatives and commitments under development land, outstanding as at 31 March 2024 (31 December 2023: nil).

33. Post balance sheet events

The Group exchanged or completed on the sale of £57.5 million of non-core single-let assets in three separate transactions. The transactions comprise Parkway Industrial Estate in Plymouth sold for £6.3 million and Celtic Business Park, Newport sold for £5.2 million. Barlborough Links in Chesterfield, exchanged for £46.0 million and is expected to complete shortly. In June 2024, the Group exchanged contracts to acquire Ventura Retail Park in Tamworth, a retail warehousing asset for £38.6 million, with completion to occur in Q2 2024.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

The Company reported a loss for the year ended 31 March 2024 of £323,000 (year ended 31 March 2023: loss of £2,495,000).

These financial statements were approved by the Board of Directors of Warehouse REIT plc on 24 June 2024 and signed on its behalf by:

Neil Kirton

Company number: 10880317

	31 March 2024 £'000	31 March 2023 £'000
Notes		

Assets			
Non-current assets			
Investment in subsidiary companies	36	25,244	66,477
Amount due from subsidiaries	38	276,570	242,750
		301,814	309,227
Current assets			
Cash and cash equivalents	37	8,183	6,245
Amount due from subsidiaries	38	27,000	27,000
Trade and other receivables	38	625	697
		35,808	33,942
Total assets		337,622	343,169
Liabilities			
Current liabilities			
Other payables and accrued expenses	39	(1,652)	(1,793)
Amount due to subsidiaries	39	(27,151)	(5,042)
Total liabilities		(28,803)	(6,835)
Net assets		308,819	336,334
Equity			
Share capital		4,249	4,249
Share premium		275,648	275,648
Retained earnings		28,922	56,437
Total equity		308,819	336,334
Number of shares in issue (thousands)		424,862	424,862
Net asset value per share (basic and diluted) (pence)		72.7	79.2

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

Retained earnings represent distributable profits available to the members of the Company.

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2022	4,249	275,648	86,548	366,445
Total comprehensive expense	–	–	(2,495)	(2,495)
Dividends paid	–	–	(27,616)	(27,616)
Balance at 31 March 2023	4,249	275,648	56,437	336,334
Total comprehensive expense	–	–	(323)	(323)
Dividends paid	–	–	(27,192)	(27,192)
Balance at 31 March 2024	4,249	275,648	28,922	308,819

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. General information

Warehouse REIT plc is a closed-ended 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 located at 6th Floor, 65 Gresham Street, London, England, EC2V 7NQ. The Company's shares are admitted to trading on the Premium Segment of the Main Market, a market operated by the London Stock Exchange.

35. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). This is a transition from UK adopted international accounting standards which has been made in order to take advantage of the disclosure exemptions available under FRS101. The adoption of FRS101 has not resulted in any change in the Company's accounting policies.

Disclosure exemptions adopted In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by adopted IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;

- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Warehouse REIT plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- financial instruments;
- fair value measurement

The financial statements have been prepared under the historical cost convention. The audited financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The financial statements of the Company follow the accounting policies laid out on previously.

In the course of preparing the financial statements, no judgements or estimates have been made in the process of applying the accounting policies that have had a significant effect on the amounts recognised in the financial statements.

36. Investment in subsidiary companies

	31 March 2024 £'000	31 March 2023 £'000
Investment in subsidiary companies		
Total carrying value	25,244	66,477
Total	25,244	66,477

	31 March 2024 £'000	31 March 2023 £'000
Investments in subsidiary companies		
Tilstone Holdings Limited	21,017	21,017
Tilstone Warehouse Holdco Limited	4,227	4,227
Tilstone Property Holdings Limited	–	41,233
	25,244	66,477

During the year, Tilstone Property Holdings Limited was dissolved on 19 December 2023.

Accounting policy

Investments in subsidiary companies are included in the statement of financial position at cost less impairment.

Where the carrying value of the investment exceeds its recoverable amount (the higher of value-in-use and fair value less costs to sell), the investment is impaired accordingly.

Impairment charges are included in Company profit or loss.

37. Cash and cash equivalents

	31 March 2024 £'000	31 March 2023 £'000
Cash and cash equivalents	2,120	182
Cash in transit	6,063	6,063
Total	8,183	6,245

Cash in transit comprises £6.1 million (31 March 2023: £6.1 million) of cash held by the Company's Registrar to fund the shareholder dividend, less withholding tax, which was paid on 2 April 2024 as disclosed in note 11.

38. Trade and other receivables

	31 March 2024 £'000	31 March 2023 £'000
Prepayments	60	22
Other receivables	565	675
Amount due from subsidiaries	27,000	27,000
Current receivables	27,625	27,697

Amount due from subsidiaries	276,570	242,750
Non-current receivables	276,570	242,750

Loans due from subsidiary companies are unsecured, interest free and repayable on demand. The Directors have reviewed the Company's cash flow forecast and presented the amount expected to fall due within 12 months as current. The Directors do not expect any further amounts to be paid within 12 months and as such the remaining balance has been classified as non-current assets.

The amounts due from subsidiaries are not considered to carry any material credit risk, being from related parties that remain trading in their normal capacity.

39. Other payables and accrued expenses

	31 March 2024 £'000	31 March 2023 £'000
Other expenses payable	1,652	1,793
Amounts due to subsidiaries	27,151	5,042
Total	28,803	6,835

40. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company's own financial statements are presented together with its consolidated financial statements.

For all other related party transactions make reference to note 29 of the Group's financial statements.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2024

The Group is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed and defined performance measures to give transparency, comparability and relevance of financial reporting across entities that may use different accounting standards.

The Group presents adjusted earnings per share ("EPS"), dividends per share, total accounting return, total cost ratio, LTV ratio and EPRA Best Practices Recommendations, calculated in accordance with EPRA guidance, as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group.

EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Table 1: EPRA performance measures summary

	Notes	2024	2023
EPRA EPS (pence)	Table 2	2.9	3.9
EPRA cost ratio (including direct vacancy cost)	Table 6	24.4%	30.8%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	23.4%	26.8%
EPRA NDV per share (pence)	Table 3	126.1	124.4
EPRA NRV per share (pence)	Table 3	137.3	135.9
EPRA NTA per share (pence)	Table 3	124.4	122.6
EPRA NIY	Table 4	5.4%	5.0%
EPRA 'topped-up' net initial yield	Table 4	5.6%	5.5%
EPRA vacancy rate	Table 5	3.6%	5.0%
EPRA LTV	Table 10	34.2%	36.5%

Table 2: EPRA income statement

	Notes	Year ended 31 March 2024 (Restated) £'000	Year ended 31 March 2023 (Restated) £'000
Total property income	3	51,026	51,185
Less: service charge income	3	(3,853)	(3,340)
Less: dilapidation income	3	(1,652)	(503)

Less: insurance recharged	3	(1,496)	(1,592)
Rental income (A)		44,025	45,750
Property operating expenses	4	(4,330)	(5,454)
Service charge expenses	4	(4,068)	(3,767)
Add back: service charge income	3	3,853	3,340
Add back: dilapidation income	3	1,652	503
Add back: insurance recharged	3	1,496	1,592
Adjusted gross profit (B)		42,628	41,964
Administration expenses	4	(7,605)	(9,716)
Adjusted operating profit before interest and tax		35,023	32,248
Finance income	7	8,460	6,889
Finance expenses	8	(29,780)	(15,528)
Add back: Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange		–	1,069
Add back: Losses associated with early close out of debt (see note 17)		1,688	–
Less change in fair value of interest rate derivatives		5,214	(4,850)
Adjusted profit before tax		20,605	19,828
Tax on adjusted profit		–	–
Adjusted earnings		20,605	19,828
Less: interest from derivatives		(8,193)	(2,027)
Less: Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange		–	(1,069)
EPRA earnings		12,412	16,732
Weighted average number of shares in issue (thousands)		424,862	424,862
EPRA EPS (pence)		2.9	3.9
Adjusted EPS (pence)		4.8	4.7
Gross to net rental income ratio (B/A)		96.83%	91.72%

The Group has also included additional earnings measures called 'Adjusted Earnings' and 'Adjusted EPS'. Adjusted Earnings and Adjusted EPS recognises finance income earned from derivatives held at fair value through profit and loss used to hedge the Group's floating interest rate exposure. The premiums for the interest rate caps, which are being paid in quarterly instalments, are included in the statement of financial position as a derivative asset measured at fair value and have not been deducted in the calculation of adjusted earnings. Also included in adjusted earnings is the add back of the costs associated with the early close out of debt, as these costs will not be recurring and has been adjusted for as a 'Group-specific adjustment'.

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

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

In line with the European Public Real Estate Association ("EPRA") published Best Practice Recommendations ("BPR") for financial disclosures by public real estate companies, the Group presents three measures of net asset value: EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). EPRA NTA is considered to be the most relevant measure for Warehouse REIT's operating activities.

As at 31 March 2024	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties ¹	810,220	810,220	810,220
Net borrowings ²	(268,032)	(268,032)	(268,032)
Other net liabilities	(6,599)	(6,599)	(6,599)
IFRS NAV	535,589	535,589	535,589
Exclude: fair value of interest rate derivatives	–	(7,241)	(7,241)
Include: real estate transfer tax ³	–	55,095	–
NAV used in per share calculations	535,589	583,443	528,348
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	126.1	137.3	124.4

As at 31 March 2023	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties ¹	828,770	828,770	828,770
Net borrowings ²	(280,947)	(280,947)	(280,947)
Other net liabilities	(19,348)	(19,348)	(19,348)
IFRS NAV	528,475	528,475	528,475
Exclude: fair value of interest rate derivatives	–	(7,387)	(7,387)
Include: real estate transfer tax ³	–	56,356	–

NAV used in per share calculations	528,475	577,444	521,088
Number of shares in issue (thousands)	424,862	424,862	424,862
NAV per share (pence)	124.4	135.9	122.6

- 1 Professional valuation of investment property (including assets held for sale).
- 2 Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £284,000,000 (31 March 2023: £306,000,000) net of cash of £15,968,000 (31 March 2023: £25,053,000).
- 3 EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

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

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

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

Table 4: EPRA net initial yield

	31 March 2024	31 March 2023
	£'000	£'000
Total properties per external valuers' report	810,220	828,770
Less development property and land	(78,493)	(75,660)
Net valuation of completed investment property	731,727	753,110
Add estimated purchasers' costs ⁴	49,757	51,211
Gross valuation of completed property including estimated purchasers' costs (A)	781,484	804,321
Gross passing rents ⁵ (annualised)	42,920	41,241
Less irrecoverable property costs ⁵	(613)	(1,279)
Net annualised rents (B)	42,307	39,962
Add notional rent on expiry of rent-free periods or other lease incentives ⁶	1,654	4,068
'Topped-up' net annualised rents (C)	43,961	44,030
EPRA NIY (B/A)	5.4%	5.0%
EPRA 'topped-up' net initial yield (C/A)	5.6%	5.5%

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

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 for themselves how the valuation of portfolio X compares with portfolio Y.

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

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

Table 5: EPRA vacancy rate

	31 March 2024	31 March 2023
	£'000	£'000
Annualised ERV of vacant premises (D)	1,907	2,537
Annualised ERV for the investment portfolio (E)	53,488	50,736
EPRA vacancy rate (D/E)	3.6%	5.0%

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

Table 6: Total cost ratio/EPRA cost ratio

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Property operating expenses	4,330	5,454
Service charge expenses	4,068	3,767
Add back service charge income	(3,853)	(3,340)
Add back insurance recharged	(1,496)	(1,592)
Net property operating expenses	3,049	4,289
Administration expenses	7,605	9,716
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	–	(1,069)
Less ground rents ⁷	(165)	(189)
Total cost including direct vacancy cost (F)	10,489	12,747
Direct vacancy cost	(455)	(1,774)
Total cost excluding direct vacancy cost (G)	10,034	10,973
Rental income	44,025	45,750
Less ground rents paid	(1,074)	(832)
Gross rental income less ground rents (H)	42,951	44,918
Less direct vacancy cost	(455)	(1,774)
Net rental income less ground rents	42,496	43,144
Total cost ratio including direct vacancy cost (F/H)	24.4%	28.4%
Total cost ratio excluding direct vacancy cost (G/H)	23.4%	24.4%

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

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Total cost including direct vacancy cost (F)	10,489	12,745
Costs associated with the transfer to the Premium Segment of the Main Market of the London Stock Exchange	–	1,069
EPRA total cost (I)	10,489	13,814
Direct vacancy cost	(455)	(1,774)
EPRA total cost excluding direct vacancy cost (J)	10,034	12,040
EPRA cost ratio including direct vacancy cost (I/H)	24.4%	30.8%
EPRA cost ratio excluding direct vacancy cost (J/H)	23.4%	26.8%

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income less ground rents. They are a key measure to enable meaningful measurement of the changes in the Group's operating costs.

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 March 2024 or the year ended 31 March 2023.

Table 7: Lease data
As at 31 March 2024

	Year 1 £'000	Year 2 £'000	Years 3- 10 £'000	Year 10+ £'000	Head rents payable £'000	Total £'000
Passing rent of leases expiring in:	7,583	5,642	28,759	2,282	(1,209)	43,057
ERV of leases expiring in:	11,525	6,712	34,103	2,571	(1,209)	53,702
Passing rent subject to review in:	16,208	8,313	19,744	1	(1,209)	43,057
ERV subject to review in:	22,714	9,583	22,613	1	(1,209)	53,702

WAULT to expiry is 5.0 years and to break is 4.1 years.

As at 31 March 2023

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

WAULT to expiry is 5.5 years and to break is 4.5 years.

Table 8: EPRA capital expenditure

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Acquisitions ⁸	–	66,728
Development spend ⁹	8,191	8,295
Completed investment properties: ¹⁰		
No incremental lettable space — like-for-like portfolio	3,327	5,035
No incremental lettable space — other	–	–
Occupier incentives	–	–
Total capital expenditure	11,518	80,058
Conversion from accruals to cash basis	653	(1,082)
Total capital expenditure on a cash basis	12,171	78,976

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

9 Expenditure on development property and land.

10 Expenditure on completed investment properties.

Table 9: EPRA like-for-like rental income

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	% change
EPRA like-for-like rental income ¹¹		42,706	40,390	5.7%
Other ¹²		(377)	–	
Adjusted like-for-like rental income		42,329	40,390	4.8%
Development lettings		145	306	
Properties sold		1,551	5,054	
Rental income		44,025	45,750	
Service charge income		3,853	3,340	
Dilapidation income		1,652	503	
Insurance recharged		1,496	1,592	
Total property income	2	51,026	51,185	

11 Like-for-like portfolio valuation as at 31 March 2024: £680.7 million (31 March 2023: £657.9 million).

12 Includes rent surrender premiums, back rent and other items.

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

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments. The Group has also opted to present the EPRA loan to value, which is defined as net debt divided by total property market value.

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Interest-bearing loans and borrowings	17	284,000	306,000
Cash	15	(15,968)	(25,053)
Net debt (A)		268,032	280,947
Total portfolio valuation per valuer's report (B)	13,14	810,220	828,770
LTV ratio (A/B)		33.1%	33.9%

EPRA LTV

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Interest-bearing loans and borrowings ¹	17	284,000	306,000
Net payables ²		16,646	29,352
Cash	15	(15,968)	(25,053)
Net borrowings (A)		284,678	310,299
Investment properties at fair value	13,14	810,220	828,770
Interest rate derivatives	18	7,241	7,387
Head lease obligation	13,19	14,185	14,124
Total property value (B)		831,646	850,281
EPRA LTV (A/B)		34.2%	36.5%

- 1 Excludes unamortised loan arrangement fees asset of £3.6 million (2023: £1.9 million) (see note 17).
- 2 Net payables includes trade and other receivables and other payables and accrued expenses.

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.

	Notes	Year ended 31 March 2024 Pence per share	Year ended 31 March 2023 Pence per share
Opening EPRA NTA (A)		122.6	173.8
Movement (B)		1.8	(51.2)
Closing EPRA NTA	24	124.4	122.6
Dividends per share (C)	11	6.4	6.5
Total accounting return (B+C)/A		6.7%	(25.7%)

Table 12: Ongoing charges ratio

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

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Administration expenses	4	7,605	9,716
Less: costs associated with moving to Main Market		–	(1,069)
Less: head lease asset depreciation		(165)	(189)
Annualised ongoing charges (A)		7,440	8,458
Opening NAV as at 1 April		528,475	738,954
NAV as at 30 September		536,848	678,578
Closing NAV as at 31 March		535,589	528,475
Average undiluted NAV during the period (B)		533,637	648,669
Ongoing charges ratio (A/B)		1.4%	1.3%

GLOSSARY

Adjusted earnings per share (“Adjusted EPS”)

EPRA EPS adjusted to exclude one-off costs, divided by the weighted average number of shares in issue during the year, which ultimately underpins our dividend payments

Admission

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

AGM

Annual General Meeting

AIC

The Association of Investment Companies

AIFM

Alternative Investment Fund Manager

AIFMD

The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds

Sourcebook forming part of the FCA Handbook

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

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method) is a certification which assess the sustainability credentials of buildings against a range of social and environmental criteria

Company

Warehouse REIT plc

Contracted rent

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

Development property and land

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

Effective occupancy

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

EPC

Energy Performance Certificates provides information about a property's energy use including an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for ten years.

EPRA

The European Public Real Estate Association, the industry body for European REITs

EPRA cost ratio

The sum of property expenses and administration expenses as a percentage of gross rental income less ground rents, calculated both including and excluding direct vacancy cost

EPRA earnings

IFRS profit after tax excluding movements relating to changes in fair value of investment properties, gains/losses on property disposals, changes in fair value of financial instruments and the related tax effects

EPRA earnings per share ("EPRA EPS")

A measure of EPS on EPRA earnings designed to present underlying earnings from core operating activities based on the weighted average number of shares in issue during the year

EPRA guidelines

The EPRA Best Practices Recommendations Guidelines October 2019

EPRA like-for-like rental income growth

The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes development property and land in either year and properties acquired or disposed of in either year

EPRA NDV / EPRA NRV / EPRA NTA per share

The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net disposal value ("EPRA NDV")

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

EPRA net initial yield ("EPRA NIY")

The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA net reinstatement value ("EPRA NRV")

The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets ("EPRA NTA")

The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

EPRA 'topped-up' net initial yield

The annualised passing rent generated by the portfolio, topped up for contracted uplifts, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA vacancy rate

Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS

Earnings per share

Equivalent yield

The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

ERV

The estimated annual open market rental value of lettable space as assessed by the external valuer

FCA

Financial Conduct Authority

GAV

Gross asset value

Group

Warehouse REIT plc and its subsidiaries

IASB

International Accounting Standards Board

IFRS

International Financial Reporting Standards

IFRS earnings per share ("EPS")

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

IFRS NAV per share

IFRS net asset value divided by the number of shares outstanding at the balance sheet date

Investment portfolio

Completed buildings and excluding development property and land

Interest cover

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

IPO

Initial public offering

Like-for-like rental income growth

The increase in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment

Like-for-like valuation increase

The increase in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, net of capital expenditure

Loan to value ratio ("LTV")

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

Main Market

The Premium Segment of the London Stock Exchange's Main Market

MEES

The Minimum Energy Efficiency Standards are regulations requiring a minimum energy efficiency standard to be met (or have valid exemptions registered) before properties in England and Wales can be let. Currently the minimum is an EPC E rating.

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 that are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax-exempt shareholders). REITs also pay out normal dividends called non-PIDs

RCF

Revolving credit facility

Real Estate Investment Trust ("REIT")

A listed property company that qualifies for, and has elected into, a tax regime that 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 gross contracted rent (excluding ground rents payable under head leases) across the portfolio, excluding development property and land