Registered number
08215014

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)

Annual Report and Financial Statements

for the period 1 January 2020 to 31 March 2021

Tilstone Chesterfield Limited
Report and Financial Statements
Contents

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Company Information

Directors
Andrew Bird - Appointed 2 September 2020
Neil Kirton - Appointed 2 September 2020
Aimée Pitman - Appointed 2 September 2020
Mark Shaw - Resigned 7 January 2020
Henry Franklin - Resigned 2 September 2020
Colin Godfrey - Resigned 2 September 2020
Petrina Austin - Resigned 2 September 2020
Bjorn Hobart - Resigned 2 September 2020

Secretary
Link Company Matters Limited
The Registry
34 Beckenham Road
Beckenham
Kent
United Kingdom

Solicitors
Reed Smith LLP
Broadgate Tower
20 Primrose Street
London
EC2A 2RS

Temple Bright LLP
81 Rivington Street
London
EC2A 3AY

Osborne Clarke LLP
One London Wall
London
EC2Y 5EB

Auditor
Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Investment Advisor
Tilstone Partners Limited
Gorse Stacks House
George Street
Chester
CH1 3EQ

Registered office
Beaufort House
51 New North Road
Exeter
Devon
EX4 4EP

Property Manager
Savills Plc
33 Margaret Street
London
W1G 0JD

Administrator
Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter
Devon
EX4 4EP

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Registered number: 08215014
Directors' Report

The Directors present their Annual Report and Financial Statements for the for the period ended 31 March 2021.

As at 31 March 2021, the Company was a wholly-owned subsidiary of Tilstone Industrial Limited (the "Parent Company"), whose ultimate parent is Warehouse REIT plc (the "Ultimate Parent Company"). The Company is part of a group which consists of the Ultimate Parent Company and its subsidiaries (together, the "Group"). Refer to Note 1.1 for further details including changes in the period.

Strategic report
The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Principal activity
The Company's principal activity during the period was the rental of properties.

Results and dividends
The profit for the period amounted to £15,957,399 (31 December 2019: £2,166,023). A dividend of £1,797,202 was paid to Tritax Big Box REIT plc the previous ulitmate parent company. Any profit for the period is to be transferred to reserves.

Future developments
The Directors expect the activity in the coming year to be largely consistent with the current period as the Company continues in its principal activity being the rental of properties.

Financial risk management objectives and policies
The Company is exposed to market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

- **Market risk**
  Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices.
  Market risk is managed at a Group level. Refer to page 130 of the Warehouse REIT plc 2021 Annual Report and Financial Statements for further details of the Group's policy on management of market risk.
- **Credit risk**
  Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Company by failing to meet a commitment it has entered into with the Company.
  The Investment Advisor monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.
  All cash deposits are placed with an approved counterparty, HSBC Bank plc.
- **Liquidity risk**
  Liquidity risk is defined as the risk that the Company 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 Company could be required to pay its liabilities earlier than expected. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits.

Events after the balance sheet date
Refer to note 14.

Directors
The following persons served as Directors during the period and up to the date these Financial Statements were approved:

Andrew Bird - Appointed 2 September 2020
Neil Kirton - Appointed 2 September 2020
Aimée Pitman - Appointed 2 September 2020
Mark Shaw - Resigned 7 January 2020
Henry Franklin - Resigned 2 September 2020
Colin Godfrey - Resigned 2 September 2020
Petrina Austin - Resigned 2 September 2020
Bjorn Hobart - Resigned 2 September 2020

Directors indemnities
The Board has formal arrangements for the Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense. The ultimate parent company has also taken out a Directors' and Officers' Liability insurance policy, which includes cover for legal expenses. This is a qualifying third party indemnity provision per S236 (2) (3) of the Companies Act 2006.

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Registered number: 08215014
Directors' Report

Going concern
The Directors have considered the impact of Covid-19, the letter of support received from the parent, and the resiliance of the wider Warehouse REIT plc Group as part of the going concern assessment. The assessment supports the ability of the Company to continue as a going concern and thus, the Financial Statements have been prepared on a going concern basis and, in the opinion of the Directors, there are no material uncertainties surrounding the going concern of the Company.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable Law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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.

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- 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.

Auditor
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

During the period Deloitte LLP was appointed to fill the casual vacancy arising. Following the tender process to appoint a new auditor for the Company's 2022 audit, the Directors have appointed BDO LLP as Auditor to the Company.

This responsibility statement was approved by the Board of Directors on 18th November 2021 and is signed on its behalf by:

Andrew Bird
Beaufort House
51 New North Road
Exeter
Devon
EX4 4EP

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Independent Auditor's Report
to the members of Tilstone Chesterfield Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tilstone Chesterfield Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Independent Auditor's Report
to the members of Tilstone Chesterfield Limited

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:

- Valuation of investment property:
  - We obtained an understanding of relevant controls in the valuation process;
  - We obtained and tested the integrity of the property valuations, including the mechanical accuracy of the model and inputs to the model; and
  - We engaged internal real estate specialists to challenge the key assumptions used in the valuation of the investment property, including yield and market rents against comparable market evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
18 November 2021

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Statement of Comprehensive Income
for the period 1 January 2020 to 31 March 2021

	Notes	For the period 1 January 2020 to 31 March 2021 £	For the period 1 January 2019 to 31 December 2019 £
Revenue	3	2,969,684	2,634,521
Property expenses		(61,415)	-
Administrative and other expenses	4	(91,222)	(92)
Operating profit before changes in fair value of investment property		2,817,047	2,634,429
Changes in fair value of investment property	7	13,400,682	(370,685)
Operating profit		16,217,729	2,263,744
Finance expense	5	(260,330)	(97,721)
Profit before taxation		15,957,399	2,166,023
Taxation	6	-	-
Total comprehensive income (attributable to the shareholders)		15,957,399	2,166,023

All amounts included in the Statement of Comprehensive Income relate to continuing activities.
There are no items of comprehensive income other than the profit for the financial period.

Notes 1 - 16 form part of these Financial Statements.

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Statement of Financial Position
as at 31 March 2021
Company Number 08215014

	Notes	31 March 2021 £	31 December 2019 £
Non-current assets			
Investment property	7	71,600,000	55,280,000
Total non-current assets		71,600,000	55,280,000
Current assets			
Trade and other receivables	8	755,080	734,976
Cash and cash equivalents	9	1,588,419	6,039
Total current assets		2,343,499	741,015
Total assets		73,943,499	56,021,015
Current liabilities			
Deferred rental income		(787,296)	(673,250)
Trade and other payables	10	(2,417,835)	(19,512,926)
Total current liabilities		(3,205,131)	(20,186,176)
Net current liabilities		(861,632)	(19,445,161)
Net assets		70,738,368	35,834,839
Capital and reserves			
Called up share capital	11	15,000,001	15,000,001
Capital contribution reserve	12	20,743,332	-
Retained earnings	13	34,995,035	20,834,838
Total equity		70,738,368	35,834,839

The Financial Statements of Tilstone Chesterfield Limited (formerly Tritax REIT Acquisition 3 Limited) were approved and authorised for issue by the Board of Directors on 18th November 2021 and signed on its behalf by:

Andrew Bird
Director

Notes 1 - 16 form part of these Financial Statements.

Tilstone Chesterfield Limited
(formerly Tritax REIT Acquisition 3 Limited)
Statement of Changes in Equity
for the period 1 January 2020 to 31 March 2021

	Notes	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2019		15,000,001	-	21,088,414	36,088,415
Total comprehensive Income		-	-	2,166,023	2,166,023
Dividends	13	-		(2,419,599)	(2,419,599)
At 31 December 2019		15,000,001	-	20,834,838	35,834,839
At 1 January 2020		15,000,001	-	20,834,838	35,834,839
Share Premium	12	-	20,743,332	-	20,743,332
Total comprehensive income		-	-	15,957,399	15,957,399
Dividends	13	-	-	(1,797,202)	(1,797,202)
At 31 March 2021		15,000,001	20,743,332	34,995,035	70,738,368

Notes 1 - 16 form part of these Financial Statements.

1 Summary of significant accounting policies

1.1 *General information*

With effect from 2 September 2020 Tritax REIT Acquisition 3 Limited changed its name to Tilstone Chesterfield Limited. Tritax Big Box REIT PLC has ceased as the parent company on 29 October 2020 with transfer of control to Tilstone Industrial Limited on that date.

The Company is a registered private company incorporated in the UK. The address for the registered office is Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP. The Company's principal activity is the investment of retail assets in the UK. The Company is owned by Tilstone Industrial Limited and its ultimate parent company is Warehouse REIT plc.

These Financial Statements are contained within the Group consolidated Financial Statements of Warehouse REIT plc. This is the only set of Financial Statements the results of the Company are consolidated in to. The Group consolidated Financial Statements may be obtained from the Company Secretary at Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP and on the Company's website https://www.warehousereit.co.uk.

1.2 *Basis of preparation*

These Financial Statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The Financial Statements are prepared on a going concern basis.

As permitted by FRS 101 the Company has taken advantage of the following disclosure exemptions as the equivalent disclosures are contained within the Group consolidated Financial Statements of Warehouse REIT plc.

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the Warehouse REIT plc group of companies;
- the disclosure of certain information relating to financial instruments and other fair value measurements; and
- the disclosure of certain comparative information relating to investment properties.

These Financial Statements have been prepared in Sterling, which is the functional currency of the Company.

Following the acquisition of the Company by the Group the accounting period has been changed to align the year end of the Company with that of the Ultimate Parent. The current accounting period is for the period 1 January 2020 to 31 March 2021, the comparative period is for the period 1 January 2019 to 31 December 2019.

1.3 *Going concern*

As at 31 March 2021 the Company had net current liabilities of £861,632 (2019: net current liabilities of £19,445,161. The Company's immediate parent undertaking has confirmed it will provide such support as is required for a period of at least 12 months from the date of signing of these Financial Statements.

The Directors have assessed the resilience of the Company over the next 12 months particularly with reference to the impact of COVID-19. A range of scenarios have been assessed (including potential impacts arising as a result of the response to Covid-19) and further details of the stress testing performed can be found on page 70 of the consolidated accounts of Warehouse REIT plc. The assessment supports the ability of the Company to continue as a going concern and thus, the Directors have a reasonable expectation that the Company has adequate resources to continue in business for a period of at least 12 months from the date of approval of these Financial Statements. The Group has significant headroom available in its loan covenants as well as access to undrawn borrowings. The Directors have obtained a letter of support from the parent, committing to support the Company as required and ensure it has sufficient liquidity to continue trading for at least 12 months from the date of approval of these financial statements. The Company has continued to trade in line with the year ended 31 March 2021 and remains cash generative and profitable. The Directors are also not aware of any material uncertainties that may cast significant doubt upon the Group or this Company's ability to continue as a going concern. They therefore have adopted the going concern basis in the preparation of these Financial Statements.

1.4 ***Investment property***

Investment property comprises property held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated Statement of Comprehensive Income in the period in which they arise under IAS 40 Investment Property.

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

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.

1.5 ***Financial instruments***

The Company only enters in to basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade debtors and creditors, loans from the bank and other third parties, loans to and from related parties and investments in non-puttable ordinary shares. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at the transaction price (including transaction costs).

1.6 ***Trade and other receivables***

Rent and other receivables are recognised at their original invoiced value. The Company carries out an assessment of expected credit losses at each period end, using the simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss.

1.7 ***Cash and cash equivalents***

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.

1.8 ***Trade payables***

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

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.

1.9 ***Revenue***

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 revenue in the 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 Statement of Financial Position.

Tenant lease incentives are recognised as a reduction 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 tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

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

1.10 ***Property operating and administration expenses***

All property operating expenses and administration expenses are charged to the Statement of Comprehensive Income and are accounted for on an accruals basis.

1.11 ***Taxation***

On 2 September 2020 the Company was incorporated in to the Warehouse REIT plc Group. As part of the REIT the Company is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per 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.

1.12 ***Changes to accounting standards and interpretations***

The following new standards and amendments to existing standards have been published and the Company has applied the standards, with the period ended 31 March 2021 being the first period end reported under the standards.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. Careful consideration is given to the accounting treatment for each acquisition. Most acquisitions made by the Company are treated as the acquisition of a group of assets, so the amendments to this standard have not had any impact on the financial statements.
Amendments to IFRS 16: Covid-19 Related Rent Concessions
The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The Company has not received any concessions for its ground rent costs and therefore the accounting treatment has not been affected.

2 ***Significant accounting judgements and estimates***

The preparation of these Financial Statements in accordance with Financial Reporting Standard 101 requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the Financial Statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements
In the course of preparing the Financial Statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the Financial Statements.

Estimates
In the process of applying the Company's accounting policies, management have made the following estimates which have the most significant effect on the amounts recognised in the Financial Statements:

2.1 ***Valuation of property***
The valuations of the Company's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards) and in accordance with IFRS 13. See note 7 for further details. The key estimates made by the valuer are the ERV and equivalent yields of each investment property.

3 Revenue

	For the period 1 January 2020 to 31 March 2021 £	For the period 1 January 2019 to 31 December 2019 £
Rental income	2,925,163	2,574,551
Insurance recharge	44,521	-
Services charges recoverable	-	59,970
Revenue	2,969,684	2,634,521

4 Administrative and other expenses

	For the period 1 January 2020 to 31 March 2021 £	For the period 1 January 2019 to 31 December 2019 £
Investment advisor fee[1]	153,548	-
Valuation fees[1]	6,565	-
Audit fees for the audit of the Company's Financial Statements[1]	5,679	-
Other fees[1]	8,430	92
Insurance	8,800	-
Legal & professional fees	(91,800)	-
	91,222	92

[1] Expenses recharged from Warehouse REIT plc in the period ended 31 March 2021.
Fees payable to the Company's auditor for services other than statutory audit and taxation services provided to the Company are not disclosed in the Company's Financial Statements since the consolidated accounts of Warehouse REIT plc are required to disclose non-audit fees on a consolidated basis.

There are no employees and Directors are remunerated by the ultimate controlling party.

5 Finance expense

	For the period 1 January 2020 to 31 March 2021 £	For the period 1 January 2019 to 31 December 2019 £
Bank charges	54	-
Interest payable on bank borrowings[2]	174,670	59,675
Amortisation of loan arrangement fees[2]	27,606	38,046
Other finance costs	58,000	-
	260,330	97,721

[2] Expenses recharged from Tilstone Holdings Limited in period ended 31 March 2021.

6 Taxation

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	For the period 1 January 2020 to 31 March 2021 £	For the period 1 January 2019 to 31 December 2019 £
Profit before tax	15,957,399	2,166,023
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
Profit multiplied by the standard rate of corporation tax	3,031,906	411,544
Effects of:		
Revaluation of investment properties not taxable	(2,546,130)	70,430
REIT exempt income	(485,776)	(481,974)
Total tax expense	-	-

7 Investment property

	31 March 2021 £	31 December 2019 £
Fair value		
Investment property valuation brought forward	55,280,000	52,334,544
Acquisitions	3,153,691	3,316,141
Rent incentive adjustment	(234,373)	-
Fair value gains on revaluation of investment property	13,400,682	(370,685)
Carrying value at the end of the period	71,600,000	55,280,000

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

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

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams), the capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property and discount rates applicable to those assets.

The whole property portfolio is secured against loans held by Tilstone Holdings Limited, another group company.

8 Trade and other receivables

	31 March 2021 £	31 December 2019 £
Trade debtors	752,626	-
Other debtors	2,454	690,060
Prepayments and other receivables	-	44,916
	755,080	734,976

9 Cash and cash equivalents

	31 March 2021 £	31 December 2019 £
Cash and cash equivalents	1,588,419	6,039
	1,588,419	6,039

10 Trade and other payables

	31 March 2021 £	31 December 2019 £
Trade creditors	2,891	1,042,227
Amounts owed to ultimate parent company	2,209,297	18,467,266
Amounts owed to other group companies	3,750	-
Other creditors and accruals	201,897	3,433
	2,417,835	19,512,926

Amounts owed to the parent company and other group companies are repayable on demand and do not incur interest.

11 Share capital

	to 31 March *2021* Number	to 31 December *2019* Number
Allotted, called up and fully paid:		
£1 Ordinary shares	15,000,001	15,000,001

	to 31 March 2021 £	to 31 December 2019 £
Allotted, called up and fully paid:		
£1 Ordinary shares	15,000,001	15,000,001

12 Capital contribution reserve

	31 March 2021 £	31 December 2019 £
At the beginning of the period	-	-
Acquisition by Tilstone Industrial Limited	20,743,332	-
At the end of the period	20,743,332	-

During the period, Tilstone Industrial Limited, the immediate parent of the Company following acquisition, settled the amount owed to the ulitmate parent company at the date of acquisition on behalf of the Company and there is no expectation of repayment. Consequently, this amount has been classified as equity in accordance with IFRS 9.

13 Retained earnings

	31 March 2021 £	31 December 2019 £
At the beginning of the period	20,834,838	21,088,414
Profit for the financial period	15,957,399	2,166,023
Dividends	(1,797,202)	(2,419,599)
At the end of the period	34,995,035	20,834,838

14 Events after the balance sheet date

There are no post balance sheet events to report.

15 Operating leases
Operating lease commitments - as lessor

The Company has entered into commercial property leases on its investment Property portfolio.
Total future minimum lease receivables under non-cancellable operating leases fall due as follows:

	31 March 2021 £	31 December 2019 £
Falling due:		
within one year	2,508,755	2,508,755
after one year but not more than five years	10,035,020	10,184,729
in over five years	19,052,791	23,962,380
	31,596,566	36,655,864

16 Controlling party

The Company's immediate parent company is Tilstone Industrial Limited, a company incorporated and registered in England and Wales. The ultimate controlling party is Warehouse REIT plc, a company incorporated and registered in England and Wales. The smallest and largest group to consolidate these accounts is the group headed by Warehouse REIT Plc. The registered address of the immediate and ultimate parent companies are the same as the Company. Refer to Note 1.1 for changes to the controlling party that occured in the period.