

H1 2020 results



August 2020

Highlights	Colin Godfrey
Financial Results	Frankie Whitehead
Strategic Update	Colin Godfrey
Q&A	

Delivering resilient income and growth



-
- Supportive market fundamentals strengthened further by accelerating on-line adoption
 - High-quality portfolio delivering strong rent performance during Covid-19 pandemic
 - Portfolio value increased by 6.1% during period
 - Stable adjusted earnings, expect full year earnings growth from stronger second half
 - Development activity driving H2 earnings
 - Offset in part by expected asset disposals
 - Declared Q2 interim dividend of 1.5625p
 - H1 2020 dividend per share 3.125p
 - 96% pay-out ratio
 - Active asset management recycling capital into attractive development pipeline
 - Selected disposals expected in H2 2020
 - Significant development progress
 - Littlebrook, Dartford pre-let – largest in Europe
 - Two lettings on Symmetry portfolio, a further two imminent and one in advanced discussions

H1 2020 Financial Results

Frankie Whitehead
Finance Director

Resilient H1 financial performance



£ million	H1 2020	H1 2019	Variance
Net rental income	78.8	69.2	+13.9%
Operating profit before fair value changes	70.6	56.6 ¹	+24.7%
Operating profit	124.0	88.1	+40.7%
Profit before taxation	103.2	67.8	+52.2%
Adjusted earnings per share (pence)	3.26	3.41	-4.4%
Average share count ('000s)	1,707	1,656	+3.1%
Dividend per share (pence)	3.125	3.425	-8.8%
Dividend pay-out ratio	96%	100%	
	30 June 2020	31 December 2019	
Total carrying value of portfolio	3,955.1	3,811.2	+3.8%
IFRS Net assets	2,608.5	2,561.2	+1.8%
EPRA net asset value per share – diluted ³ (pence)	154.85	151.79	+2.0%

£178.9m

Contracted annual rent
roll
(December 2019: £166.6m)

14.1%

EPRA cost ratio
(H1 2019: 15.3%)

4.2%

Total accounting return
(H1 2019: 0.4%)

£4.18bn²

Total portfolio value
(December 2019: £3.94bn)

¹ Including a deduction for one-off corporate acquisition costs of DB Symmetry of £4.1m. Excluding these costs the variance in operating profit before fair value changes is 16.3%.

² Total portfolio value includes the investment and development portfolio, plus forward funded commitments.

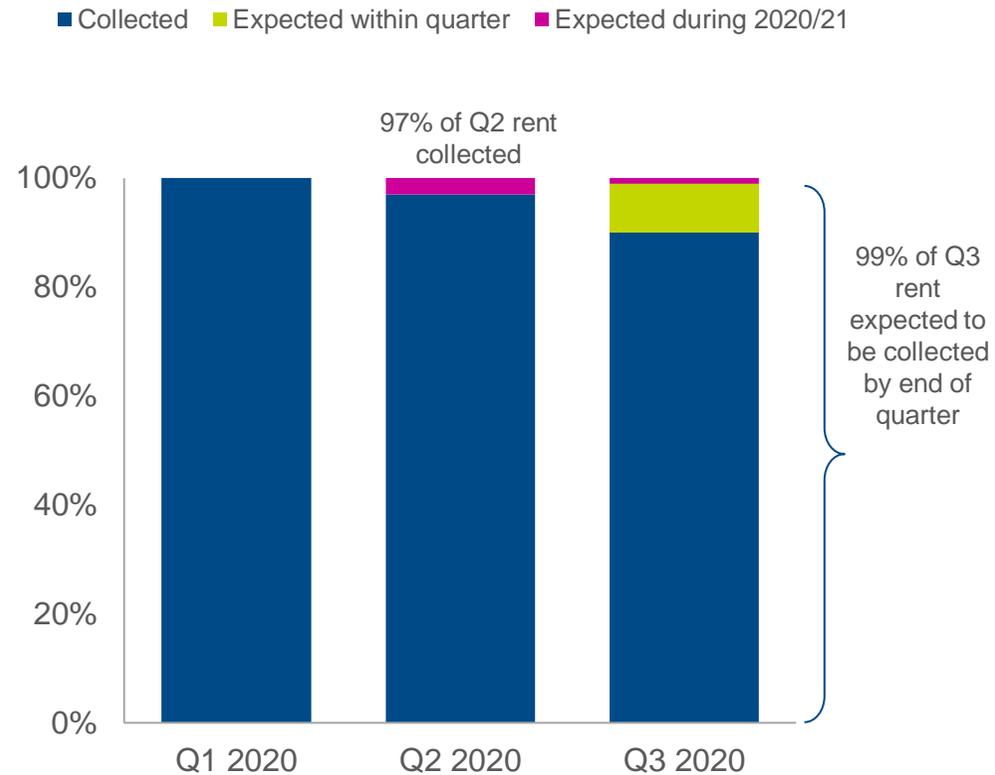
³ Based on EPRA Net Tangible Assets (NTA).

High-quality portfolio delivering strong rent collection

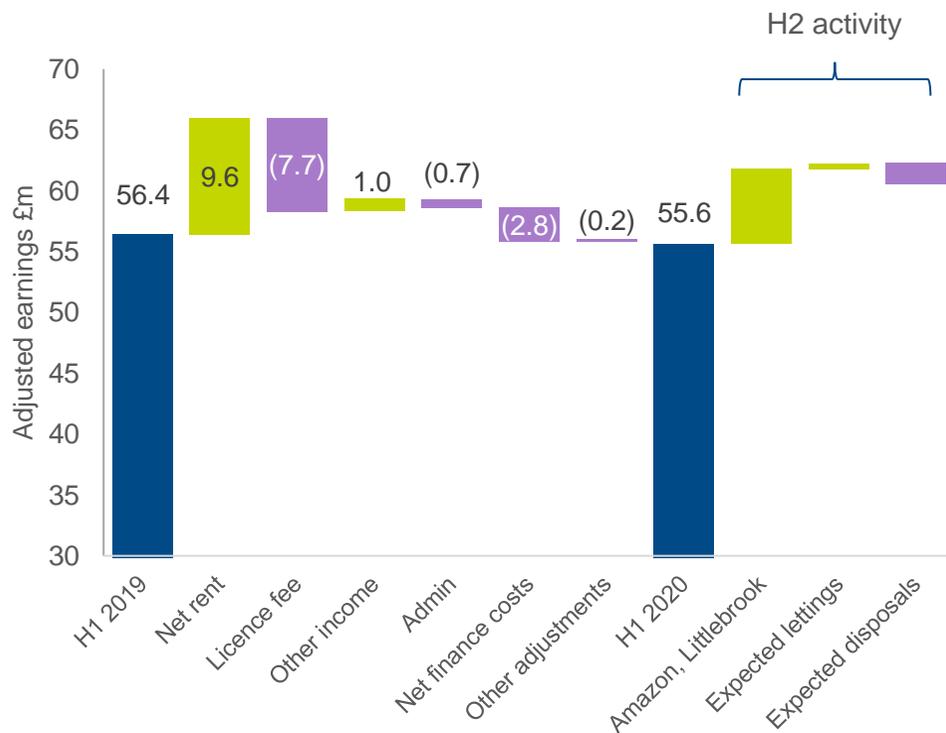


- Q2 2020 rent: 97% collected
 - Remaining 3% expected over H2 2020 / H1 2021
- Q3 2020 rent, 90% collected to date and expect 99% by end of the quarter
 - Remaining 1% expected over H2 2020 / H1 2021
- No rent-free periods / rent reductions agreed
- Supporting some tenants cashflows with short-term move to monthly in advance payments (from quarterly)
- Overall expectation is for 100% of all rent to be paid

Strong rent collection performance



Stable H1 earnings with H2 expected to be stronger



- Adjusted earnings stable during H1 with higher net rent offset by lower licence fee income
- Adjusted EPS decline by 4.4% reflecting higher average share count
- Expect overall FY20 earnings growth driven by:
 - £12.3m / annum licence fee Amazon Littlebrook (from mid June)
 - Expected lettings on Symmetry assets (£2.5m / annum)
 - Offset in part by expected disposals over H2 (£5-8m / annum)
- Expect incremental earnings from development activity to offset EPS dilution associated with the Feb 19 equity raise for Tritax Symmetry acquisition by end of FY20

Strategy continuing to deliver value growth



Movement in EPRA Net Asset Value per share for the period from 1 January to 30 June 2020



Note: Following the October 2019 update to EPRA's Best Practice Recommendations Guidelines, the Group has adopted EPRA net tangible assets (NTA) as its primary measure of net asset value and restates its December 2019 position in line with this change.

Strong balance sheet



Diversified, long-term debt maturity profile at 30 June 2020

Committed amount £m



£371m

Undrawn, committed debt available

7.1 years

Weighted average term to maturity¹
(2019: 7.5 years)

2.68%

Capped cost of debt¹
(2019: 2.68%)

31.8% LTV

(2019: 30.4%)

64%

Fixed rate debt

Supportive mix of Bank and Institutional Lenders



¹ Based on full debt commitment

Capital allocation and guidance



Current development pipeline

<i>As at 30 June 2020</i>	Remaining costs to complete	Rent p.a.	Lease length
Amazon, Littlebrook	£152.1m	£12.3m	20 years
Amazon, Durham	£20.4m	£7.6m	20 years
Co-Op Biggleswade	£38.1m	£4.7m	20 years
Howdens III, Raunds	£11.4m	£1.7m	30 years

Disposal pipeline

	Proceeds	Rent p.a.	Lease length
FY 2020	£125-175m	£5-8m	~8 years

Dividend

- Continues to remain under review with potential to increase on a progressive basis
- Ensuring appropriate, sustainable pay-out ratio providing flexibility

Leverage

- Long-term range 30-35%
- Will use debt as bridge to disposals resulting in temporary periods towards higher end of range

Earnings

- Stable earnings in H1
- Stronger H2 expected
- Increased income from successful development activity in part offset by expected disposals



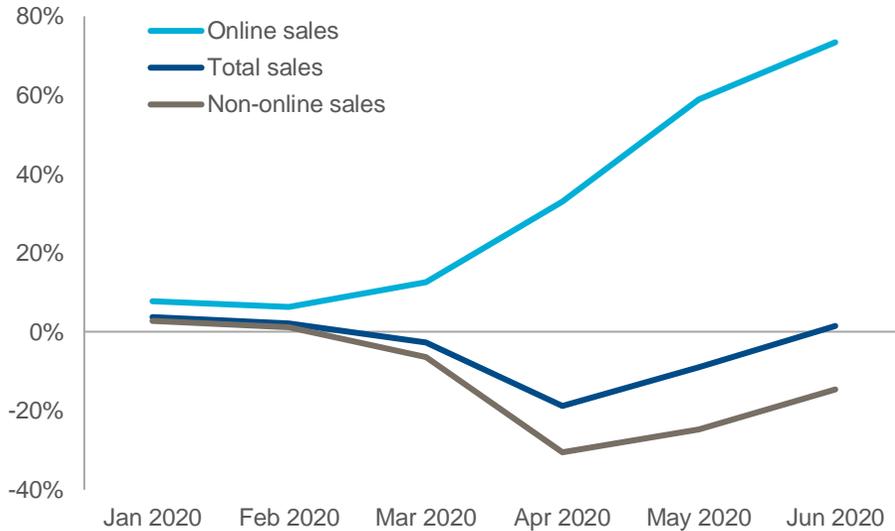
Strategic update
Colin Godfrey
CEO

Accelerating growth in logistics demand



Short-term: COVID-19 has accelerated the growth in online sales

Monthly YoY retail sales trends⁽¹⁾



June online retail sales trends

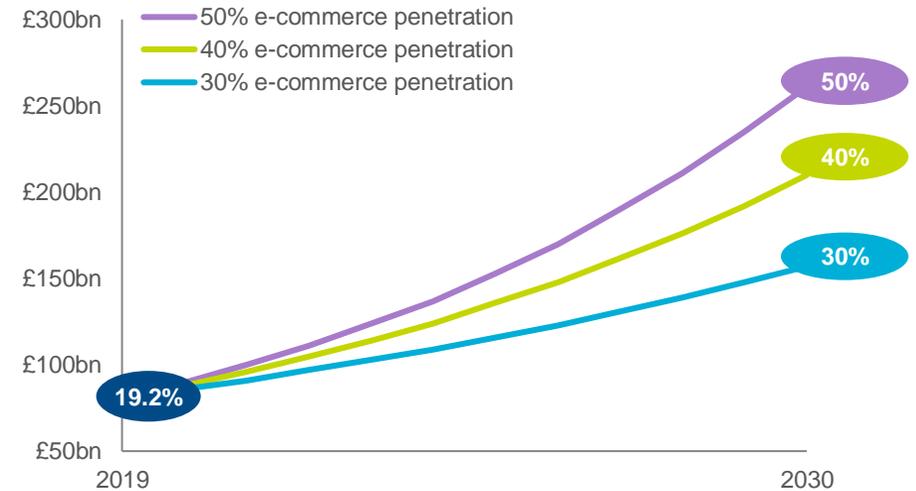
73%
YoY growth

67%
YTD growth

32%
Online sales as % of total

Long-term: Increasing online spending could result in substantial new demand

Online retail spend¹ x Online sales as % of total retail sales

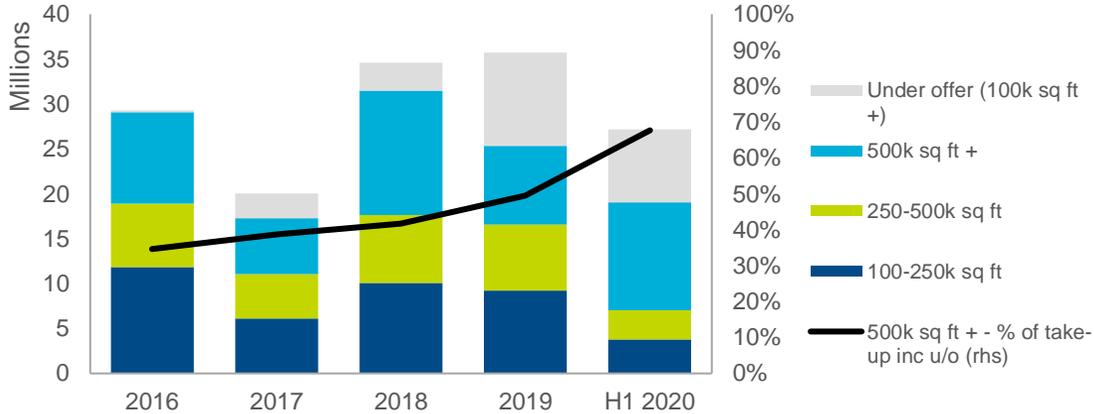


Scenario	Online driven demand for new buildings ⁽²⁾	Overall demand ⁽²⁾
50%	155m sq ft	360m sq ft
40%	110m sq ft	315m sq ft
30%	65m sq ft	270m sq ft

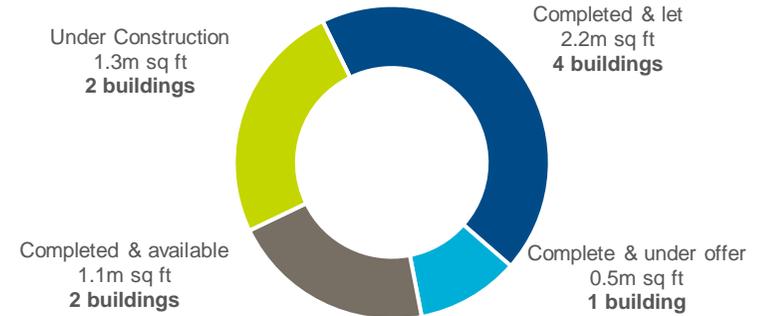
¹ Office of National Statistics (ONS); ² Tritax estimates

Favourable market dynamics & fundamentals for Big Boxes TRITAX BIG BOX

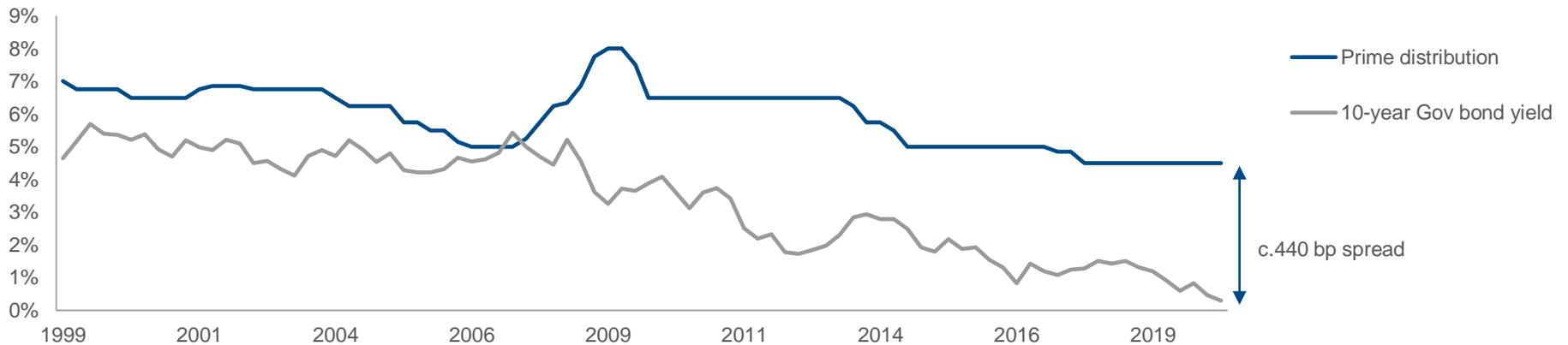
Growing demand for large-scale big boxes¹



Only nine speculative large-scale big boxes built since 2016¹

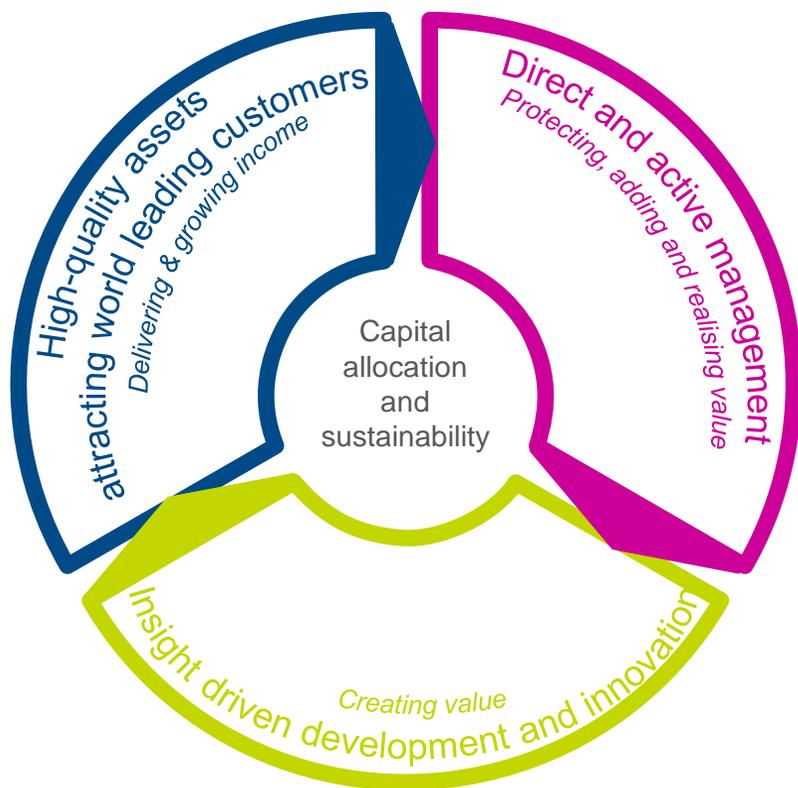


Implied yield based on the 20-year average shows potential for further yield compression^{1, 2}



¹ CBRE; ² Bank of England

Our vision is to become the leading integrated REIT focused on high-quality UK logistics real estate assets delivering sustainable, long-term income and value growth for shareholders



High-quality assets attracting world leading customers

Delivering high quality, resilient and growing income

- High-quality logistics assets attracting world-leading customers
- Weighting towards defensive and high-growth sectors
- Resilient portfolio delivering secure, long term and growing income

Direct and active management

Protecting, adding and realising value

- Direct and active management of existing assets for physical and financial improvement (income resilience / value growth)
- Acquiring assets with opportunities to add further value
- Selling assets to crystallise value and recycle capital into higher returning opportunities

Insight driven development and innovation

Creating value

- Using insights from customers to identify long-term opportunities
- Capital efficient development creating high-quality and environmentally friendly buildings
- Significant majority pre-let opportunities to de-risk development



High-quality portfolio reflective of strategy



Investment Portfolio (91% of GAV)

Development Portfolio (9% of GAV) - Target Y-o-C of 6-8%

Foundation Assets (73%)

- Core, low risk income
- Modern buildings in prime logistics locations
- Long-term leases to institutional grade customers

Value Add (13%)

- Strong tenant covenants
- Capital and rental growth potential through active asset management
- Lease re-gears and property improvements

Growth Covenants (5%)

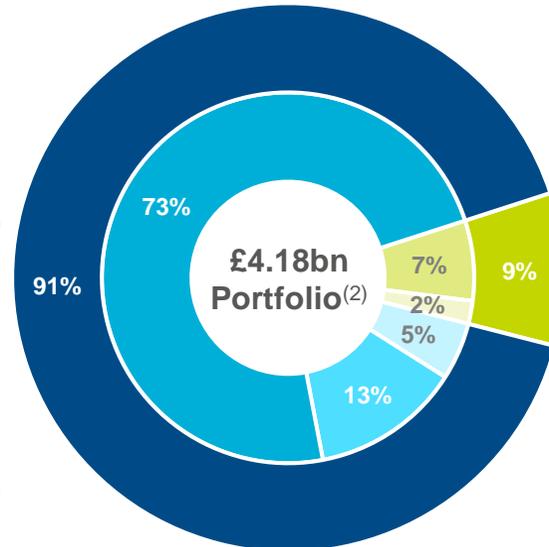
- Undervalued, well-located, fully-let assets
- Improvement in tenant credit quality to drive asset value

Tritax Symmetry (7%)

- Potential to deliver c.39 million sq ft of logistics assets¹
- One of the UK's largest strategic land portfolios for the development of Big Boxes

Littlebrook, Dartford (2%)

- Original underwrite of c.1.7 million sq ft of logistics assets
- The largest logistics development site within the M25
- Big Box logistics facilities in a core last mile location on the edge of London



Long-term, stable and growing income...

...complemented by significant growth potential

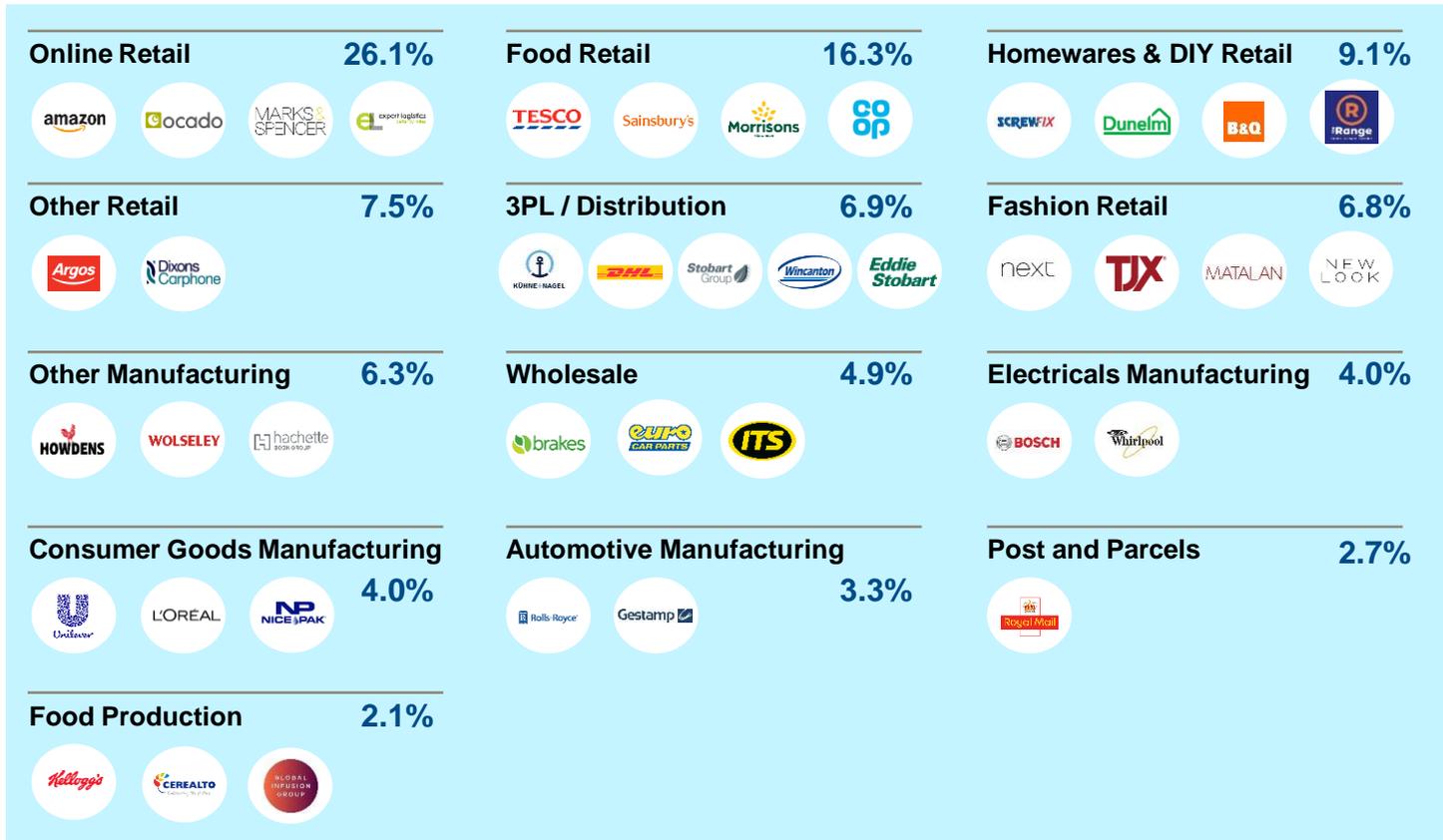
¹ Including owned assets, development management agreements and continued economic interests; ⁽²⁾ See page 31 for reconciliation with Statement of Financial Position



Quality customers, resilient sectors, critical assets



40 customers across 61 investment assets



Exposure as a % of annual rent

4.4%

Stable investment portfolio valuation yield
(31 December 2019: 4.4%)

c. 70%

of tenants are publicly listed with a market cap >£2bn¹

Top 5 Customers

By portfolio income

	19.2%
	6.4%
	4.9%
	4.5%
	3.8%

¹ based on contracted rents

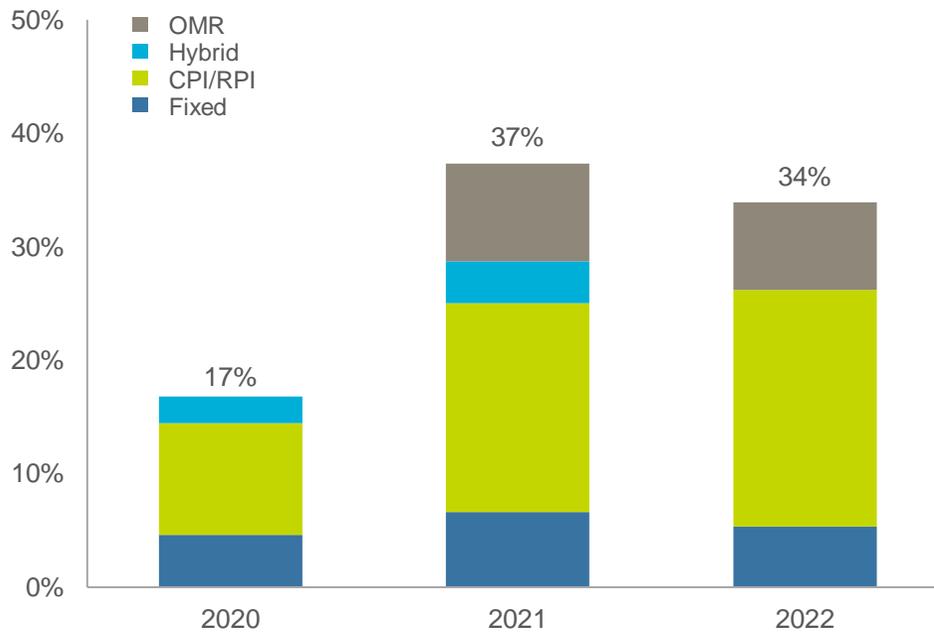


Embedded income growth with further upside potential



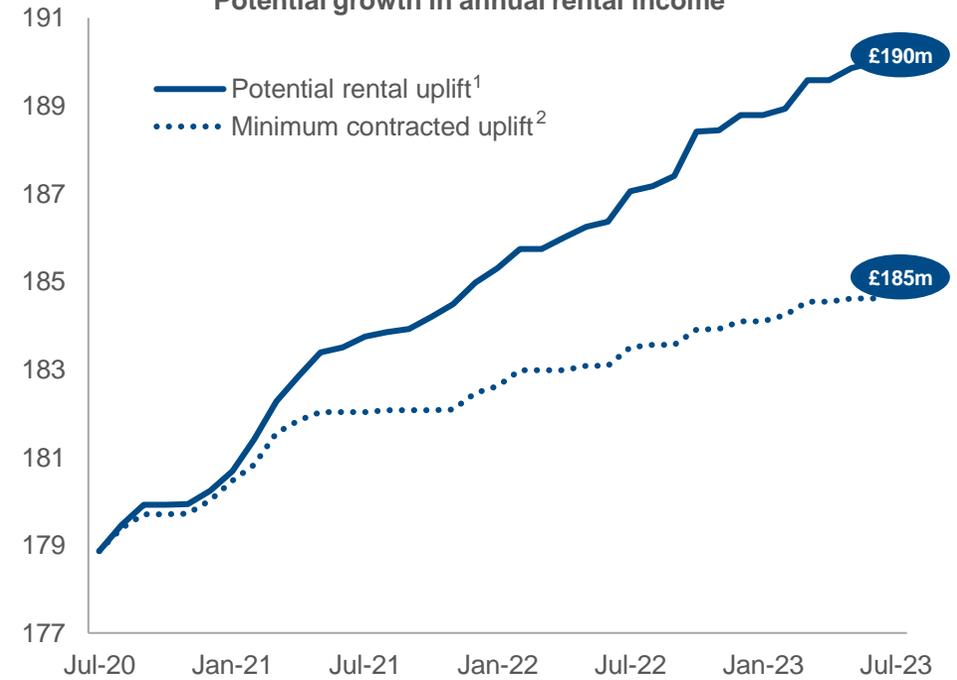
88% of portfolio subject to rent review by December 2022...

Portfolio rent review analysis



...leading to material embedded rental growth (£m)

Potential growth in annual rental income



(1) Fixed uplifts, RPI/CPI and hybrid estimated at 2% growth p.a.; OMR grown at 2% p.a. from today's ERV. All subject to caps and collars

(2) Fixed uplifts and collars applicable to both RPI/CPI and Hybrid



Asset management driving rental growth



Growing income through H1 asset management activity...

Asset	Outcome
Morrisons, Sittingbourne	1.1% uplift from RPI derived rent review
Amazon, Peterborough	10% increase from April 2020 formed of 2% per annum increase over five years
Morrisons, Birch Coppice	1.7% uplift from CPI derived rent review
Argos, Burton	Fixed 3% per annum increase
Marks & Spencer, Stoke	Extended lease to May 2026 Increased rent by 5% with effect from May 2021

... with further pipeline of H2 activity

Growing income

- One open market rent review negotiated and in documentation
- Three open market rent reviews under negotiation, with one potentially resulting in a lease extension
- Two index linked rent reviews
- Three fixed uplift reviews
- One hybrid rent review

Increasing visibility

- Five active lease extension negotiations underway

Ensuring ongoing rental growth



1. Constant evaluation of portfolio

- Regularly evaluate the full extent of our portfolio
- Ensure all value creation opportunities realised in shareholders' interests
- Patient sellers of assets

2. Asset specific criteria considered

We assess individual assets on range of criteria such as:

Future return profile	Capital requirements	Market conditions
Lease length	Tenant quality	Tenant sector
Size	Location	Power / connectivity

3. Broader portfolio considerations

We evaluate the impact of an asset disposal on the overall composition of our portfolio including:

Earnings	Dividend	Portfolio composition
Risk profile	Clear value accretive opportunities to redeploy proceeds	

H1 2020 progress update

- Development portfolio progress beginning to accelerate providing attractive opportunity to redeploy disposal proceeds into higher returning assets
- Some short-term delays to sale processes due to Covid-19
- A number of attractive disposals at advanced stages
- Looking to complete a number of disposals over the remainder of H2 2020 making progress towards our stated medium-term target

Medium-term target

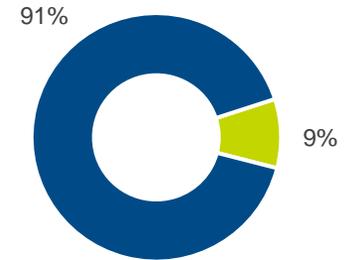
- Progressing towards a run rate of disposals of £125-175 million per annum
- Taking advantage of strong investment and occupational market



Insight driven development growing returns and limiting risk



- Land bank gives opportunity to take advantage of tight investment market, recycling mature assets in our portfolio into higher returning ones in our development pipeline
- De-risking the development process by:
 - Deep understanding of customers’ future long-term requirements
 - Capital efficient, low risk holding of land-bank primarily through long-dated options
 - Committing significant capital to construction only when lease agreed (pre-let) giving line of sight on risk / return profile
 - Limited speculative exposure to smaller units to unlock greater value
- Potential for enhanced returns with no incremental capital from 3rd party Development Management Agreements



■ Development ■ Investment Portfolio

1.0%
of GAV in speculative development
(5% maximum limit)

6-8%
Target yield on cost across development portfolio

Current development pipeline	Near-term development pipeline	Future development pipeline
Reach practical completion in 12-18 month	Received planning, or planning submitted - commence development in 1 – 3 years	Long-term pipeline, predominately held under option with average maturity length of 9 years
5.3m sq ft	9.2m sq ft	30.2m sq ft
8.4% of current portfolio value	4.0% of current portfolio value	4.8% of current portfolio value

*sq ft figures are subject to change depending upon customer design requirements



Extensive development progress during the period



Letting speculative stock

SP1 Symmetry Park Doncaster	152,000
<i>Imminent lettings</i>	
Unit 3 Aston Clinton	112,000
Unit 2 Aston Clinton	56,000

Pre-lets

Littlebrook Phase 2	2,300,000
Bicester Phase 2	59,000

Planning consents achieved

Littlebrook Phase 2	2,300,000
Wigan ¹	1,400,000
Darlington Phase 2	577,000
Middlewich ²	156,000
Bicester Phase 2	59,000

Total sq ft let 320,000

Expected rent contribution £2.5m

Total sq ft of pre-lets 2,359,000

Contracted rent £13.0m

Total sq ft of planning consents 4,492,000

¹ Committee resolution to grant consent but subsequently called in by Secretary of State for the Department of the Environment

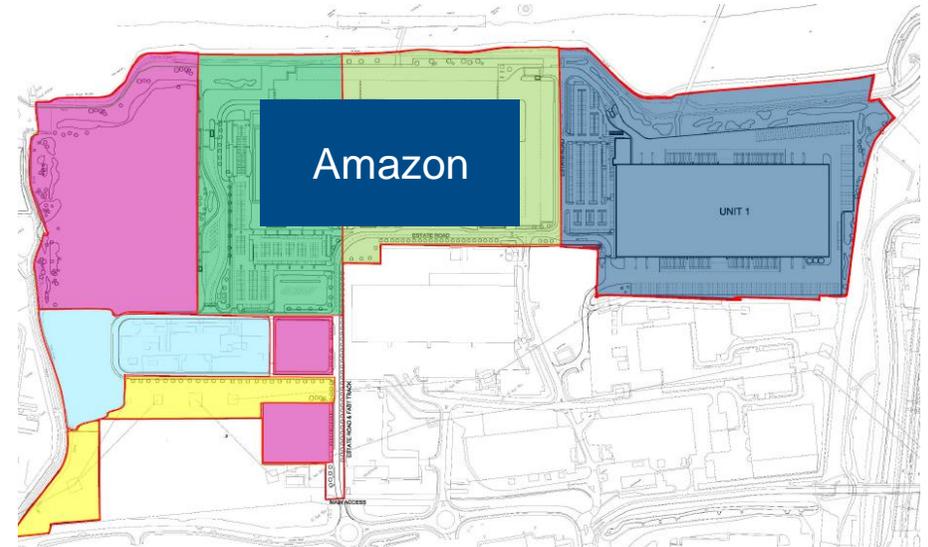
² Subject to Section 106



Littlebrook – approach to development in action



- Identified Littlebrook as optimal site for large scale logistics
- Acquired in 2017 for £65m
- Worked closely with Amazon to respond to their evolving and growing requirements
- Secured 20 year lease on 2.3m sq ft
- Valuation uplifts at key milestones, most notably achievement of significant pre-let in June
- Delivering our original profit expectations for the site with further potential upside from Phase 1 and remainder of 3



Littlebrook valuation progression

Net of future costs





Our ongoing commitment to sustainability



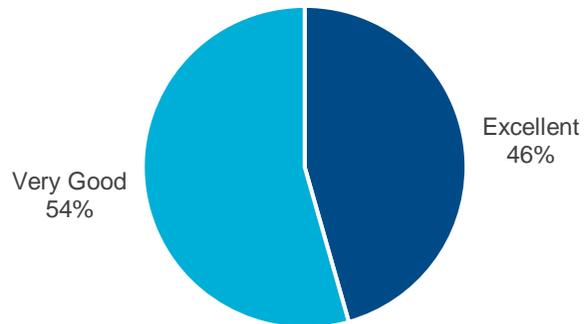
Our vision for sustainability is to demonstrate leadership in sustainable logistics, working in collaboration with our stakeholders, to create a positive change and value in the long term

Sustainability strategy encompasses four focus areas with detailed objectives and targets for each...

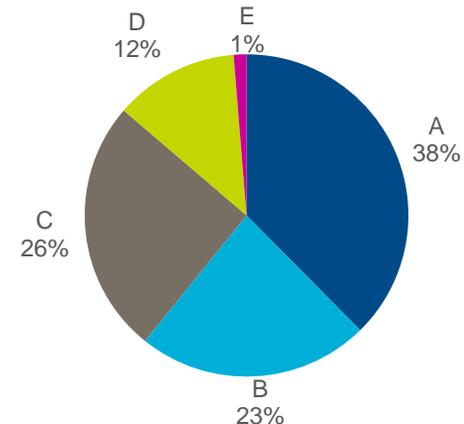


...building on our modern and efficient portfolio's strong environmental credentials

All our forward funded developments since IPO are rated BREEAM Excellent or Very Good...



...with 87% of overall portfolio (by sq ft) achieving EPC ratings of A-C



Well positioned to deliver growing income and value



Clear & compelling strategy

- Focused on delivering growing income and value through active management, insight led development and attracting the world's best customers

Resilient portfolio

- Portfolio is intentionally high-quality, delivering resilient income and protecting value, particularly in uncertain times

Attractive development opportunities

- Delivering our attractive development pipeline from the UK's largest logistics focused land bank

Financial firepower

- Strong balance sheet and a range of funding sources to support growth ambitions and drive shareholder returns

Strong market

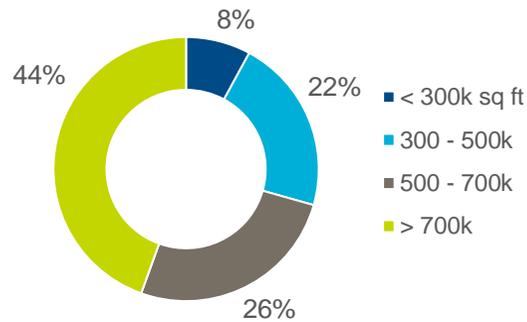
- Demand for high-quality logistics assets has only accelerated in light of Covid-19

Appendix

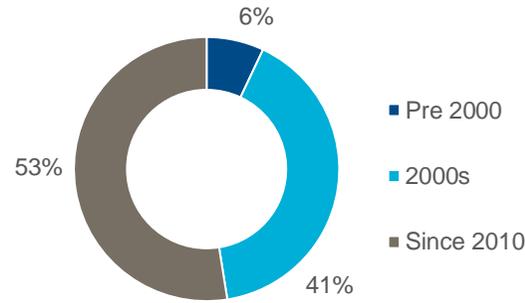
A well curated portfolio



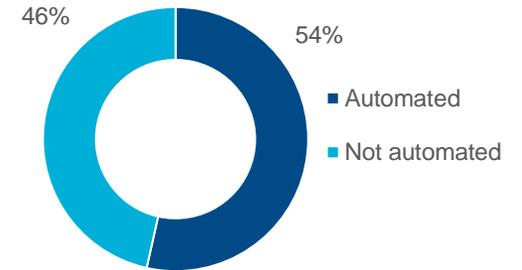
“Big” Boxes¹



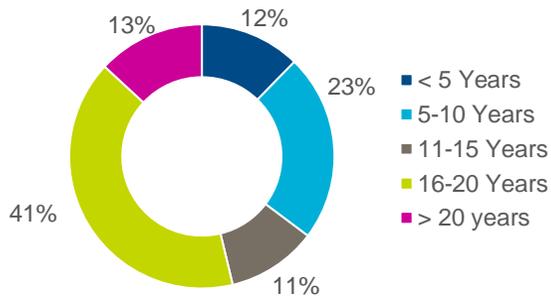
Modern Big Boxes¹



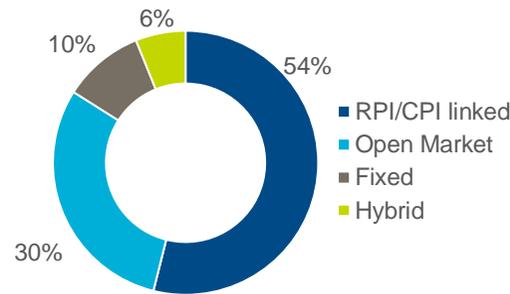
Automated Big Boxes¹



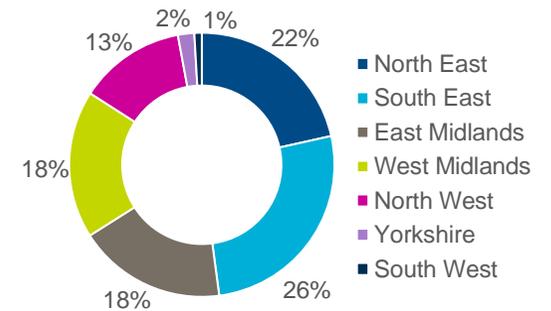
Long Term Income²



Rent Reviews By Type²



Geographically Diversified³



¹ By area; ² By rental income; ³ By value.

Portfolio debt summary



Lender	Asset Security	Maturity	Loan Commitment (£m)	Amount Drawn at 30 June 2020 (£m)
Loan Notes				
2.625% Bonds 2026	None	Dec 2026	250.0	249.3
2.86% Loan notes 2028	None	Feb 2028	250.0	250.0
2.98% Loan notes 2030	None	Feb 2030	150.0	150.0
3.125% Bonds 2031	None	Dec 2031	250.0	247.2
Bank Borrowings				
RCF (syndicate of seven banks)	None	Dec 2023/2024	350.0	116.5
RCF (syndicate of six banks)	None	Jun 2024/2025	200.0	66.0
Helaba	Ocado, Erith	Jul 2025	50.9	50.9
PGIM Real Estate Finance	Portfolio of four assets	Mar 2027	90.0	90.0
Canada Life	Portfolio of three assets	Apr 2029	72.0	72.0
Total			1,662.9	1,291.9

Current Development Pipeline



Pre-Let	Estimated Costs To Complete – Total	Estimated Cost To Complete – By Period			Total Sq Ft million	Contractual Rent / ERV £m
	£m	H2 2020 £m	H1 2021 £m	H2 2021 £m		
Amazon, Durham ¹	20.4	20.4	-	-	2.0	7.6
Howdens III (Unit 6B) ¹	11.4	11.4	-	-	0.3	1.7
Co-op, Biggleswade	38.1	29.0	9.1	-	0.7	4.7
Amazon, Littlebrook	152.1	73.8	49.5	28.8	2.3	12.3
Total	222.0	134.6	58.6	28.8	5.3	26.3

¹ Licence fee currently being received during the construction period

Near Term And Future Development Pipeline



Near Term Development Pipeline

	Total Sq Ft million	Current Book Value £m	Estimated Cost to Completion £m	ERV £m	Estimated Average Gross Yield on Cost
Land with consent	5.8	124.4	337.3	32.3	6-8%
Land with planning submitted	3.4	40.9	240.2	21.3	6-8%
Total	9.2	165.3	577.5	53.6	6-8%

Future Development Pipeline

	Total Sq Ft million	Target Gross Yield on Cost
Strategic land options	30.2	6-8%

2020 Lease Events



Rent Reviews – Settled In H1 2020

Review Type	No. of Reviews	Increase in Contracted Annual Rental Income	Annual Equivalent Increase
RPI / CPI	3	£0.4m	1.2%
Fixed	1	£0.1m	3.0%
OMR	0	n/a	n/a
Total	4	£0.5m	1.6%

Rent Reviews – Due in H2 2020

Review Type	No. of Reviews
RPI / CPI	2
Fixed	3
Hybrid	1
Total	6

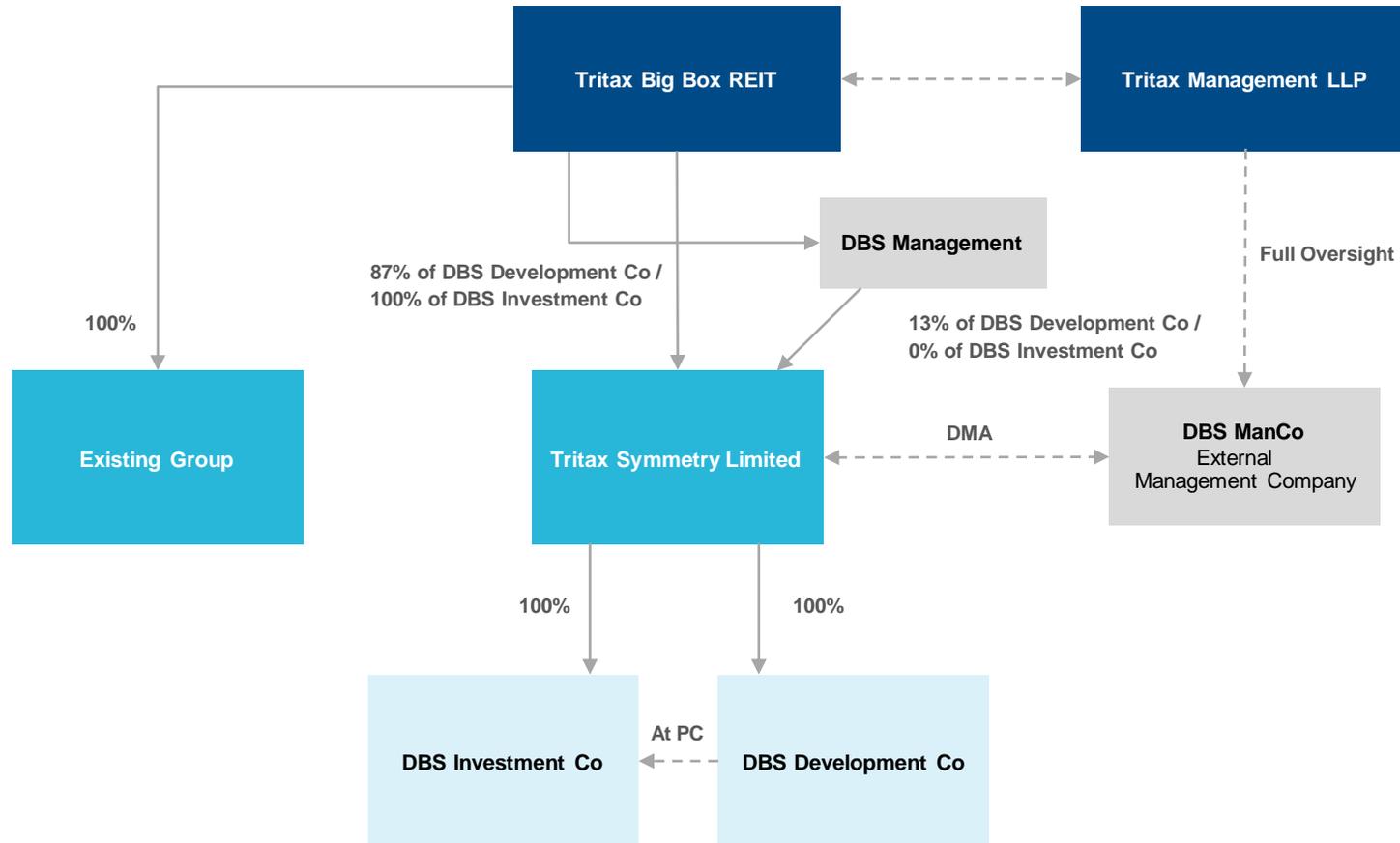
Portfolio Value



Portfolio value

£m	30 June 2020	31 December 2019
Investment property	3,678.8	3,541.2
Other property assets	13.9	13.9
Land options (at cost)	232.0	226.0
Share of Joint Ventures	30.4	30.1
Remaining forward funded development commitments	222.0	129.9
Portfolio value	4,177.1	3,941.1

Corporate Structure



Performance Track Record



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	H1 2020
Contracted rental income ⁽¹⁾	£68.4m	£99.7m	£126.0m	£161.1m	£166.6m	£178.9m
EPRA cost ratio	17.9%	15.8%	13.1%	13.7%	15.1%	14.1%
Adjusted EPS	6.12p	6.51p	6.37p	6.88p	6.64p	3.26p
Dividend per share	6.00p	6.20p	6.40p	6.70p	6.85p	3.13p
Dividend payout ratio	98%	95%	100%	97%	100%	96%
Number of assets ⁽²⁾	25	35	46	54	58	61
Portfolio valuation	£1.31bn	£1.89bn	£2.61bn	£3.42bn	£3.94bn	£4.18bn
EPRA Topped Up NIY	4.95%	4.95%	4.71%	4.68%	4.60%	4.60%
Portfolio WAULT	16.5 yrs	15.3 yrs	13.9 yrs	14.4 yrs	14.1 yrs	14.1 yrs
LTV	33.2%	30.0%	26.8%	27.3%	30.4%	31.8%
EPRA NAV (diluted)	£0.85bn	£1.43bn	£1.94bn	£2.25bn	£2.58bn	£2.64bn
EPRA NAV per share (diluted) ⁽³⁾	124.68p	129.00p	142.24p	152.83p	151.79p	154.85p
Annual total return	19.4%	9.6%	15.2%	12.1%	3.3%	4.2%

(1) At period end; (2) Excludes development land; (3) EPRA NTA (Net Tangible Assets) is used for FY 2019 onwards.

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