

HOW WE EFFECTIVELY GOVERN THE BUSINESS

Corporate Governance

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Chairman's Governance Overview

EFFECTIVE CORPORATE GOVERNANCE HAS BEEN THE CORNERSTONE OF THE COMPANY'S STRATEGY AND STRUCTURE SINCE ITS LAUNCH IN 2013.

Sir Richard Jewson KCVO, JP
Chairman



This report seeks to demonstrate and explain the core governance-related processes and procedures that are in place.

I am pleased to present the Company's Corporate Governance Report for the year ended 31 December 2019. 2019 has been an important year in the strategic evolution of the Company. The Board continues to believe that sound corporate governance plays a key role in shaping the long-term success of the Company and provides a strong foundation for the delivery of its strategic objectives. A number of key changes to the UK Corporate Governance regime came into effect during the year. Central to these changes is the requirement to explain clearly how the Directors have performed their duties under s172 of the Companies Act to promote the success of the Company for the benefit of its members as a whole, whilst taking into account the interests of stakeholders.

Board priorities

One of the Board's key priorities is to oversee the successful implementation of the business' strategy and ensure it is positioned for long-term success. We recognise the growing importance of delivering on sustainability for a wider range of stakeholders and I am pleased to report that we continue to make good progress on our sustainability initiatives. The Board is in the process of setting a sustainability strategy which will give the Company a formal framework to monitor and track sustainability targets. The Manager's CSR Committee periodically reports up to the Board with recommendations and progress reports on its ESG initiatives. We were pleased with the positive scores we received on our governance arrangements from ESG agencies, such as GRESB, MSCI and ISS-oekom which, we hope, helps to demonstrate our positive approach to governance. Further details of the Company's sustainability initiatives can be found on pages 58 to 64.

At the end of 2018 and in early 2019, the Board held a series of meetings to discuss the acquisition of Tritax Symmetry (formerly "db Symmetry"). We were supported in our discussions by our key advisors ahead of deciding to acquire an 87% economic interest in db Symmetry on 19 February 2019. Further details can be found on page 69.

Board and Committee composition

We welcomed Alastair Hughes and Karen Whitworth as Non-Executive Directors to the Board during the year. In addition, the Board conducted a review of its Committees' structure and composition which resulted in a refresh of the Committees' composition. For full details of appointments and resignations during the year, as well as of the recruitment process; please refer to pages 98 and 99 in the Nomination Committee Report.

Board development

The Board continues to receive regular updates and briefings on corporate governance as well as wider regulatory changes within the market to ensure we comply with all applicable laws and regulations.

As a Board, we continue to benefit from our bespoke professional development programme, further details of which can be found on page 99.

As in 2018, Lintstock Limited ("Lintstock") conducted the Board evaluation for 2019. Further information can be found on page 99.

Governance highlights for 2019

- Complied with all of the principles and provisions of the 2019 AIC Code applicable to the Company. Please see pages 86 to 88.
- Met all of the requirements set out in the Financial Reporting Council's Guidance on Risk, Internal Control and Related Financial and Business Reporting. Please see pages 75 to 79, and 100 and 101.
- Conducted a comprehensive externally-facilitated Board evaluation exercise. Please see page 99.
- Further developed and enhanced the Company's succession and contingency planning processes. Please see pages 98 and 99.
- Further enhanced processes and procedures across the business and its supply chain in compliance with the Modern Slavery Act 2015 and prepared our third annual statement which appears on our website. Please see page 101.
- Progressed a sustainability strategy framework to be approved in 2020.
- The Board has refined the Company's purpose and culture and increased its focus on stakeholder engagement. Please see pages 40 and 41, and 89 and 90.

Board engagement

We believe that our positive engagement and working relationship with the Manager is key to enhancing the Company's governance arrangements and ensuring that they are robust and fit for purpose. We work closely with the Manager to identify areas for improvement and best practice which creates an open and collaborative culture. This year, we reviewed a number of our policies and procedures, including Board Tenure and Re-election, Diversity and Inclusion and Non-Audit Services, resulting in an enhanced and clearer set of principles in these areas. We considered the Company's purpose in light of the increased focus on directors' duties under s172 and its importance in relation to culture and strategy.

Regular Shareholder engagement is of paramount importance to the Company. The Board has continued to develop its relationships with its Shareholders and stakeholders during the period. I was pleased to run another series of investor lunches, which were very well received by attendees, alongside the more regular Shareholder and analyst engagement following the publication of our interim and annual results. Colin Godfrey, together with the Company's Broker, Jefferies International Limited ("Jefferies"), undertook further extensive international roadshows this year covering the UK, United States, Continental Europe, South East Asia and South Africa. We hosted a stakeholder presentation event in July 2019 which was attended by the Board and representatives of the Manager, as well as Shareholders, occupiers, advisors and analysts.

We enhanced our engagement with the Company's wider stakeholders throughout 2019 through initiatives such as Schoolreaders (our partnership charity to improve literacy for primary school children in schools in the locations of our assets) and XLP (the sponsored charity of the Manager, which supports inclusion for young disadvantaged people in inner London). In addition, we undertook a sustainability survey with our occupiers and engaged with the industry by joining the UK Green Building Council to support our sustainability activities. Full details of how we engaged with our wider stakeholders and Shareholders can be found on pages 90 to 92.

Outlook for 2020

Looking ahead, the Board is focused on formalising a number of strategic initiatives, including embedding the outcomes of the purpose and culture review and formally approving a sustainability strategy, as well as continuing engagement with our Shareholders and wider stakeholders. Succession planning will be a key priority of the Board in 2020 with a focus on the Chairman's succession. We will also be working to ensure that Tritax Symmetry is structured as efficiently as possible. For further details please see page 104.

Sir Richard Jewson KCVO, JP Chairman

16 March 2020

Key Board Statements

Statement of compliance

The Board of Tritax Big Box REIT plc has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), and sets out additional Provisions on issues that are of specific relevance to investment companies.

The Board considers that reporting against the Principles and Provisions of the 2019 AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to Shareholders.

The Company has fully complied with the Principles and Provisions of the 2019 AIC Code.

The 2019 AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the 2019 AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Application of AIC Code Principles

The AIC Code, and the underlying UK Code, have placed increased emphasis on "apply and explain" with regard to the Principles of the Codes.

Our explanations of how we have applied the main principles of the AIC Code can be found below.

Board leadership and company purpose

Principle A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	Strategic Report pages 33, 36 and 39 Board Leadership and Company Purpose pages 89 and 90
Principle B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	Strategic Report pages 32 to 40 Board Leadership and Company Purpose pages 89 and 90 Division of responsibilities pages 93 and 94
Principle C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Principal Risks and Uncertainties pages 75 to 79 Section 172 Statement page 80 Audit, Risk and Internal Control pages 100 and 101 Audit & Risk Committee Report pages 102 to 104
Principle D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Stakeholders pages 41, 91 and 92 Section 172 Statement page 80 Shareholder Relations page 90
Division of responsibilities	
Principle F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	Board Leadership and Company Purpose pages 89 and 90 Division of Responsibilities pages 93 and 94
Principle G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	Division of Responsibilities pages 93 and 94 Composition, Succession and Evaluation pages 96 and 97
Principle H. Non-executive directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	Board Leadership and Company Purpose pages 89 and 90 Division of Responsibilities pages 93 and 94 Audit & Risk Committee Report pages 102 to 104 Management Engagement Committee Report pages 105 to 107
Principle I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Strategic Report pages 32 to 40

Composition, succession and evaluation	
Principle J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Nomination Committee Report pages 98 and 99
Principle K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	Composition, Succession & Evaluation pages 96 and 97
Principle L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Nomination Committee Report pages 98 and 99
Audit, risk and internal control	
Principle M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit, Risk and Internal Control pages 100 and 101 Audit & Risk Committee Report pages 102 to 104
Principle N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	Strategic Report pages 32 to 40 Audit, Risk and Internal Control pages 100 and 101 Audit & Risk Committee Report pages 102 to 104 Managers Report pages 42 to 74
Principle O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	Principal Risks and Uncertainties pages 75 to 79 Viability Statement page 81 Audit, Risk and Internal Control pages 100 and 101 Audit & Risk Committee Report pages 102 to 104 Notes to the Financial Statements pages 124 to 142
Remuneration	
Principle P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	Strategic Report pages 32 to 40 Board Leadership and Company Purpose pages 89 and 90 Directors' Remuneration Report pages 108 to 110
Principle Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	Directors' Remuneration Report pages 108 to 110
Principle R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Directors' Remuneration Report pages 108 to 110

Key Board Statements
continued

Requirement	Board statement	Where to find further information
Going concern basis	The Board is of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 81 of the Strategic Report.
Viability Statement	The Board is of the opinion that the viability statement adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 81 of the Strategic Report.
Annual review of systems of risk management and internal control	A continuing process for identifying, evaluating and managing the risks the Company faces has been established and the Board has reviewed the effectiveness of the internal control systems.	Further details are set out in Audit, Risk and Internal Controls on page 100 of this Governance Report.
Robust assessment of the Company's emerging and principal risks to the business model, future performance, solvency and liquidity of the Company	The Audit & Risk Committee and the Board undertake a full risk review twice a year where all the emerging, principal risks and uncertainties facing the Company and the Group are considered.	Further details can be found in Our Principal Risks and Uncertainties on pages 75 to 79 of the Strategic Report.
Fair, balanced and understandable	The Directors confirm that to the best of their knowledge the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.	Further details of the fair, balanced and understandable statement can be found in the Audit & Risk Committee Report on pages 102 to 104.
Appointment of the Manager	The Directors consider the continuing appointment of the Manager on the terms agreed in the Investment Management Agreement dated 11 September 2017 to be in the best interests of the Company.	Further details are set out in the Management Engagement Committee Report on pages 105 to 107.
s172	The Directors have considered the requirements of s172 when making strategic decisions.	Further details are set out on page 80 of the Strategic Report and page 91 to 92 of the Governance Report.

Board Leadership and Company Purpose

How we govern the Company

The Board is responsible for promoting the long-term sustainable success of the Company and generating value for our Shareholders and other stakeholders through effective leadership. The Company's success is based upon the effective implementation of its strategy by the Manager and third-party providers under the leadership of the Board. The Board and the Manager work closely to ensure the highest standards of governance are maintained by the Company and are central to every Board decision. The Board's culture provides a forum for constructive and robust debate, which has been crucial to the successful implementation of our strategy to date.

The Company's purpose is to provide sustainable logistics solutions, giving our customers the space to succeed, whilst benefiting all our stakeholders. In order to achieve this, the Board has determined the Company's Investment Objectives and Investment Policy. It has overall responsibility for the Company's activities, including reviewing investment activity, performance, business conduct and strategy, in compliance with the principles of good corporate governance. We have delegated the day-to-day operational aspects of running the Company to the Manager and approved a schedule of matters reserved for our consideration and approval, which are set out on this page. Although the Board does not approve investment proposals or decisions, as this is a matter delegated to the Manager, the Board is kept fully informed and notified of investment proposals/decisions to enable the Directors to undertake their responsibilities and duties appropriately.

As well as regular Board meetings we also meet for dedicated strategy meetings, in which we discuss the Company's immediate and long-term strategy, and hold ad-hoc meetings to consider specific issues facing the Company, the market generally and our Customers.

There is frequent engagement and interaction between the Manager and Tritax Symmetry regarding the development pipeline and the status of current projects. This regular engagement is overlaid by a series of meetings to ensure proper oversight and governance of Tritax Symmetry, being weekly and quarterly project review meetings, quarterly strategy meetings and bi-annual board meetings of Tritax Symmetry. These meetings provide a forum for reporting on detailed project matters by Tritax Symmetry to the Manager and discussion of the wider business strategy. The Manager retains approval rights in relation to transactional documentation proposed to be entered into by Tritax Symmetry.

A typical Board agenda includes:

- a review of investment performance
- a review of investments and divestments and asset management initiatives
- an update on investment opportunities available in the market and how they fit within the Company's strategy
- a report on the property market
- a review of the Company's financial performance
- a review of the Company's financial forecast, cash flow and ability to meet targets
- a review of the Company's financial and regulatory compliance
- updates on Shareholder and stakeholder relations
- updates on the Company's capital market activity
- specific regulatory, compliance or corporate governance updates
- an update on sustainability and targets
- a bi-annual risk management review
- investor relations update
- marketing and communications update

Strategy

Our 2019 strategy meeting, which took place in October 2019, focused on assessing whether the Company followed its overarching strategy set in 2018 and reviewed where changes should be made to ensure the long-term success of the Company. The meeting involved the full Board and key members of the Manager who reviewed additional strategic options available to the Company. The Board also discussed the strategic aims for 2020 and requested a number of actions out of this meeting, including further market analysis, regular peer benchmarking reports and further stakeholder engagement, in particular nurturing existing occupier relationships.

Please see pages 32 and 33 for more details on strategy in the Strategic Report.

Given the current dynamics of the logistics market, with strong demand but limited supply of suitable assets, we believe that we are well set to capture further value in 2020. Our focus for the coming year will be on achieving planning consents and securing pre-lettings for our Land Assets and lettings for our speculatively developed buildings in order to grow the Group's strong asset base and deliver enhanced returns to Shareholders.

Board reserved matters

Reviewing and approving Board composition and powers, including the appointment of Directors

Overseeing treasury functions and managing the Company's capital structure

Approving and implementing the Company's strategy

Reviewing and monitoring the Manager's ongoing compliance with the Company's Investment Objectives and Investment Policy

Approving the budget, financial plans and Annual and Interim financial reports

Overseeing the services provided by the Manager and, in conjunction with the Manager, the Company's principal service providers

Approving the dividend policy

Reviewing and approving all compliance and governance matters

Reviewing property valuations and valuations of its interest rate derivatives

Key activities of the Board in 2019

Q1

- Completed the acquisition of an 87% economic interest in db Symmetry, with a total enterprise value of £370 million.
- Appointed Alastair Hughes as a Non-Executive Director. Mark Shaw retired from the Board.
- Jim Prower resigned from the Board. Aubrey Adams appointed Senior Independent Director.
- Declared an interim dividend of 1.675 pence per share, in respect of the three months to 31 December 2018.
- Raised gross proceeds of £250 million through the substantially oversubscribed issue of 192,291,313 Ordinary Shares at 130 pence per share, to fund the acquisition of db Symmetry and future investments.

Q2

- Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 31 March 2019.
- Approved the Annual Report and Accounts 2018.
- Entered into a new £200 million unsecured RCF, with an initial maturity of five years and the option to extend to seven years, to help support the next phase of our growth.

Q3

- Announced rebrand of db Symmetry as Tritax Symmetry.
- Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 30 June 2019.
- Approved the Interim Report 2019.

Q4

- Appointed Karen Whitworth as a Non-Executive Director.
- Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 30 September 2019.

Post year end

- Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 31 December 2019.

Board Leadership and Company Purpose continued

Culture

The culture and ethos of the Company is important to its success. The Board believes that its positive engagement and working relationship with the Manager helps the business achieve its objectives by creating an open and collaborative culture, whilst allowing for constructive challenge.

Despite the Company being externally managed, we believe that the culture within the Manager remains aligned with the Company's purpose, values and strategy and is complementary to the Company. The Non-Executive Directors meet regularly with members of the Manager outside of Board meetings to discuss various key issues relating to Company matters.

Sustainability

Managing sustainability is core to our business. This year, the CSR Committee has engaged with the Board on its CSR/ESG activities and discussed and recommended a new sustainability strategy for approval in 2020.

A key activity of the Committee in 2019 was to undertake the first submission to the Global Real Estate Sustainability Benchmark (GRESB). Tritax Big Box REIT plc received a Green Star and has created an ESG action plan to improve performance in 2020.

The Committee oversaw a materiality assessment, which is a defined process to determine the issues most relevant to the Group and their relative importance to stakeholders. It also created a new ESG policy and reviewed all existing policies to ensure they included salient ESG issues.

The Company also became a Gold Leaf member of the UK Green Building Council to support its commitment to sustainability.

The Company looks forward to formally launching its sustainability strategy later this year.

To demonstrate its own commitment to sustainability, the Manager procures renewable energy, sending nothing to landfill. It is currently working towards ISO 14001 accreditation for its Head Office.

Please see pages 59 to 64 for more details on sustainability activities during the year.

Relations with Shareholders and other stakeholders

Maintaining strong relationships with the Company's Shareholders and other stakeholders and an understanding of their priorities and concerns is of the utmost importance to the Board. In 2019, we invested in the development of new and existing relationships with our Customers. The Chairman and the Senior Independent Director, alongside the Fund Manager and Company's Finance Director, are the Company's principal spokesmen who regularly communicate with the Company's Shareholders, the press, analysts, investors and other stakeholders. All Directors are available to speak to Shareholders on any matters relating to the Company.

The Manager has a dedicated investor relations team who liaise with the Company's public relations advisor and provide regular investor relations reports to the Board, which include major press coverage, analyst reports and Shareholder feedback. The Company's Broker provides a bespoke quarterly report, which has a section dedicated to investor relations. The Manager also produces a quarterly fact sheet on behalf of the Company which can be viewed on the Company's website.

During the year, the Manager, together with the Company's Broker, devoted time to meeting with existing Shareholders and prospective new investors in the UK, Continental Europe, South East Asia, the USA and South Africa. The roadshows, together with a series of ongoing ad hoc meetings, enabled the Manager to listen to and understand the views of Shareholders and other stakeholders and report those views to the Board so it could consider and appreciate these opinions. Furthermore, we undertook an audit with representatives from our stakeholder groups to ensure our purpose remained in line with expectations. Feedback from the roadshows and other meetings has been positive and constructive over the year.

The Chairman and Fund Manager, together with other Directors, held a series of lunches with several investors to discuss, informally, the Company's business strategy in the present economic climate. The investor lunches proved informative for the Board and the Manager and were well received by attendees. The feedback received was generally highly supportive of the Company. The salient themes to emerge included the need for a greater focus on sustainability and aligning the market's view of the traits of the Big Box sector within the wider logistics market. These themes were reported to the Board and have proven useful to the Company in the formulation of its strategy in 2020.

We hosted a stakeholder presentation event in July 2019 which was attended by the Board and representatives of the Manager, as well as Shareholders, occupiers, advisors and analysts. This event enabled us and the Manager to better understand any concerns and development points for our stakeholders more effectively, as well as promoting a more open discussion for future asset management and other property initiatives with our Customers.

Further details of the Company's engagement with our other key stakeholders can be found on pages 91 and 92 and in our section 172 statement on page 80.

Site visits

The Manager also conducted a "Big Box" site visit for existing Shareholders and lenders, prospective investors and analysts during the year, notably to two of the Company's prime sites in Oxfordshire in September 2019, to provide a greater understanding of the Tritax Symmetry operations. We will continue the initiative in 2020, as we believe that such site visits provide Shareholders and other stakeholders with a better insight into the nature of the assets we invest in and our strategy.

Annual General Meeting ("AGM")

The Company's general meetings provide us and the Manager with a valuable opportunity to engage with our Shareholders on governance and strategy. All the Directors usually attend the AGM and we make ourselves available to answer Shareholders' questions at all general meetings of the Company and are contactable as necessary. The Chairman also makes himself available outside of these meetings to speak to Shareholders. The Senior Independent Director is available for Shareholders to contact if other channels of communication with the Company are not available or are inappropriate. Various Directors also regularly attend the biannual financial results presentations.

We encourage Shareholders to attend and vote at the AGM and take the opportunity to engage with the Board and the Manager.

The Chairman and the Senior Independent Director as well as other Directors can be contacted by emailing the Company Secretary on cosec@tritaxbigbox.co.uk, who will pass the communication directly to the relevant person, or by post at the Company's registered office.

Public communications

The Company ensures that any price sensitive information is released to all Shareholders at the same time and in accordance with regulatory requirements. All Company announcements which are released through the London Stock Exchange are also made available on the Company's website. The website also holds the quarterly fact sheets, share price and dividend information, investor presentations, the Key Information Document required by PRIIPS regulations and the Annual and Interim Reports which are available for download. The Company's Annual and Interim Reports are dispatched to Shareholders upon request.

Stakeholder Engagement

Our Board and stakeholders

Our Purpose is to provide sustainable logistics solutions, giving our customers the space to succeed, whilst benefiting all our stakeholders. The Board recognises the importance of stakeholder engagement in order to deliver its strategic objectives and we believe that our stakeholders are vital to the continued success of our business. We are mindful of stakeholder interests and keep them at the forefront of our business and strategic decisions. We believe that regular engagement with our stakeholders is fundamental to understanding their views. The below section aims to highlight how we engage with our key stakeholders, why they are important to us and the impact they have on our business and therefore the long-term success of the Company, which we believe helps to demonstrate the Board's duties under s172.

Our key stakeholders	Why they are important to us	What they care about most	Activity in 2019
The Manager and its employees See page 41	As an Alternative Investment Fund our key supplier is the Manager and its employees. We draw on its expertise and extensive agent, developer, vendor and occupier contacts. The Manager's culture aligns with that of the Company and its long-standing reputation is key when representing the Company in the wider market.	<ul style="list-style-type: none"> – Long-term going concern of the Company – Long-term relationship with the Company – Wellbeing of their employees – Being able to attract and retain high-calibre talent – Maintaining a positive and transparent relationship with the Board to ensure alignment of values and business objectives 	<ul style="list-style-type: none"> – Board and Committee meetings – Face-to-face meetings with the Chairman and other Board Directors – Quarterly report to the Board with key updates from the Manager as well as Asset Management and Property reports – External Board evaluation, including feedback from key personnel within the Manager – Informal lunches and meetings
Suppliers See page 41	A collaborative relationship with our suppliers ensures that we receive high-quality services and products to help deliver our strategic and investment objectives.	<ul style="list-style-type: none"> – Collaborative and transparent working relationships – Responsive communication – Being able to deliver their service level agreements 	<ul style="list-style-type: none"> – Board and Committee meetings – One-to-one meetings – Bi-annual review of suppliers by the Management Engagement Committee ("MEC") – Externally facilitated advisor reports
Shareholders See page 41	Building a strong investor base through clear and transparent communication is vital to building a successful and sustainable business and generating long-term growth. Our asset selection and asset management add value to our investments, allowing Shareholders to benefit from attractive total returns.	<ul style="list-style-type: none"> – Sustainable growth – Attractive returns – Strong Corporate Governance – Transparent reporting framework – ESG and Sustainability 	<ul style="list-style-type: none"> – Investor lunches – Asset tours – International roadshows undertaken by the Manager – Annual and half year presentations – AGM – Market announcements and corporate website – Regular investor feedback received from Jefferies and the Investor Relations team – On-going dialogue with analysts as and when required – Quarterly shareholder analysis report – Direct meetings with investors
Customers See page 41	We seek to develop and maintain a deep understanding of the businesses that operate in our market in order to create long-term partnerships. Our occupiers are at the very core of our business. We need to understand their needs in order to deliver fit for purpose real estate and asset management opportunities which underpin long-term sustainable income growth and maximise occupier satisfaction.	<ul style="list-style-type: none"> – Quality assets – Profitability – Efficient supply chain logistics – Attractive cost price labour pool – Knowledgeable and committed landlord – Help to fulfil their rapidly growing e-commerce sales – Buildings with strong EPC/BREEAM/ sustainability ratings 	<ul style="list-style-type: none"> – Regular face-to-face meetings both on site and at head offices – Reviewed published data, such as Annual Accounts, trading updates and analysts' reports to identify mutually beneficial opportunities – Stakeholder survey – Engaged on "green" initiatives – Ensured buildings comply with the necessary safety regulations and insurance – Liaised with Customers in respect of insurance procurement
Communities See page 41	We bring significant employment and social value to the communities we invest in and through the operations of our Customers. Ensuring our investment creates a positive social impact, and also reduces environmental impacts of the asset, is core to our sustainability approach.	<ul style="list-style-type: none"> – That we understand local needs and priorities – That we actively help and support local communities – Jobs and investment – That we act as good neighbours, operating safely and ethically – Compliance with all relevant legislation, including building regulations – Sustainability 	<ul style="list-style-type: none"> – Schoolreaders – our partnership charity improving literacy for primary school children in schools near where our assets are located – XLP – the charity partner of the Manager, which supports inclusion of young disadvantaged people in inner London – Sustainability surveys with our occupiers – Engaged with the industry by joining the UK Green Building Council to support our sustainability activity – Charitable engagement which in turn helps bring environmental and social benefits to the communities we operate in

Stakeholder Engagement continued

Our key stakeholders	Why they are important to us	What they care about most	Activity in 2019
Lenders See page 41	Our lenders benefit from having their interest serviced by regular and stable cash flows which are underpinned by strong covenants. Our long leases and future growth in income, through a combination of fixed, indexed and open market reviews provide protection to capital values.	<ul style="list-style-type: none"> – Protection to capital values – Regular and stable cash flows – Strong covenants – Being able to meet interest payments – Maintaining agreed gearing ratios – Regular financial reporting 	<ul style="list-style-type: none"> – Annual and half year presentations – Additional Guarantor accessions – New £200m RCF arranged – Regular covenant reporting – Face-to-face meetings
Government and Local Authorities See page 41	<p>The need to foster business relationships with Government and Local Authorities is pivotal to the long-term plans of the Company.</p> <p>Positive collaborative relationships with Local Authorities are key to securing planning consents on sites within the development pipeline.</p>	<ul style="list-style-type: none"> – Ensuring planning applications conform with local planning, highways and environmental policies prior to granting planning consent – Sustainability 	<ul style="list-style-type: none"> – Planning consent secured on over 2.6 million sq ft of logistics space during 2019 – Engagement with local authorities where we operate

Looking forward to 2020

Going forward, we will build on our formal reporting of stakeholder engagement by ensuring that we continue to evaluate the impact our business has on our key stakeholders. This will in turn help to enhance our stakeholder communications across the full portfolio. By continuing to formally monitor and track how the Board engages with stakeholder groups, we can ensure that we maintain positive working relationships with our key stakeholders for the long-term, while also having an understanding of their concerns and priorities, which will help to influence Board decisions.

The Board will also continue to foster Shareholder engagement through investor lunches and roadshows in Q2/Q3 2020.

Throughout the period, we received regular feedback from both investors and occupiers on the importance they place on sustainability and ESG. As a result of this, we are in the process of developing a long-term sustainability strategy to mitigate sustainability and ESG risks and identifying sustainability opportunities to maximise on. The Board is looking to formally approve the sustainability strategy in 2020. As part of our increased focus on ESG, in 2019, the Manager hired a dedicated Sustainability Lead and created a new CSR Committee which seeks to ensure that the Group is effective in meeting its social and environmental obligations.

Division of Responsibilities

The Chairman and the Senior Independent Director

Our Independent Chairman, Sir Richard Jewson, has no relationships that may create a conflict of interest between his interest and those of Shareholders or the Manager.

As we are subject to the AIC Code, there is no requirement for a limitation on the length of tenure of the Chairman, as approved by the FRC. However, we recognise that there is a significant body of opinion that tenure should be limited to nine years and bear this in mind in our succession planning. The Chairman has been in post for over six years. The Chairman's other significant commitments include Chairmanship of Raven Property Group Limited. For the Chairman's full biography please refer to page 96 and the Company website. The Board believes he continues to dedicate sufficient time to his Chairmanship of the Company. The Board has adopted a policy on Tenure and Re-election; for more information please refer to page 99.

As Chairman, he sets the agenda for Board meetings with assistance from the Company Secretary, manages the meeting timetable and facilitates open and constructive dialogue during the meetings.

The Senior Independent Director (SID), Aubrey Adams, and the other Directors met during the year, without the Chairman, to appraise his performance. The outcome of this meeting is detailed on page 99.

The Board

The Board currently consists of six Non-Executive Directors, all independent of the Manager. This follows the appointments of Alastair Hughes in February 2019 and Karen Whitworth in October 2019. We believe that the Board is well balanced and possesses a sufficient breadth of skills, variety of backgrounds, relevant experience and knowledge to ensure it functions effectively and promotes the long-term sustainable success of the Company, whilst generating Shareholder value and keeping in mind wider stakeholder interests.

Directors' biographies are set out on pages 96 and 97. In accordance with the requirements of the AIC Code, all of the Directors except for Karen Whitworth will stand for re-election at the Company's AGM which we plan to hold on 13 May 2020 (subject to advancements with Covid-19). Karen Whitworth will be submitting herself for election at the scheduled May 2020 AGM, as this will be the first AGM since her appointment.

We have not established a Remuneration Committee as the Board has no Executive Directors and the Company has no other employees. The Board as a whole is responsible for reviewing the scale and structure of the Directors' remuneration. Details of the Directors' remuneration for the year ended 31 December 2019 are included in the Directors' Remuneration Report on page 109.

Conflicts of interest

Each Director has a duty to avoid a situation in which he or she has a direct or indirect interest that may conflict with the interests of the Company.

The Board may authorise any potential conflicts, where appropriate, in accordance with the Articles of Association. Where a potential conflict of interest arises, a Director will declare their interest at the relevant Board meeting and not participate in the decision making in respect of the relevant business.

The Manager

Tritax Management LLP (the "Manager") acts as the Company's Alternative Investment Fund Manager ("AIFM") for the purposes of the Alternative Investment Fund Manager Directive ("AIFMD") and as such the Board has delegated authority to the Manager to conduct portfolio and risk management services on behalf of the Company. Whilst the Manager has the ultimate responsibility to make the final decision over portfolio and risk management services, the Board actively discusses potential investments and divestments with the Manager and ensures ongoing compliance with the Company's Investment Policy and Investment Objectives. This complies with the latest European Securities and Markets Authority ("ESMA") guidelines published on 13 August 2013 in respect of the AIFMD and ensures that the Company continues to adopt best governance practice.

All decisions to invest in or divest of an asset are made by the Manager following a recommendation by the Investment Committee and discussions with the Board. The Manager provides a detailed paper to the Board on any selected potential acquisition or disposal and notifies it when an offer is made for and accepted on a site, and also regularly updates the Board on the progress of the transaction. An initial development appraisal is presented upon acquisition of development land and regular updates are provided thereafter setting our timings, cash flows and profit expectations for schemes.

Tritax Symmetry provides detailed development appraisals to the Manager on a regular basis which may be advanced through the development pipeline of planning, pre-let and construction. The Manager reviews those recommendations and, if they conform with the Company's strategy, will take the development and investment decision and inform the Board accordingly.

Board meetings

During 2019 we held nine scheduled Board meetings, plus nine further ad hoc meetings which dealt with transactional and other specific events such as equity raises and debt financing.

The Board meetings follow a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting to all Directors and other attendees. At each Board meeting, every agenda item is considered against the Company's strategy, its Investment Objectives, its Investment Policy and s172 Directors' duties.

Board papers are disseminated to the Directors via a secure online platform for reasons of efficiency and cyber security. The online platform is also used to store relevant Company documentation, as it provides the Board with quick and secure access. Representatives of the Manager are invited to attend the Board meetings as are representatives of the Company's other advisers as required, particularly representatives from Jefferies (Joint Financial Adviser and Corporate Broker), Akur Limited (Joint Financial Adviser) and Taylor Wessing LLP (Legal Adviser).

Division of Responsibilities continued

Attendance at Board and Committee meetings during the year ended 31 December 2019

All Directors are expected to devote sufficient time to the Company's affairs to fulfil their duties as Directors and to attend all scheduled meetings of the Board and of the Committees on which they serve. Where Directors are unable to attend a meeting, they will provide their comments on the Board papers received in advance of the meeting to the Chairman, who will share

such input with the rest of the Board and the Manager. The Nomination Committee is satisfied that all the Directors, including the Chairman, have sufficient time to meet their commitments.

The table below sets out the Board and Committee attendance at scheduled meetings during the year. During this period the absences shown were as a result of changes to the Board membership and pre-planned commitments.

	Richard Jewson	Aubrey Adams	Alastair Hughes*	Karen Whitworth*	Richard Laing	Susanne Given	Jim Prower*	Mark Shaw*
Board	9/9	9/9	8/8	1/1	9/9	7/9	3/4	1/1
Audit & Risk Committee	n/a	5/5	5/5	n/a	5/5	5/5	2/2	n/a
Management Engagement Committee	1/1	1/1	1/1	n/a	1/1	1/1	n/a	n/a
Nomination Committee	3/3	3/3	2/2	n/a	3/3	1/3	0/1	n/a
Strategy Meeting	1/1	1/1	1/1	n/a	1/1	1/1	n/a	n/a

* Alastair Hughes was appointed in February 2019; and Karen Whitworth was appointed in October 2019. Mark Shaw retired in February 2019; and Jim Prower resigned in March 2019.

Committees

The Board has delegated some of its responsibilities to its three formal Committees; the Nomination, Audit & Risk and Management Engagement Committees, details of which are set out on page 95. The Company ensures that all of the Board Committees have sufficient resources and skills to carry out their obligations.

These Committees are each chaired by a different Non-Executive Director and have their own Terms of Reference which can be found on the Company's website (or copies are available on request from the Company Secretary). The Terms of Reference are reviewed as necessary by the Board as a whole. The Company Secretary acts as secretary to these Committees and each Committee Chair reports the outcome of the meetings to the Board.

We also establish further sub-committees of the Board to take operational responsibility on specific matters either following "in principle" approval from or with subsequent ratification by the Board. These sub-committees ensure that key matters are dealt with efficiently by the Director(s) and representatives of the Manager best qualified for the specific role.

Our Governance Structure

The Board

The Board is responsible for promoting the long-term sustainable success of the Company, working towards strategic objectives and generating value for Shareholders and other stakeholders.

Audit & Risk Committee

- Reviewing the integrity of the Group's financial statements and any significant financial reporting judgements.
- Reviewing and monitoring the relationship with the Auditor.
- Reviewing the Manager's Administrator's (Link) internal controls.
- Overseeing the Company's risk management process.
- Advising the Board on whether the Annual Report and Accounts provide a fair, balanced and understandable view of the Company's performance, position and strategy.
- Considering and reviewing the Company's Viability and Going Concern Statements.

Nomination Committee

- Reviewing the Board composition and assessing whether the balance of skills, experience, knowledge, diversity and independence is appropriate to enable the Board to operate effectively.
- Managing succession planning and ensuring that the Directors receive necessary training.
- Board Committee evaluations.

Management Engagement Committee

- Reviewing the main suppliers including the Manager, the Joint Financial Advisers, the Valuer and the Registrar to ensure that the Company is receiving a high level of performance along with value for money.
- Overseeing re-tenders and new appointments.



The Manager

Day-to-day running of the Company including: making the final decisions in respect of investments and divestments, financial management, asset management and investor relations. Colin Godfrey, as the Fund Manager of the Company, and Henry Franklin, as COO of the Manager, oversee the Manager's relationship with the Company.

CSR Committee (Committee of the Manager)

- Chaired by Henry Franklin, comprising various members of the Manager.
- Responsible for oversight of CSR and sustainability matters.
- Reviewing and making recommendations to the Manager and the Company's Board, regarding progress on integrating environmental, social and governance ("ESG") factors into business strategy and decision making.
- Providing oversight of the Manager's policies in terms of performance, communication and engagement on CSR and sustainability matters, to ensure the Manager is effective in meeting their social and regulatory requirements and achieving their objective of being a socially responsible corporate entity.

Investment Committee

- Reviewing and recommending investments and divestments.
- Chaired by Colin Godfrey (the Fund Manager) and comprises of Bjorn Hobart (the Assistant Fund Manager) of the Company, and various members of the Manager.
- Taking a lead on overall portfolio management (including asset management) with oversight from the Board.
- Reviewing, approving and monitoring activities within Tritax Symmetry.

Company Secretariat and Compliance

Overseeing the Company's governance structure and managing the Company's regulatory compliance.

Administering the Group's subsidiaries.

Composition, Succession and Evaluation



Sir Richard Jewson KCVO, JP
Independent Chairman

Appointed: 18 November 2013

Relevant skills and experience:

- Significant leadership experience as an Executive Director, Non-Executive Director and Chairman of a number of public companies
- Long-standing commercial experience through both executive and non-executive roles in the construction, infrastructure and real estate sectors
- Skilled in guiding companies through strong growth phases as well as managing the impact of business cycles

External appointments:

- Chairman of Raven Property Group Limited. Board member since June 2007
- Senior Independent Director of Temple Bar Investment Trust plc. Board member since May 2001

Board Committee memberships:

- Chair of the Nomination Committee
- Member of the Management Engagement Committee



Aubrey Adams OBE, FCA, FRICS
Senior Independent Director

Appointed: 11 September 2017

Relevant skills and experience:

- Almost 40 years' experience at Board level in the real estate industry, including part of his executive career as Chief Executive of Savills plc
- Extensive experience as a Chairman and Non-Executive Director, including as Senior Independent Director of Associated British Ports plc and Chairman of Max Property Group plc
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Royal Institution of Chartered Surveyors

External appointments:

- Group Chair of L&Q Housing Trust, a leading housing association since September 2015
- Chairman of the Board of Trustees of Wigmore Hall since May 2011

Board Committee memberships:

- Member of the Audit & Risk Committee
- Member of the Management Engagement Committee
- Member of the Nomination Committee



Susanne Given
Independent Non-Executive Director

Appointed: 13 September 2016

Relevant skills and experience:

- Over 20 years' experience in managing and running large retail companies
- High-profile involvement in investor presentations as well as previous membership of remuneration and risk and audit committees
- Creation of five-year strategy plans and overseeing their implementation
- Significant experience in management of logistics and property assets

External appointments:

- Non-Executive Director of Deloitte NWE since January 2019
- Chair of Outfittery GmbH since March 2017
- Non-Executive Director of Eurostar International Limited since December 2016
- Chair of Made.com since April 2016
- Chair of the Middle Eastern luxury group, Al Tayer Insignia, a division of Al Tayer Group, since January 2016

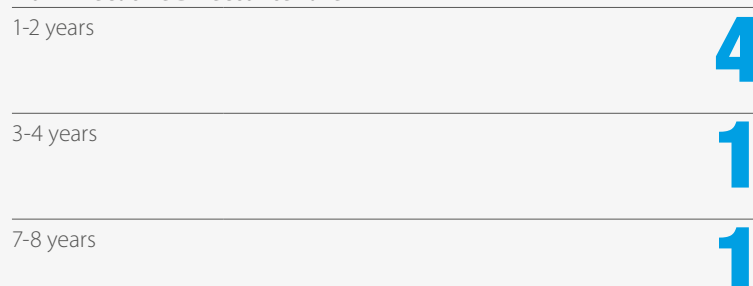
Board Committee memberships:

- Chair of the Management Engagement Committee
- Member of the Audit & Risk Committee

Gender split



Non-Executive Director tenure





Richard Laing FCA
Independent Non-Executive Director
 Appointed: 16 May 2018

Relevant skills and experience:

- In depth knowledge of financial matters through his previous role as Finance Director and Chief Executive of CDC Group plc for 11 years; as Finance Director of De La Rue plc; as financial analyst and manager at Bookers Group plc; and from five years at PricewaterhouseCoopers
- Experienced Non-Executive Director on a variety of boards
- Fellow of the Institute of Chartered Accountants in England and Wales

External appointments:

- Chairman of Perpetual Income and Growth Investment Trust plc since July 2017, having joined the board in 2012
- Chairman of 3i Infrastructure plc since January 2016
- Chairman of the Audit & Risk Committee of JP Morgan Emerging Markets Investment Trust plc since January 2015
- Chairman of Miro Forestry Limited since May 2014, having joined the board in May 2012
- Non-Executive Director of Development Works Limited, a trading subsidiary of Plan International UK, since June 2019
- Member of the Board of Trustees of Leeds Castle since September 2012, currently chairing the Audit & Risk Committee

Board Committee memberships:

- Chairman of the Audit & Risk Committee
- Member of the Management Engagement Committee



Alastair Hughes FRICS
Independent Non-Executive Director
 Appointed: 1 February 2019

Relevant skills and experience:

- 30 years' experience in the UK and international real estate markets both at an operational and strategic level
- Former director and Global Executive board member of Jones LaSalle Inc. ("JLL"), previously serving as Managing Director of JLL in the UK, before becoming CEO for Europe Middle East and Africa and most recently CEO for Asia Pacific
- Fellow of the Royal Institution of Chartered Surveyors

External appointments:

- Non-Executive Director of QuadReal since October 2019
- Non-Executive Director of The British Land Company plc since January 2018
- Non-Executive Director of Schroder Real Estate Investment Trust Limited since April 2017

Board Committee memberships:

- Member of the Management Engagement Committee
- Member of the Nomination Committee



Karen Whitworth ACA
Independent Non-Executive Director
 Appointed: 21 October 2019

Relevant skills and experience:

- Over 17 years' operating at Board level in a variety of roles in commercial, operations and governance in several private and publicly listed organisations
- Breadth of experience across all aspects of logistics and supply chain as well as retail, property and hospitality
- Ability to bring strategic insights and contribute to the development of a company
- Robust understanding of retail trends
- Good knowledge of technology and the demands of e-commerce channels
- Track record in delivering change and transformation programmes
- Associate of the Institute of Chartered Accountants in England and Wales

External appointments:

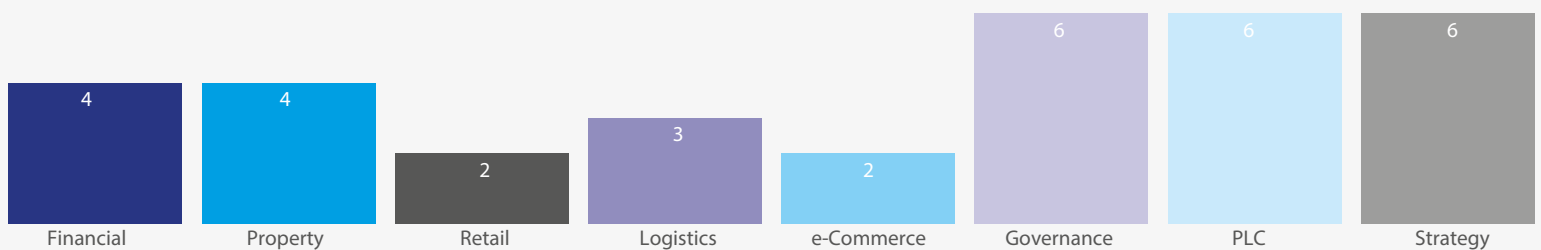
- Non-Executive Director of Rank Group plc since November 2019
- Non-Executive Director of Whitworth Corporate Holdings Limited

Board Committee memberships:

- Member of the Audit & Risk Committee
- Member of the Management Engagement Committee
- Member of the Nomination Committee

Full biographies are available on the corporate website.

Board relevant sector experience



Nomination Committee Report



**Sir Richard Jewson KCVO, JP
Chairman**

Membership

Sir Richard Jewson, Chair
Aubrey Adams
Alastair Hughes
Karen Whitworth

For full details on Committee attendance please refer to page 94.

Key areas of focus in 2019

- The size, structure and composition of the Board;
- Succession planning;
- Board and Committee evaluation and;
- The proposal for re-election/ election of the Directors at the AGM which we plan to hold on 13 May 2020 (subject to advancements with Covid-19).

WE MET THE EXPECTATIONS SET BY THE HAMPTON-ALEXANDER INITIATIVE.

Dear Shareholders,

I am pleased to present the Nomination Committee Report for the year ended 31 December 2019. The Nomination Committee's focus in 2019 was on reviewing the Board's composition and succession planning and we were delighted to welcome Alastair Hughes and Karen Whitworth to the Board in February and October 2019, respectively.

The Committee's role is to review the size, structure and composition of the Board, including succession planning, and to ensure that it has the right mix of skills, experience and knowledge to enable the Company to fulfil its strategic objectives. The Committee is also responsible for making recommendations for new appointments to the Board and for reviewing the performance and terms of engagement for the existing Directors. The Committee operates within defined Terms of Reference which are available on the Company's website or from the Company Secretary.

New appointments

We met for one scheduled and two additional meetings during 2019. In anticipation of changes to the Board, in Q1 2019, we identified the need to appoint a suitably experienced, independent Non-Executive Director with an in-depth knowledge of the UK and international real estate markets, with prior experience in a public company environment.

Korn Ferry was engaged to assist with the recruitment process and following our recommendation, the Board decided to appoint Alastair Hughes on 1 February 2019. Alastair is a member of the Nomination and Management Engagement Committees. He also served on the Audit & Risk Committee until 1 January 2020. Alastair is a chartered surveyor with more than 25 years' experience in the UK and international real estate markets, most recently as CEO for the Asia Pacific region for Jones Lang LaSalle. Korn Ferry has no other connection with the Company or individual Directors, apart from the provision of Non-Executive recruitment services.

In Q2, the Nomination Committee evaluated the skills and experience considered necessary to complement the existing composition of the Board. The Committee decided to conduct a second Non-Executive search, engaging Sapphire Partners. A series of interviews was arranged with the Board as well as representatives of the Manager. We considered the candidates' skills and experience, as well as their ability to devote enough time to the position. Following our recommendation, the Board decided to appoint Karen Whitworth as a Non-Executive Director on 1 October 2019. Sapphire Partners have no other connection with the Company or individual Directors, apart from the provision of Non-Executive recruitment services.

Karen is a qualified chartered accountant with 17 years' experience at board level in a variety of roles. Karen spent 10 years at J Sainsbury plc and is currently a non-executive director at Rank Group plc and Whitworth Corporate Holdings Ltd, a commercial property business based in East Anglia. She brings with her a range of experience across logistics and supply chains and has a strong financial and governance background. Karen also serves on the Audit & Risk, Nomination and Management Engagement Committees with effect from 1 January 2020.

Alastair was elected for office at the Company's AGM on 15 May 2019. Karen will hold office until the Company's AGM which we plan to hold on 13 May 2020 (subject to advancements with Covid-19), when she will stand for election by the Shareholders as a Non-Executive Director of the Company.

Further Board changes

On 1 February 2019, Mark Shaw retired from the Board. He made a significant and valuable contribution to the creation of the Company and its subsequent success. Mark remains Chairman of our Manager, and his retirement means we now have a fully independent Board.

On 27 March 2019, Jim Prower resigned from the Board after more than five years of service. On behalf of the Board, I would like to thank him for his counsel and expertise, as he helped to oversee our progress since the IPO. Aubrey Adams replaced Jim Prower as our Senior Independent Director, with effect from the same date.

During the year, we also reviewed the composition of the Board's Committees and recommended a refresh of members in order to best utilise existing skills and experience. As a result the membership of each Committee is as follows:

Committee	Membership
Audit & Risk Committee	Richard Laing (Chair), Susanne Given, Aubrey Adams and Karen Whitworth
Management Engagement Committee	Susanne Given (Chair), Sir Richard Jewson, Aubrey Adams, Richard Laing, Alastair Hughes and Karen Whitworth
Nomination Committee	Sir Richard Jewson (Chair), Aubrey Adams, Alastair Hughes and Karen Whitworth

Policy on tenure and succession planning

The Board has implemented a policy on Tenure and Re-election, and in accordance with the provisions of the AIC Code, all the Directors will offer themselves for re-election at each AGM. We considered the ongoing independence of each of the Directors, their respective skills, experience and time commitment, as well as any other external appointments held by the Directors. We believe that each Director has contributed a significant amount over a particularly active year, which has seen the Company become the owner of one of the UK's largest and most geographically diverse land portfolios for the development of Big Box assets and related logistics facilities. Following the advice of the Committee and in line with the AIC Code, the Board will recommend the election or re-election, as appropriate, of each Director at the forthcoming AGM.

Directors are appointed for an initial period of two years and their performance evaluated at least annually during the Board evaluation. In accordance with the principles of the AIC Code, we do not consider it necessary to mandatorily replace a Director after a predetermined period of tenure. We are, however, mindful of the circumstances of each Director and implement succession planning accordingly.

Board diversity and inclusion

The Company does not have any employees. In respect of appointments to the Board, we consider that each candidate should be appointed on merit to make sure that the best candidate for the role is appointed every time. We support diversity and inclusion at Board level and encourage candidates from all educational backgrounds and walks of life. What is important to us is professional achievement and the ability to be a successful Director based on the individual's skill set and experience.

Qualifications are considered when necessary to ensure compliance with regulation such as in relation to appointments to the Audit & Risk Committee. We regularly review the Company's Diversity and Inclusion Policy and believe that the Board has a balance of skills, qualifications and experience which are relevant to the Company. As at the date of this report the Board consisted of four male and two female members meaning we have achieved the 33% female Board representation target as set out by the Hampton-Alexander initiative. We support the recommendations of the Hampton-Alexander and Parker Reports and recognise the value and importance of cognitive diversity in the boardroom.

Board performance and evaluation

In 2019, the Board engaged Lintstock to undertake the Board evaluation. Lintstock has no other connection with the Company apart from conducting the Board evaluation. The previous Board evaluations provided a benchmark for the 2019 Board evaluation and enabled Lintstock to understand the Board, the relationships between the Directors and between the Board and the Manager, the Company Secretary and other key stakeholders to the Company, as well as the Company's Shareholders.

The 2019 Board evaluation took the form of comprehensive questionnaires which were sent to each of the Directors and three key representatives of the Manager. It contained a section designed specifically as an appraisal of the Chairman.

We were asked to consider: Board composition and dynamics; stakeholder engagement; management and focus of meetings; Board support; Board Committees; strategic oversight; risk management and internal control; and succession planning.

The outcome of the 2019 Board evaluation was positive, displaying a strong working relationship between the Board members and the Manager, which is reflected in the effective challenge by the Board and a constructive atmosphere in Board meetings. Following recent changes to the Board composition, the evaluation highlighted greater diversity and balance of skills with the addition of Alastair Hughes and Karen Whitworth, which has in turn had a positive impact on discussions.

The Board met in February 2020 to discuss Lintstock's 2019 Board evaluation Report and the following top three priorities for 2020 were identified:

- **The Investment Management Agreement:** The Board noted that they would be reviewing the Investment Management Agreement between the Company and the Manager and ensuring that robust due diligence took place relating to any re-negotiation of the agreement, if required.
- **Addressing strategy:** The Board agreed to spend more time focusing on the Company's strategy, especially with an emphasis on long-term strategy.
- **Time spent together as a Board:** The Board agreed that consideration should be given to extending the time allocated for Board meetings.

Other priorities included:

- Succession planning (focusing on Chairman's succession)
- Clarity around key issues within Board papers
- Improving timetabling of Management Engagement Committee meetings and monitoring of the Manager's performance

Led by Aubrey Adams, the Senior Independent Director, the Non-Executive Directors met without the Chairman present to appraise the Chairman's performance. The Chairman's review was very positive and the other Directors appreciated that he had played an influential role during a period of significant evolution of the Company and concluded that he continued to chair the Board of the Company effectively.

Director training programme

We recognise that it is essential to keep abreast of regulatory and compliance changes. Accordingly, a bespoke training programme is agreed and arranged each year. During the period, the Board received regular training on corporate governance developments and financial regulatory changes, an example being Corporate Criminal Offences training. The Board received formal training sessions and updates from some of the Company's external service providers as well as the Manager's Head of Risk and Compliance and Head of Research. The 2019 Board evaluation confirmed that the training programme is well structured and highly informative for the Directors.

In addition to the bespoke training programme, each Director is expected to maintain their individual professional skills and is responsible for identifying any training needs to help them ensure that they maintain the requisite knowledge to be able to consider and understand the Company's responsibilities, business and strategy. All Directors have access to the advice and services of the Company Secretary, who manages the Company's governance procedures, and the Manager.

The Directors are also entitled to take independent advice at the Company's reasonable expense at any time.

Committee evaluation

The overall performance of the Nomination Committee was rated highly, particularly its performance in reviewing the composition of the Board. The Committee was seen to have worked diligently to produce a good outcome.

Outlook for 2020

2020 will see the Nomination Committee focus on succession planning, particularly on the identification and timing of a successor for the Chairman in order to facilitate a smooth and orderly transition when the Chairman steps down in the future. We will also continue to monitor and evaluate Board composition to ensure that the Board has the right balance of skills, experience and knowledge to carry out its duties.

Sir Richard Jewson KCVO, JP
Chair of the Nomination Committee
 16 March 2020

Audit, Risk and Internal Control

The Board is responsible for delivering robust and sustainable value to its Shareholders and wider stakeholders by setting and working toward strategic objectives. In order to do so we undertake robust assessments of the risks which the Group faces and ensure controls and mitigations are in place to manage those risks. The Company's key risks are set out on pages 75 to 79 of the Strategic Report. The Audit & Risk Committee reviewed the principal and emerging business risks of the Company on behalf of the Board, as described on page 75.

The Board and Audit & Risk Committee regularly review the financial position of the Company and perform an assessment of any risks in relation to the Company's business model, the Group's future performance, liquidity and solvency as well as any risks relating to specific or proposed investments and tenants or initiatives relating to assets. To facilitate this process, the Manager produces financial reports, which include the latest management accounts, a review and report on the Company's financial forecast, a report on proposed and existing investment and asset management initiatives, substantiation of any dividend payments and a general update on the financial health of the Company.

As the Company's AIFM, the Manager is subject to reporting and ongoing compliance under the AIFMD. As part of this regulatory process, Langham Hall UK Depositary LLP has been retained by the Company and is responsible for cash monitoring, asset verification and oversight of the Company and the Manager. Langham Hall UK Depositary LLP report quarterly to the Board and the Manager.

The Manager also employs a Head of Risk & Compliance to assist with the discharge of the Manager's obligations in accordance with the AIFMD.

Risk management and internal controls review

The Company's internal control and risk management systems and processes are designed to identify, manage and mitigate the financial, operational and compliance risks that are inherent to the Group and safeguard the Group's assets. These safeguards and systems in place are designed to manage (rather than eliminate) the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board and the Manager have, together, reviewed all financial performance and results notifications. Non-financial internal controls include the systems of operational and compliance controls maintained by the Company's administrator, Link Asset Services (the "Administrator"), and by the Manager in relation to the Company's business, as well as the management of key risks referred to in the Strategic Report on pages 75 to 79.

The Board has contractually delegated responsibility for administrative and accounting services to the Administrator and for company secretarial services to the Manager. These entities have their own internal control systems relating to these matters, which we have reviewed as part of the Company's Financial Position and Prospects Procedures document, which was reviewed, updated and approved in November 2019.

The Company does not have an internal audit function and, following an internal risk review, the Audit & Risk Committee does not consider it necessary for the Company to have one. The Company is managed externally by the Manager. All payments of Company funds are authorised by the Manager in accordance with the duties delegated to it pursuant to the terms of the Investment Management Agreement ("IMA") and in accordance with the provisions of the AIFMD. The Manager instructs the Administrator to make the duly authorised payment and Langham Hall UK Depositary LLP, as part of its role as Depositary, reviews each material payment in relation to the specific test areas as mentioned in the report on page 101. We consider that the internal controls in place and the function undertaken by Langham Hall UK Depositary LLP make it unnecessary for the Company to employ an internal audit function. In addition to this, the Administrator has its own internal audit performed on an annual basis by BDO, from which the Company reviews any findings. The 2019 audit did not raise any significant findings to discuss.

Internal control and risk assessment process

In accordance with the AIC Code, the Board has established a continuing process for identifying, evaluating and managing the risks the Company faces and has reviewed the effectiveness of the internal control systems.

This includes reviewing reports from the Auditor (details of which are included in the Audit & Risk Committee Report), regular reports from the Company Secretary (outlining corporate activity within the Group and outlining the Company's compliance with the AIC Code) and proposed future initiatives relating to the Company's governance and compliance framework. We also receive quarterly compliance reports prepared by Langham Hall UK Depositary LLP and review the formal risk assessment conducted by the Audit & Risk Committee twice a year. Further, we actively consider investment opportunities, asset management initiatives, debt and equity fundraisings and other financial matters against the requirements of the Company's Investment Objectives and Investment Policy.

The Audit & Risk Committee also conducts a robust assessment of the emerging and principal risks to the business model, future performance, solvency and liquidity of the Company at least twice a year and reports its findings to the Board. The Manager is asked to analyse and report on the risks which the Company may encounter on specific transactions including, for example, an adverse decision regarding the development of an asset at the planning stages or a sudden change in market conditions before the launch of an equity raise or debt issue. We then consider each risk in turn, probing the Manager's assumptions and analysing whether the risk factors attributed to each individual risk are fair and accurate, and the effect of any mitigating factors. We also consider this as part of our biannual risk review and at each strategy meeting, and challenge the Manager to actively review the risks it includes. Please see pages 75 to 79 for more details on emerging and principal risks.

The Manager also reports to the Board twice a year over the Company's longer term viability which includes financial sensitivities and stress testing of the business to ensure that the adoption of the going concern is appropriate.

The Manager maintains a risk register, where perceived risks and associated actions are recorded and this is regularly shared with the Board for approval.

Anti-bribery and corruption

The Board has a zero tolerance policy towards bribery and corruption and is committed to carrying out business fairly, honestly and openly.

In considering the Bribery Act 2010, at the date of this report, the Board had assessed the perceived risks to the Company arising from bribery and corruption and identified aspects of the business, which may be improved to mitigate such risks. The Manager actively reviews and monitors perceived risks. Responsibility for anti-bribery and corruption has been assigned to the Head of Risk and Compliance within the Manager.

Employees of the Manager are required to undertake certain e-training on anti-bribery and other topics such as conflicts of interests and anti money laundering which is provided through Thistle.

Modern slavery and human trafficking policy

The Group is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. Slavery and human trafficking are entirely incompatible with the Group's business ethics. We recognise that the real estate and construction sectors rank highly for modern slavery risks. We believe that every effort should be made to eliminate slavery and human trafficking in the Group's supply chain. We seek to mitigate the Group's exposure by engaging with reputable professional service firms based in the United Kingdom, who adhere to the Modern Slavery Act 2015. We also regularly request formal governance information from the Group's suppliers, to enable ongoing monitoring of business and supply chain risk and conduct due diligence and risk assessment on potential new suppliers. We will continue to monitor and collaborate with the Group's suppliers, customers and developers, to ensure that they have systems and controls that reduce the risk of facilitating modern slavery and human trafficking.

Depository statement

Established in 2013, Langham Hall UK Depository LLP is an FCA regulated firm that works in conjunction with the Manager and the Company to act as depository. Consisting exclusively of qualified and trainee accountants and alternative specialists, the entity represents net assets of US \$50 billion and we deploy our services to over 90 alternative investment funds across various jurisdictions worldwide. Our role as depository primarily involves oversight of the control environment of the Company, in line with the requirements of the Alternative Investment Fund Managers Directive (AIFMD).

Our cash monitoring activity provides oversight of all the Company held bank accounts with specific testing of bank transactions triggered by share issues, property income distributions via dividend payments, acquisitions and third-party financing. We review whether cash transactions are appropriately authorised and timely. The objective of our asset verification process is to perform a review of the legal title of all properties held by the Company, and shareholding of special purpose vehicles beneath the Company. We test whether on an ongoing basis the Company is being operated by the Manager in line with the Company's prospectus, and the internal control environment of the Manager. This includes a review of the Company's and its subsidiaries' decision papers and minutes.

We work with the Manager in discharging our duties, holding formal meetings with senior staff on a quarterly basis and submit quarterly reports to the Manager and the Company, which are then presented to the Board of Directors, setting out our work performed and the corresponding findings for the period.

In the year ended 31 December 2019 our work included the review of one equity and two management share awards, one investment property acquisition, the purchase of a majority economic interest in db Symmetry Ltd, two third-party financing arrangements and four property income distributions. Based on the work performed during this period, we confirm that no issues came to our attention to indicate that controls are not operating appropriately.

Joe Hime

Head of UK Depository

For and on behalf of Langham Hall UK Depository LLP, London, UK
16 March 2020

Langham Hall UK Depository LLP is a limited liability partnership registered in England and Wales (with registered number OC388007).

Audit & Risk Committee Report



Richard Laing FCA
Chair of the Audit & Risk Committee

Membership

Richard Laing, Chair
Susanne Given
Aubrey Adams
Karen Whitworth

For full details on Committee attendance please refer to page 94.

Key areas of focus in 2019

- Recommended to the Board that the Annual Report and Accounts for 2019, taken as whole, is fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;
- Reviewed the Interim Report for 2019 and recommended it to the Board for approval;
- Monitored the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewed any significant financial reporting judgements contained in them;
- Monitored the effectiveness of the Group's assessment of risk to ensure actions are being taken to mitigate the Group's exposure to risk;
- Reviewed the robustness of the Company's internal financial controls and reviewed the efficiency of the internal control and risk management systems used by the Company;
- Assessed the quality of the annual and interim property valuations prepared by the Company's independent Valuers and challenged the assumptions used by the Valuers in preparing the valuation;
- Reviewed and considered the basis of the Viability and Going Concern Statements made by the Directors;
- Reviewed and monitored the Company's relationship with its Auditor; and
- Reviewed the accounting and reporting implications of the Tritax Symmetry acquisition to ensure appropriateness and clear disclosure.

WE CONTINUE TO MONITOR THE RISKS THE COMPANY FACES ON A REGULAR BASIS, WITH THE APPROPRIATE RIGOUR AND CHALLENGE.

Dear Shareholders,

We are pleased to welcome Karen Whitworth to the Audit & Risk Committee with effect from 1 January 2020. Karen's financial and governance background will be an asset to the Board and the Committee. Alastair Hughes stepped down as a member of the Committee with effect from 1 January 2020. I would like to thank Alastair for his valuable contribution to the Committee during his appointment.

The Audit & Risk Committee's role is to oversee the Company's financial reporting process, including the risk management and internal financial controls in place within the Manager, the valuation of the property portfolio, the Group's compliance with accepted accounting standards and other regulatory requirements as well as the activities of the Auditors.

We operate within defined Terms of Reference, which are available on the Company's website and on request from the Company Secretary.

The membership of the Audit & Risk Committee has changed over the course of the year with all current Audit & Risk Committee members being independent Non-Executive Directors of the Company, not connected to the Manager nor the Auditor.

The Committee believes that its members have the right balance of skills and experience to be able to function effectively. I am a Fellow of the Institute of Chartered Accountants in England and Wales and have extensive financial experience gained in my previous roles as the CEO and Finance Director of CDC Group plc and in a number of other listed organisations. Aubrey Adams is also a Fellow of the Institute of Chartered Accountants and has chaired an audit committee previously. Susanne Given has experience of being a member of an audit committee in a previous role as does Karen Whitworth, who is also a Chartered Accountant. Further details of each Directors' experience can be found in the biographies on pages 96 and 97.

We met five times during 2019, following the Company's corporate calendar, which ensures that the meetings are aligned to the Company's financial reporting timetable. The Company Secretary ensures that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations. These meetings are attended by the Committee members, as well as representatives of the Manager, the Company Secretary and the Auditor, BDO LLP, and, on occasion, the Company's Chairman. We also met with the Auditor without any representative of the Manager present. The Committee also met with the Company's independent Valuers, CBRE and Colliers, in July 2019 and January 2020 as part of the interim and year-end audit process. As the Committee Chair, I have had regular communications with the Company Secretary, the Company's Finance Director and the Auditor. In addition, the Committee has discussions throughout the year outside of the formal Committee meetings.

Financial reporting and significant judgements

We monitor the integrity of the financial information published in the Interim and Annual Reports and consider whether suitable and appropriate estimates and judgements have been made in respect of areas which could have a material impact on the financial statements. We seek support from the Auditor to assess these significant judgements. We also consider the processes undertaken by the Manager to ensure that the financial statements are fair, balanced and understandable.

A variety of financial information and reports were prepared by the Manager and provided to the Board and to the Committee over the course of the year. These included budgets, periodic re-forecasting following acquisitions or corporate activity, papers to support raising of additional finance, and general compliance, and specific papers setting out the short, medium and long-term impact of the Tritax Symmetry acquisition.

We also regularly review the Company's ability to continue to pay a progressive dividend. This financial information was fully reviewed and debated both at Committee and Board level across a number of meetings.

The Manager and the Auditor update us on changes to accounting policies, legislation and best practice and areas of significant judgement by the Manager. They pay particular attention to transactions which they deem important due to size or complexity.

The main areas where a significant judgement was required in 2019 included the assessment over fair values of investment property, B and C Shares in Tritax Symmetry (as described below) and business combination accounting.

Business combinations

At the time of acquiring a subsidiary that owns investment properties, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Where an acquisition is judged not to be the acquisition of a business, it is not treated as a business combination. Following the acquisition of Tritax Symmetry, the Company sought accounting advice and valuation expertise from PricewaterhouseCooper ("PwC"). The acquisition was treated as a business combination, with all assets and liabilities acquired being recognised at fair value.

Valuation of property portfolio

We have separated the valuation appointments, such that CBRE continues to value our investment assets and Colliers has been appointed to value our development assets both occur on a bi-annual basis. The Group's portfolio value was £3.94 billion (31 December 2018: £3.42 billion), reflecting a like-for-like uplift of 1.8% across the portfolio for the period.

Following production of the draft valuation by the valuers, the Manager meets with the valuers to discuss and challenge various elements of the property valuation, if necessary. The Auditor, in fulfilling its function as independent auditor to the Company, also meets with the valuers to discuss, and where necessary, challenge the assumptions within the property valuations. The Committee meets with both valuers to discuss and challenge the valuation and to ensure it was conducted properly, independently and could be fully supported. The Committee also receives a copy of the property valuations for the portfolio once they have been reviewed by the Manager and after the Auditor has met with the valuers. The performance of the valuers is assessed on an annual basis by the Management Engagement Committee in its report on pages 105 to 107.

As explained in note 15 to the financial statements, CBRE and Colliers independently valued the properties in accordance with IAS 40: Investment Property. We have reviewed the assumptions underlying the property valuations and discussed these with the Manager and the valuers, and have concluded that the valuation is appropriate.

The Board approved both the CBRE and the Colliers valuations in July 2019 and January 2020.

Goodwill

Where the fair value of the identifiable assets and liabilities exceed the fair value of the consideration paid, the excess is credited to the Group profit and loss account as negative goodwill or a gain on bargain purchase.

B and C Shares

Subject to certain conditions, the B and C Shares of Tritax Symmetry entitle the holders to 13% of the adjusted NAV of Tritax Symmetry. These conditions include bad leaver provisions which, as a result, has led to 50% of Adjusted NAV being recognised as contingent consideration in accordance with IFRS 3. Any further value paid to the B and C Shareholders will therefore be accounted for as a payment for post-combination services and therefore recognised as a share-based payment.

Land options

As we consider that land options do not meet the definition of investment property, land options will be classified as a non-financial asset and measured at cost less provision for impairment.

Fair, balanced and understandable financial statements

The production and audit of the Group's Annual Report is a comprehensive process, requiring input from a number of contributors. To reach a conclusion on whether the Annual Report is fair, balanced and understandable, as required under the AIC Code, the Board has requested that the Audit & Risk Committee advise on whether it considers that the Annual Report fulfils these requirements. In outlining our advice, we have considered the following:

- the comprehensive documentation that outlines the controls in place for the production of the Annual Report, including the verification processes to confirm the factual content;
- the detailed reviews undertaken at various stages of the production process by the Manager, Administrator, Joint Financial Advisers, Auditor and the Audit & Risk Committee, which are intended to ensure consistency and overall balance;
- controls enforced by the Manager, Administrator and other third-party service providers, to ensure complete and accurate financial records and security of the Company's assets;
- the satisfactory ISAE 3402 control report produced by the Administrator for the year ended 31 December 2019, which has been reviewed and reported upon by the Administrator's external auditor, to verify the effectiveness of the Administrator's internal controls; and
- a letter provided by the Administrator that there have been no changes to its control environment since 31 December 2019 and that all internal controls in place at the time of the last review remain active.

As a result of the work performed, we have concluded and reported to the Board that the Annual Report for the year ended 31 December 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Audit & Risk Committee Report continued

Internal audit

The Company does not have an internal audit function and, following an internal risk review, we do not consider it necessary for the Company to have one.

Following the acquisition of Tritax Symmetry, the Committee engaged Grant Thornton UK LLP to conduct a review of how well the Tritax Symmetry employees and systems had been integrated, where necessary, with those of the Manager. Overall, Grant Thornton found strong engagement from all personnel over the assessment of the efficiency of systems and processes. Grant Thornton made some recommendations to current practices in place, which we started to implement immediately and will continue to do so in 2020.

External audit

The position of Auditor to the Company was re-tendered in April 2017. As a result of this rigorous process the Audit & Risk Committee recommended that BDO be re-appointed. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2014 to 31 December 2019.

Geraint Jones took over the position as Lead Audit Partner following the approval of the Company's 2018 Annual Report and rotation of Richard Levy, the Lead Audit Partner since 2014. The Committee has met with the key members of the Audit team over the course of the year and BDO has formally confirmed its independence as part of the reporting process. We consider that the Audit team assigned to the Company by BDO has a good understanding of the Company's business which enables it to produce a detailed, high-quality, in-depth audit and permits the team to scrutinise and challenge the Company's financial procedures and significant judgements. We ask the Auditor to explain the key audit risks and how these have been addressed. We also considered BDO's internal quality control procedures and transparency report and found them to be sufficient. Overall, the Committee is satisfied that the audit process is transparent and of good quality and that the Auditor has met the agreed audit plan.

Please refer to note 8 in the financial statements for a summary of fees paid to the Auditor.

The Company confirms that it has complied with the provisions of the Competition and Markets Authority statutory audit services order for the financial year under review.

Audit process

We meet with the Auditor and the Manager before the preparation of each of the Interim and Annual results, to plan and discuss the scope of the audit or review as appropriate, and challenge where necessary to ensure its rigour. At these meetings the Auditor prepares a detailed audit or review plan which is discussed and questioned by us and the Manager to ensure that all areas of the business are appropriately reviewed and that the materiality thresholds are set at the appropriate level, which varies depending on the matter in question. We also discuss with the Auditor its views over significant risk areas and why it considers these to be risk areas. The Audit & Risk Committee, where appropriate, continues to challenge and seek comfort from the Auditor over those areas which drive audit quality. The timescale for the delivery of the audit or review is also set at these meetings. We meet with the Auditor again just prior to the conclusion of the review or audit to consider, challenge and evaluate findings in depth. As an example, new accounting concepts in the year include accounting for land options and their review for impairment as well as fair valuing the B and C Shares. These topics were discussed at length with the Auditor following advice from PwC.

We continue to believe that, in some circumstances, the external Auditor's understanding of the Company's business can be beneficial in improving the efficiency and effectiveness of advisory work. For this reason we continue to engage BDO as reporting accountants on the Company's secondary issues of equity capital in the normal course of the Company's business. Following the audit tender, PwC were appointed to assist with financial and tax due diligence on corporate acquisitions and to provide specific tax compliance advice.

The Committee adopted a Non-Audit Services Policy during the period. The Policy requires approval by the Audit & Risk Committee above a certain threshold before the external Auditor is engaged to provide any permitted non-audit services.

The Company paid £70,000 in fees to the Auditor for non-audit services during 2019. These fees are set out in the table below.

Work undertaken	Rationale for using the external Auditor	Fee (£)
Reporting accountant on the Company's equity issue in February 2019.	Detailed knowledge and understanding of the business and requirements of the exercise having acted in this capacity in the past.	20,000
Agreed upon procedures in relation to TSL acquisition.	Detailed knowledge and understanding following the Tritax Symmetry subsidiary audit in the prior period.	10,000
Interim Review.	Acted in this capacity over a number of years.	40,000
Total		£70,000

The ratio of audit to non-audit services received in the year was 26% (2018: 58%).

Committee evaluation

The overall performance of the Audit & Risk Committee was rated very highly, in particular its review and assessment of the work of the external Auditors, financial reporting, internal control and risk management systems and the independent property valuations.

Outlook for 2020

The Committee will continue to review and assess the work of the external Auditor, financial reporting, internal control and risk management systems and the independent property valuations.

Richard Laing, FCA
Chair of the Audit & Risk Committee
16 March 2020

Management Engagement Committee Report



Susanne Given
Chair of the Management Engagement Committee

Membership

Susanne Given, Chair
Sir Richard Jewson
Aubrey Adams
Richard Laing
Alastair Hughes
Karen Whitworth

For full details on Committee attendance please refer to page 94.

Key areas of focus in 2019

- Annual review of each service provider to ensure the quality of service and value for money;
- Implementation of the re-tender schedule commencing with the re-tender of the design and marketing consultant, Bruce Associates; the offshore corporate services provider, Estera; and the appointment of the joint valuers “Colliers” as part of the Tritax Symmetry acquisition; and
- The review of the Investment Management Agreement between the Company and the Manager.

WE MONITOR THE PERFORMANCE OF KEY SUPPLIERS TO THE COMPANY, ENSURING QUALITY OF SERVICE AND VALUE FOR MONEY.

Dear Shareholders,

In 2019, the Committee conducted a comprehensive review of the services provided to the Company by its key suppliers and their performance in order to recommend which suppliers should be re-tendered. The Committee also put in place a more extensive process for monitoring and evaluating the Manager’s performance.

Alastair Hughes and Karen Whitworth were appointed to the Management Engagement Committee with effect from 1 February 2019 and 1 January 2020, respectively.

The Management Engagement Committee’s role is to review the performance of the Manager and the Company’s key service providers and if required to recommend the re-tender of their services for consideration by the Board. The Committee is also responsible for overseeing any amendments to the Investment Management Agreement (“IMA”).

We met for one scheduled and two additional meetings in the year ended 31 December 2019. This included an assessment of the ongoing requirement for the provision of various services, the fees paid and the performance of such advisers. We also take note of any added value provided, and whether additional services were required over and above that of the previous year. The review was for the 12-month period ended 30 June 2019, thereby allowing the Committee to refer to figures reviewed by the Auditor in its assessment of performance. I also met independently with representatives of the Manager to discuss the re-tender process, management of suppliers and the Manager’s performance against the Service Level Agreement (“SLA”).

Under the terms of the IMA and in accordance with the ESMA guidance, as to the interpretation of the rules under AIFMD, the Board has delegated the day-to-day responsibility for running the Company to the Manager, including the sourcing and responsibility for investment and divestment decisions made in accordance with the Company’s Investment Policy, asset management of the existing portfolio, negotiation of debt facilities within the parameters of the Company’s policy on gearing and liaising with the Company’s advisers on equity fundraisings. All of the Company’s subsidiaries and therefore all of its assets are wholly owned and controlled by the Company as at 31 December 2019, with the exception of its joint venture arrangements, and the Board exercises direct control in respect of the Group’s holdings.

The Board continues to review all investment and divestment decisions as well as the asset management policy established by the Manager and remains responsible for ensuring that these decisions are made in accordance with the Company’s Investment Policy.

To ensure open and regular communication between the Manager and the Board, the Manager is invited to attend all Board meetings to update the Board on the Company’s portfolio activity and discuss the general market conditions and the financial performance and strategy of the Company. Details of the Company’s performance in 2019 have been set out in the Strategic Report on pages 32 to 40.

Management Engagement Committee Report continued

The Manager

The Committee also reviews the Manager's culture and organisational structure. The Manager increased the number of employees in 2019 to ensure that the Company is well served, including the appointment of a Head of Financial Reporting, a Sustainability Lead and an Assistant Company Secretary. It is also worth noting that the Manager appointed a new Chief Financial Officer in order to provide an additional support to the Finance Director.

In Q4 2019 and into 2020, the Committee focused on assessing the Manager's performance and reviewing the terms of the IMA between the Company and the Manager to determine whether the existing IMA continues to offer good value for shareholders in a market which has changed considerably since the agreement was put in place.

IMA terms

The IMA continues on a rolling basis, with either party having the right to terminate the Investment Management Agreement by giving at least 24 months' notice. There are provisions allowing the parties to terminate without notice in certain circumstances, including material breach and/or loss of key personnel.

Conflict management

The IMA contains robust conflict provisions and the Manager is not permitted in any circumstance to manage another fund with an exclusive investment strategy focusing on distribution or logistics assets in excess of 300,000 sq ft located within the UK. The Manager is permitted to acquire and manage UK distribution or logistics assets which provide less than 300,000 sq ft of accommodation on behalf of other funds subject to certain caveats designed to ensure that any assets which may be of interest to the Company are offered to the Company in priority to other funds managed by the Manager.

We will review the continuing appointment of all of the Company's principal service providers and the performance of the Manager on an annual basis, in order to ensure they are in the best interest of the Company.

Management fee

Under the terms of the IMA, the Manager is entitled to a management fee in consideration for its services. This is payable in cash by the Company each quarter and is calculated based on a percentage of the Company's Net Asset Value ("NAV"), disregarding cash or cash equivalents. The fee is payable quarterly in arrears and the Manager is obliged to apply 25% of the fee in shares of the Company ("Management Shares") (see below for further detail). If the Group buys or sells any assets after the date at which the relevant NAV is calculated, the NAV is adjusted pro rata for the net purchase or sale price, less any third-party debt drawn or repaid whilst remaining capped at NAV.

The management fee as a percentage of NAV is as set out below:

NAV	Relevant percentage
Up to and including £500 million	1.0%
Above £500 million up to and including £750 million	0.9%
Above £750 million up to and including £1 billion	0.8%
Above £1 billion up to and including £1.25 billion	0.7%
Above £1.25 billion up to and including £1.5 billion	0.6%
Above £1.5 billion	0.5%

During specified periods after publication of the Company's annual or interim results the members of the Manager and relevant employees (and/or their connected parties) are obliged to use 25% of the management fee (net of any VAT, personal taxation liabilities and dealing costs, including stamp duty or stamp duty reserve tax) (the "net cash amount"), to subscribe for Ordinary Shares in the Company, at a price equivalent to the prevailing NAV per share, adjusted for any dividend declared after the NAV per share is announced. In the circumstance where NAV is below the prevailing share price, new Ordinary Shares will be issued. Where the NAV is above the prevailing share price, the Company's Broker will be instructed to acquire Ordinary Shares in the market for those persons, to the value as near as possible equal to the net cash amount. The Management Shares may be allocated to any Partners of the Manager or, at the discretion of the Manager, to any employee of the Manager.

On 17 April 2019, the Manager purchased shares in the market and allocated 698,144 Ordinary Shares to the Manager's Partners and its staff in respect of the net cash amount, relating to the six-month period to 31 December 2018. The purchase price was 148.92 pence per Ordinary Share compared to the prevailing and latest published audited basic NAV of 152.83p per Ordinary Share.

On 16 September 2019, the Manager purchased shares in the market and allocated 787,183 Ordinary Shares to the Manager's Partners and its staff in respect of the net cash amount, relating to the six-month period to 30 June 2019. The purchase price was 143.94 pence per Ordinary Share compared to the prevailing and latest published NAV of 150.08p per Ordinary Share.

Following the allocations and Open Offer of Ordinary Shares in February 2019 in which the Manager and some members of its staff participated, the Manager had the following beneficial interests as at the date of this report:

Tritax Partner or person closely associated	Number of Ordinary Shares held	Percentage of issued share capital as at 16 March 2020
Mark Shaw	1,540,584	0.090%
Colin Godfrey	1,506,447	0.088%
James Dunlop	1,444,086	0.085%
Henry Franklin	1,072,330	0.063%
Bjorn Hobart	176,053	0.010%
Petrina Austin	155,966	0.009%
Tritax Management LLP	95,030	0.006%
Staff of Tritax Management LLP ¹	299,387	0.018%
Total	6,289,883	0.369%

¹ The figure comprises Ordinary Shares issued to staff of Tritax Management LLP under the terms of the IMA and at IPO, and does not include other shares that may have otherwise been acquired by staff.

Suppliers

Two new appointments were made during the period, being the roles of design and marketing consultant and joint valuer, and one supplier re-tender also took place.

Bruce Associates was appointed as design and marketing consultant at IPO in December 2013 and provided a personal, flexible and cost-effective service to the Company and its Shareholders during this time. However, in light of the significant growth of the Company since IPO, along with the addition of Tritax Symmetry to the Group, it was felt that the role should be reviewed by the Committee to ensure that we remain in line with industry best practice. On this basis, the Manager conducted a thorough audit of suppliers including Black Sun, Radley Yeldar, Jones and Palmer, Gather, Emperor, Fin International and Luminous in July 2019. Subsequently, four suppliers (Black Sun, Radley Yeldar, Jones and Palmer and Gather) were invited to provide a copy of their credentials along with indicative costs. Following a rigorous tender process, the Manager and the Board determined that Gather not only provides good value, but also has the appropriate level of expertise and bandwidth to accommodate the full scope of the Company's brief. The Manager formally appointed Gather in September 2019 upon the Board's recommendation.

Colliers was appointed to value the portfolio as part of the Tritax Symmetry acquisition in February 2019. The Company was pleased with the service provided by Colliers and, as noted in the Chairman's Statement, Colliers was appointed (in May 2019) as the independent valuer for the Company's Development portfolio.

Following the Committee's recommendation, the Manager invited Estera and other perspective suppliers to submit their proposals in September 2019 for the role of offshore corporate services provider. Following a rigorous assessment of services offered, experience, efficiency and pricing, Estera was considered to have maintained a good service to the Company and were also highly competitive on price. The Committee therefore recommended Estera's re-appointment to the Board.

The Manager also carried out a tender of the insurance support services provided through its insurance broker, Lockton. Although no material weaknesses and support provided by the incumbent were identified, it was felt prudent to review the service to ensure that the Company continued to receive the best service and value for money. The Manager invited three market-leading specialist Real Estate insurance brokers, including the incumbent supplier, to provide a written tender proposal for a new three-year appointment. All three providers presented their services to the Manager. Following a rigorous tender process and based on the written proposals and the Manager's feedback, the Committee decided to retain Lockton and recommended their re-appointment to the Board.

Following an extensive review and full analysis, we agreed with the Manager that the performance of the Company's current service providers for the past year continued to be satisfactory, and in several cases exceptional, and agreed with the Manager's recommendation that each be retained until the next review. Our review did not reveal any material weaknesses in the advice and support provided to the Group. We are satisfied that the Company is benefiting from added value in respect of the services it procures. We did not suggest any material changes to the engagement terms of the remaining advisers or service providers. In order to ensure that the Company continues to receive the very best service and value from its service providers, the Committee has recommended a re-tender schedule to the Board which sets out a timetable for each professional appointment to be re-tendered.

AIFM Directive

The AIFMD became part of UK law in 2013. It regulates AIFMs and imposes obligations on managers who manage alternative investment funds ("AIFs") in the EU or who market shares in AIFs to EU investors. Under the AIFMD, the AIFM must comply with various organisational, operational and transparency obligations.

The Manager is authorised by the FCA as an AIFM and provides all relevant investment management and advisory services to the Company, including regulated activities. The Manager is responsible for making investment and divestment decisions in respect of the Company's assets as part of its regulatory responsibility for the overall portfolio and risk management of the Company. This is in line with published ESMA guidance on the application of the AIFMD.

AIFM remuneration policy applied by the Manager

As a full scope AIFM, the Manager must apply a remuneration policy in line with its business strategy, objectives, values and interests, as well as those of the AIFs it manages or its investors. The policy must include measures to avoid conflicts of interest. This ensures that the Partners have a vested interest in ensuring the Manager remains financially sound.

The annual fee paid by the Company is based on a percentage of its NAV, as set out on page 106. In addition, the Manager's Partners are required to apply 25% of that fee (net of tax and certain other costs, as described on the previous page) to the purchase of the Company's Ordinary Shares ("Management Shares"). Management Shares are subject to a 12-month lock-in period. This aligns the interests of the Manager's Partners with the strategy and interests of the Company and its Shareholders. The Manager's Partners are able to allocate a proportion of the Management Shares to key members of staff, which they have once again done in respect of both Management Share purchases in 2019.

The Manager's partnership board therefore meets at least twice a year to discuss the remuneration of its entire staff. Staff are remunerated in accordance with their seniority, expertise, professional qualifications, responsibilities and performance. They are paid salaries in line with market rates and, in profitable years, awarded a discretionary bonus from a bonus pool worth, in aggregate, at least 5% of the Manager's profits. The discretionary bonus may consist of cash or Ordinary Shares in the Company allocated to certain members of staff out of the Management Shares. This means that staff remuneration is predominantly fixed and the variable element is determined by the Manager's overall profitability, rather than the performance of a particular AIF.

The Manager's Partners are entitled to their partnership share of its profits and losses. None of the Partners are entitled to additional partnership drawings that depend on the performance of any AIF managed by the partnership. The Partner's remuneration therefore depends on the Manager's overall profitability, rather than the performance of any AIF.

Committee evaluation

The overall performance on the Management Engagement Committee for the period was positively rated, in particular its oversight of the performance and retention of key service providers.

Outlook for 2020

The Committee will continue to review and assess the performance of all key suppliers, with a focus on the Manager's performance.

Susanne Given Chair of the Management Engagement Committee

16 March 2020

Directors' Remuneration Report

Annual statement

The Company only has Non-Executive Directors and therefore does not consider it necessary to establish a separate Remuneration Committee. The only relevant remuneration decisions taken in the year under review were on the level of Non-Executive Director fees. The Directors' remuneration is disclosed on page 109. The Remuneration Report will be presented at the 2020 AGM for Shareholder consideration and approval.

During the year, the Board made certain amendments to the fee structure for the Board of Directors of the Company. This decision followed a robust review, further details of which are set out below. The amended fee structure was implemented with effect from 1 June 2019.

Role	Revised fee per annum	Fee agreed in 2016
Chairman	£120,000	£100,000
Non-Executive Directors ("NEDs") (unchanged)	£50,000	£50,000
Senior Independent Director ("SID")/ Management Engagement Committee Chair*	£5,000	–
Audit & Risk Committee Chair*	£10,000	–

* In addition to the Non-Executive Director fee payable.

As the Company continues to progress, it remains key for the Board to attract suitably experienced members and offer candidates competitive levels of remuneration which recognises the commitment required for a dynamic, growing FTSE 250 company and it is considered crucial in its succession and diversity planning.

The Board also recognises that the increased levels of development activity, through acquisitions such as Tritax Symmetry, will have a substantial impact on the time commitment of the Directors, particularly for the Chairman and the SID as the stakeholders in the Company increase and engagement becomes even more important, and also for the Audit & Risk Committee Chair as the financial reporting process becomes more complex.

To this end, the Company commissioned a report on Non-Executive Director remuneration from Deloitte LLP in order to benchmark its fee levels. The outcome of this led the Board to seek greater clarity around the NEDs base fees and those NEDs who take on an enhanced responsibility within the Board, such as the roles of Committee Chairs and the SID. This resulted in the Board maintaining the NEDs basic fee and introducing an additional fee of £5,000 per annum for the SID and Chair of the MEC and an additional £10,000 per annum for the Chair of the Audit & Risk Committee, which the Board believes reflects accurately the additional time commitment and responsibility of each role. The new fee structure outlined above reflects the fee levels of externally managed peers as well as other peer companies of a similar size which are self-managed (noting the Company is in the lower quartile of the latter group).

As part of this process, the business engaged with key investors, as well as the proxy advisors and invited feedback on the proposals. The feedback from those that responded was supportive.

Where the Board sets its own remuneration, there are inherent conflicts of interest. However, the Board seeks to minimise these through appropriate benchmarking.

Directors' Remuneration Policy

The Company's policy is to determine the level of Directors' fees with regard to those payable to Non-Executive Directors of comparable REITs and the time each Director dedicates to the Company's affairs. The Directors' Remuneration Policy was approved at the Company's AGM on 16 May 2018. The next time that the Shareholders will be asked to approve the Directors' Remuneration Policy will be at the Company's AGM in 2021.

The Directors are entitled to their annual fee and reasonable expenses. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

Under the Company's Articles, all Directors are entitled to the remuneration determined from time to time by the Board.

Annual report on remuneration

Each Director has been appointed pursuant to a Letter of Appointment. All Directors are appointed for a two-year term, subject to annual re-election at the Company's AGM. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the notice provisions and the Articles and, in certain circumstances, without compensation. The terms of appointment of the Directors are set out in the below table.

Director	Letter of appointment dated	Expected and actual date of expiry	Unexpired term as at 31 December 2019	Notice period
Sir Richard Jewson Chairman	18 November 2013 13 September 2016 13 September 2018	13 September 2020	9 months	3 months
Susanne Given	13 September 2016 13 September 2018	13 September 2020	9 months	3 months
Aubrey Adams	11 September 2017 11 September 2019	11 September 2021	21 months	3 months
Richard Laing	16 May 2018	16 May 2020	5 months	3 months
Alastair Hughes	1 February 2019	1 February 2021	14 months	3 months
Karen Whitworth	21 October 2019	21 October 2021	22 months	3 months

The fees paid to the past and current Directors in the year to 31 December 2019, which have been audited, are set out below. In addition, each Director is entitled to recover all reasonable expenses incurred in connection with performing his or her duties as a Director. Directors' expenses for the year to 31 December 2019 totalled £10,386 (2018: £4,046). No other remuneration was paid or payable during the year to any Director.

Director	Annual fee		Expenses		Total	
	For year ended 31.12.2019 ⁷ (£)	For year ended 31.12.18 (£)	For year ended 31.12.2019 (£)	For year ended 31.12.18 (£)	For year ended 31.12.2019 (£)	For year ended 31.12.18 (£)
Sir Richard Jewson	111,667	100,000	8,465	3,788	120,132	103,788
Susanne Given	52,917	50,000	N/A	N/A	52,917	50,000
Aubrey Adams ¹	52,917	50,000	N/A	N/A	52,917	50,000
Richard Laing ²	55,833	31,474	1,921	N/A	57,754	31,474
Mark Shaw ³	N/A	N/A	N/A	N/A	N/A	N/A
Alastair Hughes ⁴	45,833	N/A	N/A	N/A	45,833	N/A
Jim Prower ⁵	12,500	50,000	N/A	258	12,500	50,258
Karen Whitworth ⁶	10,064	N/A	N/A	N/A	10,064	N/A

1 Aubrey Adams was appointed Senior Independent Director effective 27 March 2019.

2 Richard Laing was appointed to the Board effective 16 May 2018.

3 As Chairman of the Company's Manager, Mark Shaw was not entitled to receive a fee. He retired from the Board effective 1 February 2019.

4 Alastair Hughes was appointed effective 1 February 2019.

5 Jim Prower resigned effective 27 March 2019.

6 Karen Whitworth was appointed effective 21 October 2019.

7 Includes NED fee changes effective from 1 June 2019.

External advisers

The Board and its Committees have access to sufficient resources to discharge their duties which, in the past, have included access to independent remuneration experts Deloitte LLP. The Board has engaged Deloitte LLP to provide a benchmarking report on remuneration of Non-Executive Directors of other comparable REITs during 2019. Deloitte LLP has no other connection with the Company and were paid a fee of £4,000 for the service.

Statement of voting at general meeting

The Company is committed to ongoing Shareholder dialogue and takes an active interest in voting outcomes. If there are substantial votes against any resolutions, the Company will consult with Shareholders in order to understand the reasons for any such vote. The Company will provide an update on the views received from Shareholders no later than six months after the meeting and any resulting action will be detailed in the next Annual Report.

The Directors' Remuneration Policy and the Directors' Remuneration Report were approved by Shareholders at the Company's AGMs held on 16 May 2018 and 15 May 2019 respectively. The voting on the respective resolutions was as shown below:

Resolution	For %*	Against %	Votes withheld
Directors' Remuneration Policy ¹	99.98%	0.02%	566,224
Directors' Remuneration Report ²	99.99%	0.01%	2,857,047

* Including votes in favour and discretion.

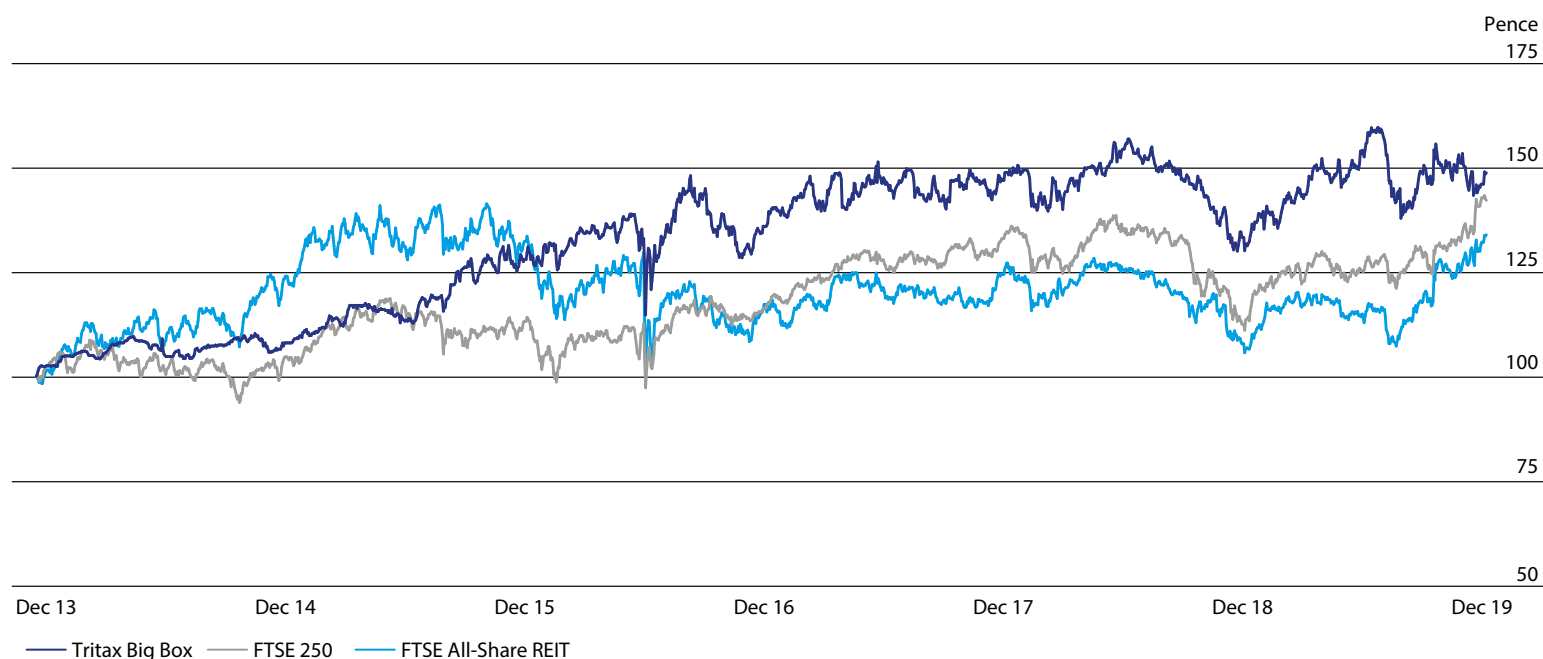
1 Voting as at AGM held 16 May 2018.

2 Voting as at AGM held 15 May 2019.

Directors' Remuneration Report continued

Total Shareholder Return

The graph below shows the Total Shareholder Return (as required by company law) of the Company's Ordinary Shares relative to a return on a hypothetical holding over the same period in the FTSE 250 and the FTSE All-Share REIT Index.



Total Shareholder Return is the measure of returns provided by a Company to Shareholders reflecting share price movements and assuming reinvestment of dividends.

Directors' shareholdings (audited)

There is no requirement for the Directors of the Company to own shares in the Company. As at 16 March 2020, the Directors and their persons closely associated held the shareholdings listed below.

Director	Number of shares held	Percentage of issued share capital	Dividends received 31 December 2019 £
Sir Richard Jewson Chairman	87,249	0.005%	5,944
Susanne Given	–	–	–
Aubrey Adams	150,000	0.009%	8,334
Richard Laing	45,828	0.003%	3,122
Alastair Hughes	35,000	0.002%	2,384
Karen Whitworth	–	–	–

* Includes Directors and persons closely associated (as defined by the EU Market Abuse Regulation) shareholdings. The shareholdings of these Directors are not significant and, therefore, do not compromise their independence.

Relative importance on spend on pay

	2019 £ million	2018 £ million	Change %
Directors' remuneration	0.4	0.3	33%
Investment management fees	17.5	15.3	14%
Dividends paid to Shareholders	116.3	95.9	21%

Other items

The Company maintains Directors' and Officers' liability insurance cover, at its expense, on the Directors' behalf.

Sir Richard Jewson KCVO, JP

Chairman

16 March 2020

Directors' Report

Introduction

The Directors are pleased to present the Annual Report, including the Company's audited financial statements as at, and for the year ended, 31 December 2019.

The Directors' Report and the Strategic Report comprise the "Management Report" for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Statutory information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report and is incorporated into this report by reference, as indicated in the relevant section.

Information	Location in Annual Report
Directors	Pages 96 and 97
s172	Pages 80, 91 and 92
Directors' interest in shares	Page 99
Future developments of the Company	Pages 1 to 81
Financial instruments	Note 26 on page 139
Corporate Governance Statement	Pages 86 and 87
Going Concern and Viability	Page 81
Disclosure of information to Auditor	Page 113
Share capital	Pages 111 and 112

Incorporation by reference

The Governance Report (pages 85 to 107 of this Annual Report and Accounts for the year ended 31 December 2019) is incorporated by reference into this Directors' Report.

Financial results and dividends

The financial results for the year can be found in the Group Statement of Comprehensive Income on page 120.

The following interim dividends amounting to, in aggregate, 6.85 pence per share were declared in respect of the year ended 31 December 2019:

On 6 March 2019 we declared an interim dividend in respect of the period from 1 October 2018 to 31 December 2018 of 1.675 pence per Ordinary Share, paid on 28 March 2019 to Shareholders on the register on 15 March 2019.

On 16 May 2019, we declared an interim dividend in respect of the period from 1 January 2019 to 31 March 2019 of 1.7125 pence per Ordinary Share, paid on 17 June 2019 to Shareholders on the register on 24 May 2019.

On 17 July 2019, we declared an interim dividend in respect of the period from 1 April to 30 June 2019 of 1.7125 pence per Ordinary Share, paid on 15 August 2019 to Shareholders on the register on 26 July 2019.

On 9 October 2019, we declared an interim dividend in respect of the period from 1 July to 30 September 2019 of 1.7125 pence per Ordinary Share, paid on 14 November 2019 to Shareholders on the register on 18 October 2019.

A fourth interim dividend in respect of the three months ended 31 December 2019, of 1.7125 pence per share, was declared on 27 February 2020, payable on 27 March 2020.

This takes the total dividend in respect of the 2019 financial year to 6.85 pence per share.

Political donations

No political donations were made during the year.

Employees

The Group has no employees and therefore no employee share scheme or policies on equal opportunities and disabilities.

Share capital

On 8 February 2019, the Company issued 192,291,313 Ordinary Shares at a price of 130 pence per share pursuant to an Open Offer. On 19 February 2019, the Company issued 40,450,234 Ordinary Shares as part of the consideration for the acquisition of Tritax Symmetry.

As at 31 December 2019, there were 1,706,974,948 Ordinary Shares in issue.

Ordinary Shares	Number	Gross proceeds (£)
Balance at the start of the year	1,474,233,401	N/A
Shares issued in relation to further equity issuance	192,291,313	£250,000,000
Shares issued in relation to share consideration	40,450,234	N/A
Balance at end of the year	1,706,974,948	£250,000,000

Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except as a result of:

- the FCA's Listing Rules, which require certain individuals to have approval to deal in the Company's shares; and
- the Company's Articles of Association, which allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company or the Manager breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transferring securities in the Company.

Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.

Greenhouse gas (GHG) reporting

The Group has reported its Scope 1 and 2 GHG emissions in accordance with the Mandatory Carbon Reporting Regulations. From April 2019, all quoted companies are required to report its GHG emissions under the Streamlined Energy and Carbon Reporting (SECR) Regulations 2019. This applies to companies from their first reporting period after this date. The Company will therefore report against the new SECR in 2020.

This data is reported through the EPRA's Best Practice Recommendations table on page 65.

Directors' Report continued

Substantial shareholdings

As at 16 March 2020, the Company is aware of the following substantial shareholdings, which were directly or indirectly interested in 3% or more of the total voting rights in the Company's issued share capital. As at 16 March 2020, the issued share capital remained the same as at 31 December 2019 with 1,706,974,948 shares in issue.

Shareholder name	Holding as at 16 March 2020	%
BlackRock	138,431,927	8.11
Aviva Investors	113,742,222	6.66
Brewin Dolphin, stockbrokers	80,943,180	4.74
Vanguard Group	80,453,834	4.71
Hargreaves Lansdown, stockbrokers (EO)	53,898,922	3.16
SSGA	53,849,188	3.15
Brookfield Asset Management	53,825,665	3.15
Legal & General Investment Management	52,319,395	3.07

Amendment of Articles of Association

The Articles may be amended by a special resolution of the Company's Shareholders.

Powers of the Directors

The Board will manage the Company's business and may exercise all the Company's powers, subject to the Articles, the Companies Act and any directions given by the Company by special resolution.

Powers in relation to the Company issuing its shares

At the AGM held on 15 May 2019, the Directors were granted a renewed general authority to allot Ordinary Shares in accordance with section 551 of the Companies Act 2006 up to an aggregate nominal amount of £11,379,833. Of those Ordinary Shares, the Directors were granted authority to issue up to an aggregate nominal amount of £853,487 (which is equivalent to 5% of the Company's issued share capital as at that date) non pre-emptively and wholly for cash and authority to issue up to an aggregate nominal amount of £853,487 to be used only for the purpose of financing (or refinancing, if the authority is to be used within six months after the original transaction), a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights. These authorities replaced the equivalent authorities given to the Directors at the AGM held on 15 May 2019. These authorities expire at the next AGM in Q2 2020.

Change of control

Under the Group's financing facilities, any change of control at the borrower or immediate Parent Company level may trigger a repayment of the outstanding amounts to the lending banks or institutions.

In certain facilities including the issue of recent loan notes, the change of control provisions also include a change of control at the ultimate Parent Company level.

Appointment and replacement of Directors

Details of the process by which Directors can be appointed or replaced are included in the Nomination Committee Report on pages 98 and 99.

Events subsequent to the year-end date

For details of events since the year-end date, please refer to note 34 to the consolidated financial statements.

Independent Auditor

BDO LLP has expressed its willingness to continue as Auditor for the financial year ending 31 December 2020.

Manager and service providers

The Manager during the year was Tritax Management LLP. Details of the Manager and the Investment Management Agreement are set out in the Management Engagement Committee Report on pages 105 to 107.

Additional information

In accordance with Listing Rule (LR) 9.8.4C R, the only disclosure requirement required under LR 9.8.4 R is the disclosure of capitalised interest, which is disclosed in note 11, page 130.

Annual General Meeting

It is planned for the Company's AGM to be held at the offices of Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW on 13 May 2020 (subject to advancements with Covid-19).

This report was approved by the Board on 16 March 2020.

Tritax Management LLP

Company Secretary

16 March 2020

Company Registration Number: 08215888

Responsibilities Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Directors' responsibilities statement

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;
- for the Company financial statements, state whether they have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), subject to any material departures disclosed and explained in the Company financial statements; and
- 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, a Strategic Report, a Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

Website publication

The Directors are responsible for ensuring the Annual Report, including the financial statements, is made available on a website. 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, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

We confirm that to the best of our knowledge:

- the Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Article 4 of the IAS Regulation, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation as a whole;
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Disclosure of information to the Auditor

The Directors, who were members of the Board at the time of approving the Directors' Report, have confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is not aware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Signed on behalf of the Board by:

Sir Richard Jewson KCVO, JP
Chairman

16 March 2020

Glossary of Terms

“Adjusted Earnings”

Post-tax earnings attributable to Shareholders, adjusted to include licence fees receivable on Forward Funded Development assets and adjusts for other earnings not supported by cash flows. “Adjusted Earnings per share” or “Adjusted EPS” on a per share basis.

“B and C Shares”

The B and C Shares in Tritax Symmetry issued to the Symmetry Management Shareholders.

“Big Box”

A “Big Box” property or asset refers to a specific subsegment of the logistics sector of the real estate market, relating to very large logistics warehouses (each with typically over 500,000 sq ft of floor area) with the primary function of holding and distributing finished goods, either downstream in the supply chain or direct to consumers, and typically having the following characteristics: generally a modern constructed building with eaves height exceeding 12 metres; let on long leases with institutional-grade tenants; with regular, upward-only rental reviews; having a prime geographical position to allow both efficient stocking (generally with close links to sea ports or rail freight hubs) and efficient downstream distribution; and increasingly with sophisticated automation systems or a highly bespoke fit out.

“Board”

The Directors of the Company.

“BREEAM”

The Building Research Establishment Environmental Assessment Method certification of an asset’s environmental, social and economic sustainability performance, using globally recognised standards.

“Company”

Tritax Big Box REIT plc (company number 08215888).

“CPI”

Consumer Price Index, a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care as calculated on a monthly basis by the Office of National Statistics.

“Current development pipeline”

Assets that are in the course of construction or assets for which we have made a construction commitment.

“CVA”

A company voluntary liquidation, a legally binding agreement between a business and its creditors which sets out a debt repayment plan and enables a viable business to avoid insolvency.

“db Symmetry”

db Symmetry Group Ltd and db symmetry BVI Limited, together with their subsidiary undertakings and joint venture interests, which were acquired by the Group in February 2019.

“Directors”

The directors of the Company as of the date of this report being Sir Richard Jewson, Aubrey Adams, Susanne Given, Alastair Hughes, Richard Laing and Karen Whitworth.

“Development Management Agreement” or “DMA”

An agreement between the Group and a developer setting out the terms in respect of the development of an asset. In particular, the development of the Symmetry Portfolio is the subject of a DMA between Tritax Symmetry and Symmetry ManCo.

“Development portfolio” or “Development assets”

The Group’s Development portfolio comprises its property assets which are not Investment assets, including land, options over land as well as any assets under construction on a speculative basis.

“EPC rating”

A review of a property’s energy efficiency.

“EPRA”

European Public Real Estate Association.

“EPRA Earnings”

Earnings from operational activities (which excludes the licence fees receivable on our Forward Funded Development assets).

“EPRA NAV” or “EPRA Net Asset Value”

The Basic Net Asset Value adjusted to meet EPRA Best Practices Recommendations Guidelines (2016) requirements by excluding the impact of any fair value adjustments to debt and related derivatives and other adjustments and reflecting the diluted number of Ordinary Shares in issue.

“EPRA Triple Net Asset Value (NNNAV)”

EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.

“EPRA Net Initial Yield (NIY)”

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) purchaser’s costs.

“EPRA ‘Topped-Up’ NIY”

This measure 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).

“EPRA Vacancy”

Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio.

“EPRA Cost Ratio”

Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.

“Estimated cost to completion”

Costs still to be expended on a development or redevelopment to practical completion, including attributable interest.

“Estimated rental value” or “ERV”

The estimated annual market rental value of lettable space as determined biannually by the Group’s valuers. This will normally be different from the rent being paid.

“FCA”

The United Kingdom Financial Conduct Authority (or any successor entity or entities).

“Forward Funded Development”

Where the Company invests in an asset which is either ready for, or in the course of, construction, pre-let to an acceptable counterparty. In such circumstances, the Company seeks to negotiate the receipt of immediate income from the asset, such that the developer is paying the Company a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease. Expert developers are appointed to run the development process.

“Foundation asset”

Foundation assets provide the core, low-risk income that underpins our business. They are usually let on long leases to customers with excellent covenant strength. These buildings are commonly new or modern and in prime locations, and the leases have regular upward-only rent reviews, often either fixed or linked to Inflation Indices.

“FRI Lease”

Full Repairing and Insuring Lease. During the lease term tenant is responsible for all repairs and decoration to the property, inside and out. And the building insurance premium is recoverable from the tenant.

“Future development pipeline”

The Group’s land bank for future development typically controlled under option agreements which do not form part of the Current or Near Term development pipeline.

“Gearing”

Net borrowings divided by total shareholders’ equity excluding intangible assets and deferred tax provision.

“GIA”

Under the RICS Code of Measuring Practice (6th Edition) the Gross Internal Area (GIA) is the basis of measurement for valuation of industrial buildings (including ancillary offices) and warehouses. The area of a building measured to the internal face of the perimeter walls at each floor level (including the thickness of any internal walls). All references to building sizes in this document are to the GIA.

“GAV”

The Group's gross asset value.

“Global Real Estate Sustainability Benchmark (GRESB) Assessment”

GRESB assesses the ESG performance of real estate and infrastructure portfolios and assets worldwide, providing standardised and validated data to the capital markets.

“Gross rental income”

Contracted rental income recognised in the period, in the income statement, including surrender premiums and interest receivable on finance leases. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight-line basis over the lease term.

“Group” or “REIT Group”

The Company and all of its subsidiary undertakings.

“Growth Covenant asset”

Growth Covenant assets are fundamentally sound assets in good locations, let to customers we perceive to be undervalued at the point of purchase and who have the potential to improve their financial strength, such as young e-retailers or other companies with growth prospects. These assets offer value enhancement through yield compression.

“IMA”

The Investment Management Agreement between the Manager and the Company.

“Investment portfolio” or “Investment assets”

The Group's Investment Portfolio comprises let or pre-let (in the case of Forward Funded Developments) assets which are income generating, as well as any speculative development assets which have reached practical completion but remain unlet.

“Investment property”

Completed land and buildings held for rental income return and/or capital appreciation.

“Land asset”

Opportunities identified in land which the Manager believes will enable the Company to secure, typically, pre-let Forward Funded Developments in locations which might otherwise attract lower yields than the Company would want to pay, delivering enhanced returns but controlling risk.

“LIBOR”

London Interbank Offered Rate.

“Link” or “Link Asset Services”

A trading name of Link Market Services Limited (company number 2605568).

“Listing Rules”

The listing rules made by the Financial Conduct Authority under section 73A of FSMA.

“Loan Notes”

The loan notes issued by the Company on 4 December 2018.

“Loan to Value (LTV)”

The proportion of our gross asset value that is funded by borrowings.

“London Stock Exchange”

London Stock Exchange plc.

“Manager”

Tritax Management LLP (partnership number 0C326500).

“Minimum Energy Efficiency Standards (MEES)”

The legal standard for minimum energy efficiency which applies to rented commercial buildings as regulated by the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015.

“Near-term development pipeline”

Sites which have either received planning consent or sites where planning applications have been submitted prior to the year end.

“Net equivalent yield”

The internal rate of return from an Investment property, based on the value of the property assuming the current passing rent reverts to ERV and assuming the property becomes fully occupied over time.

“Net initial yield”

The annual rent from a property divided by the combined total of its acquisition price and expenses.

“Net rental income”

Gross rental income less ground rents paid, net service charge expenses and property operating expenses.

“Net zero carbon”

Highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset.

“Non-PID Dividend”

A dividend received by a shareholder of the principal company that is not a PID.

“Ordinary Shares”

Ordinary Shares of £0.01 each in the capital of the Company.

“Passing rent”

The annual rental income currently receivable on a property as at the balance sheet date (which may be more or less than the ERV). Excludes rental income where a rent-free period is in operation. Excludes service charge income (which is netted off against service charge expenses).

“PID” or “Property income distribution”

A dividend received by a shareholder of the principal company in respect of profits and gains of the Property Rental Business of the UK resident members of the REIT group or in respect of the profits or gains of a non-UK resident member of the REIT group insofar as they derive from their UK Property Rental Business.

“Portfolio”

The overall portfolio of the Company including both the Investment and Development portfolios.

“Portfolio Value”

The value of the Portfolio which, as well as the Group's standing assets, includes capital commitments on Forward Funded Developments, Land Assets held at cost, the Group's share of joint venture assets and other property assets.

“Pre-let”

A lease signed with a customer prior to commencement of a development.

“REIT”

A qualifying entity which has elected to be treated as a Real Estate Investment Trust for tax purposes. In the UK, such entities must be listed on a recognised stock exchange, must be predominantly engaged in property investment activities and must meet certain ongoing qualifications.

“Rent roll”

See “Passing rent”.

“RPI”

Retail price index, an inflationary indicator that measures the change in the cost of a fixed basket of retail goods as calculated on a monthly basis by the Office of National Statistics.

“SDLT”

Stamp Duty Land Tax – the tax imposed by the UK Government on the purchase of land and properties with values over a certain threshold.

Glossary of terms continued

“Shareholders”

The holders of Ordinary Shares.

“Speculative development”

Where a development has commenced prior to a lease agreement being signed in relation to that development.

“sq ft”

Square foot or square feet, as the context may require.

“Symmetry Management Shareholders”

The holders of B and C Shares in Tritax Symmetry.

“Symmetry ManCo”

db Symmetry Management Limited, a private limited company incorporated in England and Wales (registered number 11685402) which has an exclusive development management agreement with Tritax Symmetry to manage the development of the Tritax Symmetry Portfolio.

“Topped up net initial yield”

Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent-free period at the valuation date thereby providing the Group with income during the rent-free period. This is in accordance with EPRA's Best Practices Recommendations.

“Total Expense Ratio” or “TER”

The ratio of total administration and property operating costs expressed as a percentage of average net asset value throughout the period.

“Total Return”

Net total return, being the percentage change in EPRA NAV over the relevant period plus dividends paid.

“Total Shareholder Return”

A measure of the return based upon share price movement over the period and assuming reinvestment of dividends.

“Tritax Symmetry”

Tritax Symmetry Limited, a limited company incorporated in Jersey (registered number 127784).

“Tritax Symmetry Portfolio”

The portfolio of assets held through Tritax Symmetry following the acquisition of db Symmetry in February 2019, including land, options over land and a number of assets under development.

“UK AIFMD Rules”

The laws, rules and regulations implementing AIFMD in the UK, including without limitation, the Alternative Investment Fund Managers Regulations 2013 and the Investment Funds sourcebook of the FCA.

“Value Add asset”

These assets are typically let to customers with good covenants and offer the chance to grow the assets' capital value or rental income, through lease engineering or physical improvements to the property. We do this using our asset management capabilities and understanding of customer requirements. These are usually highly re-lettable. It also includes assets developed on a speculative basis which have reached practical completion but remain unlet at the period end.

“WAULT” or “Weighted Average Unexpired Lease Term”

The income for each property applied to the remaining life for an individual property or the lease and expressed as a portfolio average in years. In respect of Forward Funded Developments, the unexpired term from lease start date.

“Yield on cost”

The expected gross yield based on the estimated current market rental value (ERV) of the developments when fully let or actual rental value for completed developments or those pre-let, as appropriate, divided by the estimated or actual total costs of the development.

Cautionary Statement

This Annual Report and the Tritax Big Box REIT plc website may contain certain 'forward-looking statements' with respect to Tritax Big Box REIT plc's ("Company") financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Company operates. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'will', 'would', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Company operates; changes in the legal, regulatory and competition frameworks in which the Company operates; changes in the markets from which the Company raises finance; the impact of legal or other proceedings against or which affect the Company; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates. Any forward-looking statements made in this Annual Report or Tritax Big Box REIT plc website, or made subsequently, which are attributable to the Company, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements. Nothing in this Annual Report or the Tritax Big Box REIT plc website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Company Information

Company Registration Number: 08215888
Incorporated in the United Kingdom

Directors, Management and Advisers

Directors

Sir Richard Jewson KCVO, JP
Non-Executive Chairman

Aubrey Adams OBE, FCA, FRICS
Senior Independent Director

Susanne Given
Non-Executive Director

Alastair Hughes FRICS
Non-Executive Director

Richard Laing FCA
Non-Executive Director

Karen Whitworth ACA
Non-Executive Director

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