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Tritax Big Box REIT plc



Building

Interim Report 2019



Interactive PDF guide

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Who we are

Tritax Big Box is a Real Estate Investment Trust (REIT). Our shares have been listed on the London Stock Exchange since December 2013 and the Group is a constituent of the FTSE 250 Index.

What we do

Tritax Big Box is the UK's pre-eminent owner of larger scale logistics real estate, with a portfolio unmatched in quality in the UK quoted real estate sector. We invest in, and actively manage, income-producing Big Box assets and Pre-Let Forward Funded Developments. We also acquire land suitable for logistics use, on which we undertake Pre-let Forward Funded Development and a limited amount of speculative development.

Strong demand, driven by structural change and limited supply, both occupationally and for investment stock, make our subsector one of the most exciting in UK real estate. We apply our sector-leading expertise to take advantage of these dynamics.

We follow a "core-plus" strategy, in which Foundation Assets provide our core, low-risk income, and Value Add Assets, Growth Covenant Assets and Land Assets offer the potential for enhanced returns. This strategy supports our objectives of delivering secure, attractive and growing dividends for our Shareholders, while creating capital growth.

With an emphasis on acting responsibly, we engage with our customers and other stakeholders to drive the sustainability of our Portfolio, ensure a positive impact on the communities within which our assets are located and support our customers' own sustainability programmes.



Who we serve

Our customers are some of the biggest names in logistics, manufacturing, retail and e-commerce, for whom our logistics properties are integral, helping them to improve their operational efficiencies, generate cost savings and meet rapidly growing e-commerce sales demand.

Our Shareholders comprise a broad spectrum of investors, ranging from large-scale institutions to private individuals. We receive income and target capital growth from our assets with the objective of providing Shareholders with attractive returns.

We pride ourselves in building long-term, mutually beneficial relationships with all of our stakeholders in order to enhance their businesses and ours.

Our vision

We aim to create, acquire, own and manage high-calibre logistics assets in key locations. These offer our customers premises within which they can adapt and grow their businesses efficiently, profitably and sustainably, and our Shareholders the potential for attractive risk-adjusted returns.

Our culture

We have built a strong reputation for being trusted, transparent and reliable. Our forward-thinking, entrepreneurial culture enables us to move rapidly to capture attractive opportunities. We combine this with rigorous due diligence, controls and governance, designed to protect Shareholders' interests. This culture extends inwardly to Our Team for whom we seek to provide an inclusive and stimulating environment within which they can thrive.

Highlights

Financial

3.425p	3.41p	£3.85bn
Dividend per share (30 June 2018: 3.35p) +2.2%	Adjusted Earnings per share¹ (30 June 2018: 3.38p) +0.9%	Portfolio Value² (31 December 2018: £3.42bn) +12.6%
150.08p	0.42%	£60.7m
EPRA NAV per share³ (31 December 2018: 152.83p) -1.8% like-for-like performance +0.7%: assuming a rebasing following extraordinary costs incurred relating to the db symmetry acquisition	Total Return for the six months (30 June 2018: 5.10%) +2.9%: assuming a rebasing following extraordinary costs incurred in relation to the db symmetry acquisition	Operating profit before changes in fair value⁴ (30 June 2018: £57.4m) +5.7%

Operational

30.9m sq ft	14.3 years	99%	1.2m sq ft
Investment portfolio⁵ (31 December 2018: 29.8m sq ft)	Portfolio WAULT⁶ (31 December 2018: 14.4 years)	Investment portfolio let or Pre-let (31 December 2018: 100%)	Practical completion of the Pre-let asset at Corby and the speculative developments at Bicester and Doncaster

db symmetry

Acquired an 87% economic interest in db symmetry (enterprise value for 100%: £370 million⁷). The Symmetry Portfolio is one of the UK's largest land portfolios for logistics development, with the potential to deliver c.38 million sq ft of logistics assets across a geographically diverse range of key locations

First planning consents

Received the first planning consents since acquisition of the Symmetry Portfolio:

Biggleswade – full consent for a 661,201 sq ft Big Box Pre-let to The Co-operative Group

Symmetry Park, Kettering – outline consent for up to 2.3 million sq ft of logistics space

Post balance sheet activity

+18 years	0.4m sq ft
Extension of Sainsbury's lease at the Leeds asset to create a 25-year unexpired term.	Practical completion of the Pre-let asset at Haydock, St Helens.

Dividend declared per share (p)

H1 '19	3.425	+2.2%
H1 '18	3.35	

Adjusted Earnings per share (p)

H1 '19	3.41	+0.9%
H1 '18	3.38	

Operating profit before changes in fair value⁴ (£m)

H1 '19	60.68	+5.7%
H1 '18	57.43	

EPRA NAV per share³ (p)

H1 '19	150.08	-1.8%
FY '18	152.83	

¹ See note 7 for reconciliation
² See page 31 for reconciliation. The Portfolio Value includes Investment property, other property assets (including development management agreements), land options (at cost), shares of joint ventures and remaining Forward Funded Development commitments

³ Net of 3.8p extraordinary costs following the February 2019 equity raise and costs associated with the db symmetry acquisition. See page 33 for further details
⁴ Operating profit before changes in fair value of investment properties, share of profit from joint ventures and share based payment charges, but excluding acquisition-related costs

⁵ The Group's Investment portfolio comprises let or Pre-let (in the case of Forward Funded Developments) assets as well as any speculative developments that have reached practical completion but remain vacant
⁶ Unexpired term of let or Pre-let properties weighted by rental income and inclusive of licence fees received from Pre-let Forward Funded Developments

⁷ Subject to certain adjustments in respect of cash, debt, working capital, tax and other operational liabilities. Note: the Group holds 100% of the ordinary share capital of db symmetry

Chairman's Statement

Sir Richard Jewson,
Chairman



Investing for future performance

This was an important six months in the Group's strategic evolution. The industrial logistics market remains favourable, our underlying financial performance has been robust and we are on track to pay a dividend of 6.85 pence per share for 2019¹.

Market yields for prime investments have tightened considerably over the last few years. In anticipation of slowing yield compression, we amended our Investment Policy, with Shareholder support, in May 2016 to allow us to commit capital to land assets. The level of permitted investment was subsequently amended in October 2018. Implementation of this strategy began with the acquisition of Littlebrook, Dartford, in July 2017 and continued in February 2019 when we completed the acquisition of db symmetry. We now own one of the UK's largest and most geographically diverse land portfolios for the development of Big Box assets and related logistics facilities which can provide a long-term pipeline to enhance the Group's existing strong asset base.

Development allows us to control the timing and quality of our newly created investments. We seek to minimise development risk by primarily undertaking developments which are Pre-let to a tenant. By contrast, speculative developments are expected to be relatively few (limited to 5% of GAV).

The db symmetry acquisition enables the creation of logistics investments internally on a greater scale across key locations, at an attractive yield on cost. This approach has the potential to boost our earnings growth, thereby supporting our progressive dividend policy, and is designed to generate enhanced total returns for Shareholders for the next eight to 10 years. As a result of the db symmetry acquisition, the Group's exposure to land assets and speculative developments was c.11% of the Group's Portfolio Value at the period end. Notably, therefore, the majority of our business is unchanged.

Financing

Consideration for the Group's 87% interest in db symmetry was c.£320 million. See the Acquisition consideration section of the Manager's Report for further details.

In order to fund the acquisition, as well as certain developments and potential further investments, we raised gross proceeds of c.£250 million through the issue of 192,291,313 Ordinary Shares, at an issue price of 130 pence per share. Whilst fully underwritten, these Ordinary Shares were entirely taken up by existing Shareholders and the issue was significantly oversubscribed. I would like to thank our Shareholders for their strong support of our strategy. As previously noted, the share issue and associated costs of the transaction resulted in dilution to the Company's EPRA NAV of c.3.8 pence per share. The acquisition of db symmetry was, however, a unique opportunity and we have identified value within the Symmetry Portfolio which we believe will more than compensate for this NAV dilution in the near term.

We expect to fund a proportion of our developments from the sale of selected Investment assets at Net Initial Yields in the region of 4-6%, allowing us to reinvest the proceeds at a target yield on cost in the region of 6-8% for our Development assets². It is anticipated that we will seek further debt and equity to fund site acquisitions and the construction of future Development assets (see page 19).

We maintain a conservative level of gearing, with a period-end LTV of 29% (31 December 2018: 27%), albeit when taking into account our level of committed capital expenditure, this moves closer to our medium-term target of c.35%. Our credit rating with Moody's remains at Baa1.

In June 2019, we announced that we had entered into a new £200 million unsecured revolving credit facility (RCF), with a syndicate of our relationship lenders. The facility has an initial maturity of five years and an attractive

¹ This is a target only and not a profit forecast. There can be no assurances that the target will be met and it should not be taken as an indicator of the Company's expected or actual future results
² 7-8% for the Symmetry Portfolio assets

opening margin of 1.10% above LIBOR. This will assist with financing our activities, providing the flexibility we need to acquire further land, Pre-let Forward Funded Developments and standing assets.

Development activity

As noted in our Operational Highlights, the acquisition of db symmetry is already delivering benefits via planning and lettings, and we are well set to capture further value in H2 2019 and through into 2020.

Progress has continued at Littlebrook, Dartford, with demolition and site preparation progressing as expected and the marketing of the planned first phase development under way. There has been a healthy level of occupational interest for both phases 1 and 2.

Turning to our Investment portfolio and the developments we have forward-funded, the construction of one of these completed during the period whilst another was added as part of the db symmetry acquisition leaving 6.4 million sq ft across seven Pre-let buildings remaining in the course of construction at the period end.

Portfolio and valuation

The Symmetry Portfolio activity described in the Manager's Report meant that we added four assets to the Group's Investment portfolio during the period. These were the Biggleswade development, pre-let to the Co-op, and three speculatively developed smaller scale warehouses, which have either reached practical completion or been let during the course of construction. At the period end, the Portfolio therefore comprised 58 Investment assets and the Development assets at Littlebrook, Dartford, and within the Symmetry 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. The combined Portfolio valuation

³ See page 31 for reconciliation. The Portfolio Value includes Investment property, other property assets (including development management agreements), land options (at cost) shares of joint ventures and remaining Forward Funded Development commitments

was £3.85 billion³ (31 December 2018: £3.42 billion), reflecting an increase of 12.6% across the Portfolio for H1 2019.

Financial results

The main focus of the Group during the period was the absorption and integration of db symmetry. As such we undertook no further investment transactions.

The Group incurred £4.1 million of exceptional costs during the period in relation to the db symmetry acquisition. Excluding these exceptional costs, operating profit before changes in the fair value of investment properties, share of profit from joint ventures and share based payment charges increased by 5.7% to £60.7 million (H1 2018: £57.4 million). Our cost base remains low and transparent, with an EPRA Cost Ratio for the period of 15.3% (H1 2018: 13.7%). Adjusted Earnings per share were 3.41 pence (H1 2018: 3.38 pence), an increase of 0.9%.

The EPRA NAV at the period end was 150.08 pence per share (31 December 2018: 152.83 pence). This reflected the dilutive effect of the share issue noted above and the market remaining subdued largely due to the uncertainty of Brexit, which resulted in our Investment portfolio valuation yield remaining broadly stable over the period.

Dividends

The Board has declared two dividends of 1.7125 pence per share each in respect of the period, to give a total for the six months of 3.425 pence per share. We are therefore on track to pay a dividend of 6.85 pence per share¹ for 2019, representing 2.2% growth over the aggregate dividend for 2018 of 6.70 pence. More detail on dividends can be found on page 33.

The Board

There were three changes to Board membership during the period. On 1 February 2019, Mark Shaw retired from

the Board. He made a significant and valuable contribution to the creation of the Group and its subsequent success, and we are grateful for his guidance. Mark remains Chairman and a Partner of our Manager, and his retirement means we now have a fully independent Board.

Alastair Hughes joined the Board as a Non-Executive Director on 1 February 2019. He 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. Alastair is a member of the Audit, Nomination and Management Engagement Committees.

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

Looking ahead, our intention is to continue to strengthen the Board with the appointment of an additional Non-Executive Director. We are committed to having a balanced Board and will continue to consider carefully the Board's diversity when recruiting, whilst ensuring that we always appoint on merit.

Outlook

The long-term fundamentals of our market are positive. The sector continues to benefit from the structural change in shopping habits, as consumers switch from the high street to buying online, creating ongoing demand for logistics space to fulfil these orders. With Brexit contributing to an uncertain economic environment and making it more difficult for companies to grow their profits, the operational efficiencies and cost savings offered by Big Boxes remain compelling to occupiers. Businesses across industries have signalled their intentions to invest in logistics infrastructure, including new warehouse facilities as well as systems

and automation, to facilitate efficient supply chains. The environmental impact of real estate also creates demand for modern, energy efficient buildings like ours, which support our customers' sustainability programmes.

With UK interest rates currently forecast to stay low, prime industrial logistics assets remain attractive, with prime assets on 15-year lease terms attracting a yield of around 4.5%. The uncertainty posed by Brexit has, however, meant that prime yields were broadly flat in H1 2019, as investors wait for the situation to be resolved. This increases the importance of secure and growing income streams and the ability to generate value internally.

It will take time for the Symmetry Portfolio to show its full potential; our near-term priority for the remainder of the year will be continuing to integrate the Symmetry Portfolio in conjunction with the Symmetry ManCo management team to ensure that we maximise the benefits from the acquisition. Our focus will therefore be on achieving planning consents and securing pre-lettings for our land assets and lettings for our speculatively developed buildings.

We will continue to consider buying standing assets or Pre-let Forward Funded Developments, on an opportunistic basis. Any investment decision would take into account the timing of income generation and the relative returns we can achieve from developing our own product.

The quality of our Portfolio and customer base means that, irrespective of conditions in the wider economy, we are confident of continuing to deliver secure and growing dividends to Shareholders, as part of an attractive Total Return over the medium term.

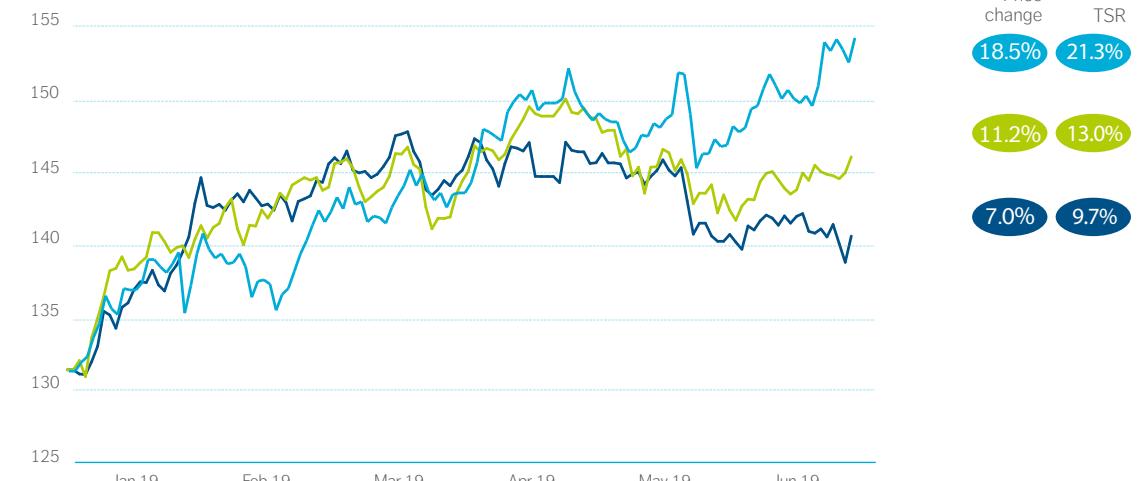
Sir Richard Jewson KCVO, JP Chairman

8 August 2019

Share Price and Total Shareholder Return (TSR) Performance¹ (p)

For the period 1 January to 30 June 2019

● Tritax Big Box ● FTSE 250 Index² ● FTSE All-Share REIT Index²



1 Source: Bloomberg and Capital IQ

2 Rebased to Tritax Big Box REIT plc as of 31 December 2018

Six Months in Brief

This was another busy and successful period for the Group, with the key focus being the acquisition and integration of the Symmetry Portfolio.

Operations and Asset Management

1 February Forward-Funded Development Pre-let to Eddie Stobart at Corby reached practical completion. ①

20 February Completed the acquisition of an 87% economic interest in db symmetry, with a total enterprise value of £370 million¹, for a consideration of c.£320 million. ②

25 March Practical completion of a 163,664 sq ft speculative development at Bicester.

29 March Practical completion of a 152,038 sq ft speculative development at Doncaster.

16 May Obtained full planning permission for a 661,201 sq ft regional distribution centre Pre-let to The Co-operative Group on a 20-year lease term at Biggleswade. ③

28 May Obtained outline planning consent for up to 2.3 million sq ft of logistics space at Kettering. ④

20 June Agreed a new 15-year lease with Global Infusion Group of an 83,000 sq ft asset at Aston Clinton where speculative development had commenced. Practical completion is targeted for September 2019.

28 June Sale of the options over the fully consented 220 acre site in Lutterworth in accordance with the business plan for the asset.

¹ Subject to certain adjustments in respect of cash, debt, working capital, tax and other operational liabilities



Board

1 February Appointed Alastair Hughes ⑤ as a Non-Executive Director. Mark Shaw retired from the Board.

27 March Jim Prower retired from the Board. Aubrey Adams appointed Senior Independent Director.



Dividends

6 March Declared an interim dividend of 1.675 pence per share, in respect of the three months to 31 December 2018.

16 May Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 31 March 2019.

17 July Declared an interim dividend of 1.7125 pence per share, in respect of the three months to 30 June 2019.

Financing

11 February 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.

17 June 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.

Our Portfolio

The right assets in the right locations

We have built a unique portfolio of 58 Investment assets. These buildings are typically modern, in prime locations and let on long leases to investment-grade customers. In addition, we own a portfolio of land and options over land with the potential to develop c.41 million sq ft of logistics property. Our Portfolio is well diversified by size, geography and tenant.

We believe these factors give us one of the best portfolios in the UK quoted real estate sector. This underpins our objective of delivering attractive, low-risk and growing income whilst delivering capital growth primarily through asset management, Pre-let developments and a modest amount of speculative development.

As at 30 June 2019, our Land Assets extended to c.2,800 acres in total, comprised of a combination of owned and optioned land and other economic interests, such as development management agreements.

Operational Highlights	Investment Highlights	Development Highlights
£3.85bn Portfolio Value ¹	4.5% NIY Investment portfolio valuation yield	6.7m sq ft Logistics assets under development
£166.84m Contracted rental income	5.5% NIY Investment portfolio average net initial purchase yield ¹	96% of current developments are Pre-let or let during construction
14.3 years WAULT ²	1% EPRA Vacancy rate	

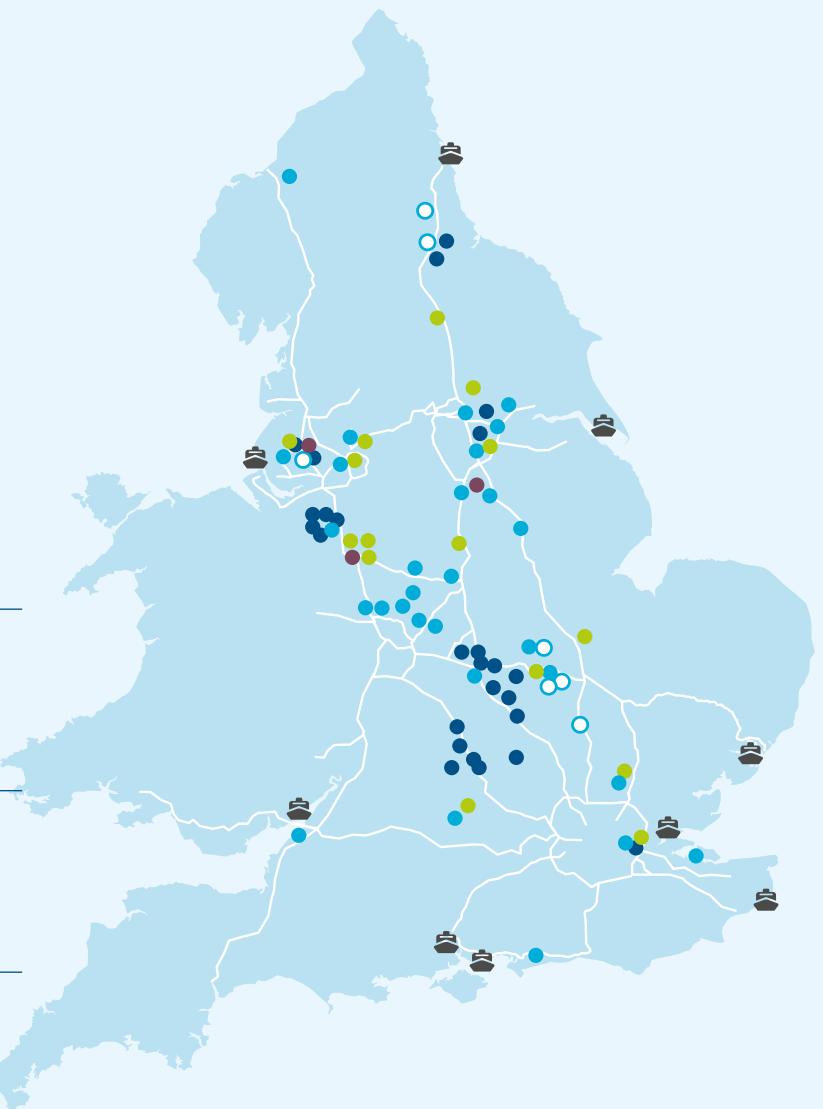


Littlebrook, Dartford

The Group continues to make good progress with the development land at Littlebrook, Dartford, which has the potential to become one of London's largest Big Box logistics parks and is in a core "last mile" location on the edge of London and inside the M25.

Portfolio by investment pillar
% by valuation

- Foundation Assets 67%
- Value Add Assets 19%
- Growth Covenant Assets 4%
- Land Assets 10%
- Developments under construction
- Ports



Future Pipeline

6-8%

Target yield on cost for the Development portfolio³

30%+

Target profit on cost³

c.2,800 acres

Land Assets under control⁴

Our five largest tenants by contracted Rent roll

Our five largest tenants as a percentage of the total Rent roll



¹ Includes estimated development costs for Pre-let assets in the course of construction

² Unexpired term of let or Pre-let properties weighted by rental income and inclusive of licence fees received from Pre-let Forward Funded Developments

³ This is a target only, not a forecast. There can be no assurances that the targets will be met and it should not be taken as an indicator of the Group's expected or actual future results

⁴ Includes assets not owned in which the Group holds economic interests and land subject to development management agreements and joint ventures

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Manager's Report

The Group's performance during H1 2019 reflected an evolution in strategic emphasis, coinciding with a change in market conditions. Our market remains attractive, despite Brexit uncertainty bringing a slowdown in both occupational and investment activity. We made a decision to increase the Group's allocation of capital to land assets, in order that it can continue to create value over the long term. The acquisition of db symmetry presents an exceptional and transformational opportunity when combined with the Group's existing business.

Colin Godfrey,
Fund Manager



Our sector remains compelling

The Group's market remains highly attractive. There is a continued imbalance between strong occupier demand and constrained supply, particularly for new and very modern larger scale Big Boxes. Investment yields have remained largely static during the period but continue to offer an attractive, positive yield gap over gilts.

The occupational logistics market

Occupier demand remains robust

Occupier demand is largely being supported by two main groups of companies. These are:

➤ **established businesses** wanting to support their growth and transformation strategies, striving to deliver cost savings, economies of scale benefits and efficiencies, whilst transitioning and consolidating from disparate older logistics networks to larger modern facilities; and

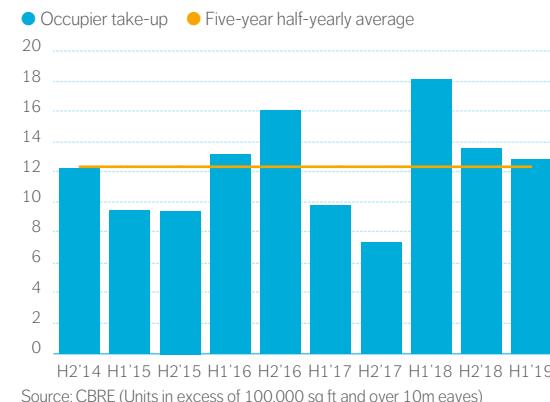
➤ **retailers**, especially to serve their growing ecommerce requirements, which are driving the need for larger, modern and automated logistics facilities capable of holding full product lines and processing orders and returns faster and more efficiently than can be achieved by traditional supply chain methods.

Modern Big Boxes also contribute to occupiers' sustainability agendas, as they are increasingly constructed using state-of-the-art design, materials and construction practices and often include renewable energy generation.

Whilst having fallen compared to 2018 – when a record 31.8 million sq ft of buildings of more than 100,000 sq ft were let during the full year – occupier take up in the first half of 2019 was still robust at 12.9 million sq ft, in line with the five-year average of 23.6 million sq ft per annum¹. The dip in activity in H1 2019 is not indicative of a lack of demand or need, but rather of occupiers having

adjusted their timings for making decisions as a result of Brexit uncertainty. Notably, of the above figures, lettings of buildings over 500,000 sq ft increased significantly to 13.9 million sq ft in 2018.

Occupier demand (m sq ft)



Constrained supply

A low level of supply has encouraged an increase in speculative development. This is, however, still at modest levels compared with the volumes developed in the mid-2000s and remains focused at the smaller end of the building size range; only a few developers are willing to take the risk of speculatively developing a very large logistics warehouse in a single location. During H1 2019, two speculatively developed buildings of between 520,000 sq ft and 550,000 sq ft were completed and construction commenced or continued on three further buildings, each between 520,000 sq ft and 540,000 sq ft in size (one of which is not expected to be completed by the year end). In aggregate, these represent 2.3 months' supply of the 13.9 million sq ft of Big Box space taken up last year according to research from CBRE.

Despite the increase in speculative development, there remains a shortage of readily available Big Boxes to let

of the right quality and in key locations within the UK. This is because modern high-bay warehouses that offer efficiency gains and volume flexibility cannot easily be found vacant. As a result, many occupiers can only meet their need for Big Boxes through "built-to-order" development, where the occupier signs a pre-lease.

Rents continue to increase

With demand outstripping supply, rents continue to increase in line with or ahead of the Consumer Price Index (CPI) across locations in England: annualised prime headline logistics rental growth to the end of June 2019 was 3.2% according to CBRE², demonstrating a slowing in rental growth. One of the drivers of rental growth has been the uplift in land values; according to Colliers, nearly all locations tracked in England have seen growth in land values in the past two years.

The investment logistics market

Logistics remains one of the most sought-after sectors for commercial property investment. Investors continue to be attracted by structural consumer trends and the long and growing income offered by the best assets. Prime investment yields for logistics property have remained stable at their keenest rates on record at 4.5%, according to CBRE, although investment volumes in H1 2019 have been somewhat subdued as a result of the current political and economic environment. Total logistics property investment volumes in H1 2019 are reported by Property Data to be down by a third compared with the five-year average. Even so, yields on prime distribution assets remain at an attractive premium to 10-year government gilts.

Despite current political and economic uncertainties, both internationally and domestically, we believe that there are good arguments to be made for prime industrial logistics yields holding up and potentially hardening further in 2020 by a modest amount. Institutions worldwide, and particularly in the UK, are re-weighting their portfolios, typically reducing exposure to retail in favour of industrial logistics and it appears that this process has a way to go.

Commentators are suggesting that UK interest rates will remain low for some time to come. This is typically viewed as positive for commercial property which offers an attractive premium to gilts and can be geared for enhanced returns. International buyers, particularly those from South East Asia and the USA, have large pools of capital to deploy. Some are waiting for a resolution to Brexit but UK investments have become increasingly appealing following the weakening of Sterling which has fallen over 10% since the spring of 2018.

Logistics market outlook

Whilst the political and economic uncertainty created by Brexit has resulted in some challenges throughout H1 2019, occupier demand remains robust. Market sentiment is that 2019 will likely see a lower volume of space taken up compared with the record-breaking take-up level of 2018 but that a healthy level of demand will be crystallised as transactions when occupier strategies are implemented as the uncertainty is resolved. Development, particularly of larger Big Boxes, remains focused on purpose-built space; although the supply of speculatively built space has increased, it remains modest in the context of recent take-up volumes and the majority of space being brought forward is smaller scale. Market expectations are that the number of buildings and the volume of floorspace that will be brought to market speculatively – especially in the very large Big Box size bands – will be more restrained beyond this year as developers focus on void periods and absorption rates of existing speculative space before making further significant commitments.

In addition, the planning system is expected to control the supply of sites capable of accommodating larger logistics facilities. Prime headline rental growth is expected to continue over the next several years, which remains attractive to property investors who are also awaiting resolution of the ongoing uncertainty to deploy capital. Prime investment yields for logistics assets are likely to hold up or even tighten as investor demand for prime assets remains keen.

Delivering High Quality Solutions for Customers



The Co-operative Group, Biggleswade, Bedfordshire

This Pre-let to the Co-op, which became unconditional in May, was the first asset to be added to the Group's Investment portfolio following the acquisition of db symmetry in February. This regional distribution centre, which will benefit from significant capital investment in the fit-out, will create a wide range of jobs locally and play an important role in the Co-op's UK supply chain, as it expands further into London and the South East.

Planning received:	May 2019
Eaves height:	15m
GIA:	661,201 sq ft
Construction commences:	Q4 2019
Practical completion:	expected Q1 2021
Lease expiry:	expected Q1 2041

Investing for future performance – acquisition of db symmetry

In February 2019, the Group acquired one of the UK's largest and most geographically diverse land portfolios for the development of Big Box assets and related logistics facilities.

The strategic rationale

Adapting to an evolving market

Demand has grown for logistics property investments over the last few years, creating downward pressure on yields. Standing investments (those which are built and income producing) have become harder to acquire at attractive pricing as owners are either increasingly not willing to sell or want to secure a premium price. Prospective buyers have, therefore, found it more challenging to identify attractively priced standing investments without adopting additional risk and have consequently been driven to look for better value through Pre-let Forward Funded Developments. By way of example, in the Group's first full year of trading, we acquired 14 assets, of which one was a Pre-let Forward Funded Development. In 2018, we acquired eight assets, of which seven were Pre-let Forward Funded Developments. Some larger-scale investors have sought to short-circuit this route by acquiring development companies. This is expected to reduce the amount of development product that would ordinarily be offered to the market, once pre-let. In turn, this could increase competition for the remaining development stock that is subsequently offered to the market. Developing our own assets ensures that we can be more efficient by avoiding competition.

As we expected, yield compression for prime logistics investments has been slowing in recent years and in H1 2019 yields generally remained flat. This is largely due to uncertainties surrounding Brexit, which have served to subdue investment activity and, to a lesser degree, suppress occupier demand. Brexit is expected to remain unresolved until at least the end of October 2019 and businesses may well want to see how the UK economy starts shaping up in the months thereafter before making

major decisions concerning their UK operations. Both take-up and traded investment volumes may therefore witness an uptick shortly after the basis of the UK's departure from the EU is clarified. If 2020 does deliver further yield compression, we would expect this to be more modest than in recent years. This is in part due to the concept of "lower end yield resistance", where the market feels uncomfortable pushing yields down to all-time lows at which level alternative investment sectors start to become more appealing based on risk/reward dynamics.

Maintaining a high-quality portfolio

The Company has assembled what we consider to be the highest quality logistics portfolios in the UK. This quality is evident in the calibre of our customers, a sector-leading WAULT of over 14 years and the modernity of our real estate assets. With a standing portfolio, each year that passes naturally results in the WAULT reducing and the buildings ageing. In order to combat this, the Manager actively negotiates the lengthening of leases and continues to acquire or create new assets which are initially let on leases longer than the current portfolio WAULT. Additionally, new assets or "built-to-order" assets tend to attract companies which offer balance sheet strength. Developing assets internally can therefore provide a number of attractive attributes which contribute to maintaining the calibre of the Portfolio, including maintaining building modernity, protecting the WAULT and reducing the risk of tenant default.

Enhancing returns with risk controlled development

With slowing yield compression or stable yields, a static portfolio's capital growth will be linked primarily to rental growth, asset management and the ability to buy/sell advantageously. This puts more onus on companies to create value internally, by finding other ways to apply their expertise and experience.

The process of development can deliver profit at two main stages: achieving planning consent and securing a letting. These key points of value-enhancement are crucial to producing higher returns.

Typically, development is considered to be higher risk than simply investing in income producing standing assets. As a statement in isolation, this must be true, but if undertaken by an experienced team, in a controlled manner and as part of a broader portfolio fund management business plan, development can produce attractive returns whilst minimising risk. This was the objective behind the acquisition of db symmetry. We believe that, with the application of a proven and highly rated "on-the-ground" development team and an investment team also well versed in development, we have the combined skills to enhance returns through the creation of new assets internally whilst effectively managing risk.

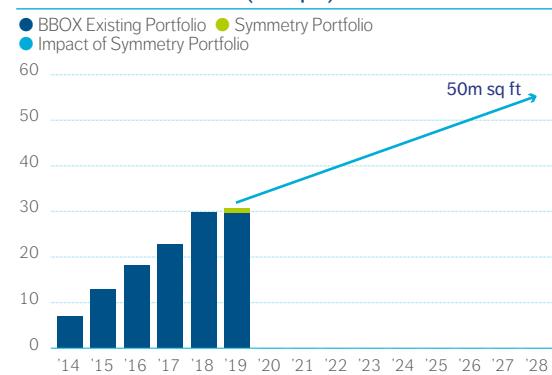
Several key factors support our belief regarding risk and returns:

- First, we are subject to a clear Investment Policy which restricts the Group's land and development exposure to 15% of GAV, of which speculative development can only comprise up to 5% of GAV. Including Littlebrook, Dartford, land and development assets comprised c.11% of GAV at the period end. This means that, by value, c.89% of the Group's high quality Portfolio is income producing and therefore much lower risk.
 - Second, we do not believe that investment in land, itself, is high risk. Land suitable for logistics development is in short supply, the planning system naturally restricts the rate at which sites achieve planning consent and land values have been rising – we believe that land values will remain supported by the structural change currently benefiting UK logistics.
 - Third, we will typically develop on a Pre-let basis (i.e. with a tenant pre-lease in place at the outset), thereby seeking to minimise risk. Speculative development will be tightly controlled and at the period end only comprised c.1% of GAV.
 - Fourth, whilst the acquisition of db symmetry included holdings in land, much of the purchase price related
- The Symmetry Portfolio offers an estimated eight-10 year pipeline of opportunities (as illustrated in the charts opposite³):
- The ability to deliver over c.38 million sq ft of Big Box and other logistics assets, complementing the Group's existing Portfolio.
 - The potential to boost gross rental income to over £300 million per annum which would be accretive to both earnings and dividends.
 - Targeted average yield on cost of 7-8%, well above the Group's current Portfolio Valuation yield of 4.5% at the period end, resulting in significant potential valuation gain and NAV growth.

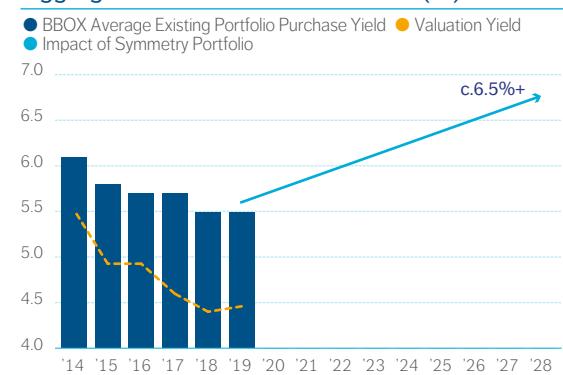
to options over land. This provides several benefits, the key one being that the Group is not committed to acquire the land and so we retain flexibility. The option cost for each site is low relative to the value of the land with the benefit of planning consent. The Symmetry ManCo team is responsible for progressing and achieving planning consent at a rate which aligns with our business plan and market conditions, following receipt of which the Group either purchases the land at a pre-determined discount to the prevailing market value (of typically 15-20%) or can alternatively take a potential capital profit by selling the land with the benefit of planning consent. To acquire a portfolio of outright owned land of this quality would cost significantly more than the price paid for db symmetry. The lower "in-price" reduces cash drag and helps protect the Company's dividend.

The Symmetry Portfolio provides opportunity for growth

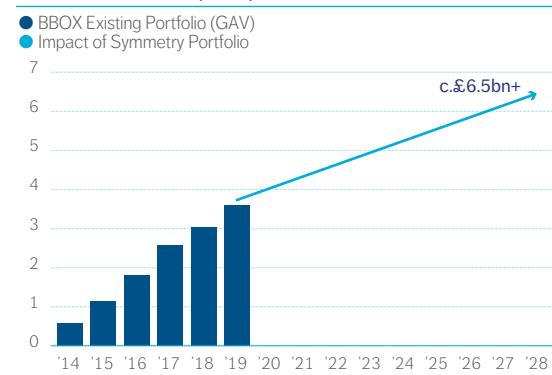
Gross Internal Area³ (m sq ft)



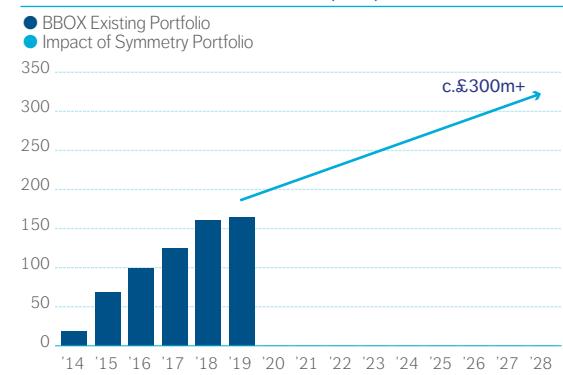
Aggregate Portfolio Purchase Yield³ (%)



Portfolio Value³ (£bn)



Contracted Rental Income³ (£m)



The "punching power" of these land assets could be significant when considering the target profit on cost, because the options are a very efficient way of controlling land and enhancing value whilst tying up a modest amount of capital. This is particularly true in a market where yields are static and opportunity for yield compression is limited.

Given the 7-8% target yield on cost inflection point, the Tritax Symmetry business plan is considered to be

both defensive, due to land holdings and the higher yield expectation, and accretive, in that the target yield on cost has the potential to enhance the Group's long-term earnings per share growth and therefore its progressive dividend aspirations.

It is worth re-emphasising that while the acquisition offers significant potential for the Group, it does not fundamentally change our business model. The remaining

³ The information in these diagrams has been included to provide an indication of the potential impact of the db symmetry acquisition on the Group and is subject to a number of assumptions and inherent uncertainties. Nothing in these charts constitutes a profit forecast and there can be no assurance that the actual impact of the acquisition will reflect the illustrative figures provided

c.89% of the Group's property assets comprises an Investment portfolio which is 99% let and income producing as at the period end. This strong base offers the Group security in times of uncertain economic conditions.

The Symmetry Portfolio

The 26 sites making up the Symmetry Portfolio have the potential to add c.38 million sq ft of well-located Big Box and other logistics assets to the Group's Portfolio, which totalled c.30 million sq ft prior to the db symmetry acquisition. The extent of development will depend upon many factors, including planning, whether new sites are added, tenant demand, investment demand and general economic conditions. The Symmetry Portfolio is concentrated around the core logistics locations of the M1, the M40 and the North West's prime M6 and M62 corridors, plus sites in the North East and South East. It was independently valued by Colliers International at £372.75 million as at 31 December 2018, supporting the total enterprise value attributed to db symmetry of £370 million, subject to certain working capital adjustments at completion.

Structure and corporate governance

Symmetry ManCo, the management company owned by the Symmetry Management Shareholders, will develop the Symmetry Portfolio under an exclusive, unassignable development management agreement with Tritax Symmetry HoldCo. This allows the Group to continue to contract with other developers, while Symmetry ManCo is only permitted to contract with the Group.

As the Manager, we control all key decisions in respect of the Symmetry Portfolio, such as strategy, construction, letting, land acquisition and disposals, and whether the Group acquires further land and land options. We also approve the management fee paid to Symmetry ManCo under the development management agreement and will review the fee on an ad hoc basis. Symmetry ManCo will receive a fixed management fee of £4.8 million per annum. For accounting purposes, 85% of Symmetry

ManCo's costs are considered directly attributable to the development of the Symmetry Portfolio and are therefore capitalised, in accordance with international accounting standards.

The Manager also takes responsibility for managing the assets once they have reached practical completion and have been let, at which point we will decide whether to retain these completed developments. The Group will seek disposals to third parties of assets which we deem unsuitable for retention and the capital recycled.

Securing a highly experienced team

The transaction has secured the services of a highly experienced team of 16 property professionals and a further 13 finance and operational staff, led by the Symmetry Management Shareholders who have retained a 13% economic interest in the assets of the Symmetry Portfolio, through B and C Shares held in Tritax Symmetry HoldCo. The B and C Shares align the interests of the Symmetry Management Shareholders with the Group and incentivise delivery of the development programme through a performance hurdle structure. A portion of the C Shares will be issued to other key management staff employed by Symmetry ManCo, thereby further aligning the wider management team's interest with the Group over the long term. The Group owns 100% of the A Shares in Tritax Symmetry, which convey rights to all income and profits available for distribution.

The Symmetry ManCo team has a track record of successful land promotion and adding value across the development value chain. db symmetry has delivered c.13 million sq ft of commercial projects and achieved a high planning success rate on logistics land promoted.

Acquisition consideration

db symmetry was owned by DV4 Properties (60%) and the Symmetry Management Shareholders and Brit Investments S.A. (40%).

On completion, consideration for the acquisition was allocated as follows:

- c.£202.4 million in cash was paid in respect of 69.1% of the equity value of db symmetry, of which c.£140.9 million was paid to DV4 Properties and c.£61.5 million was paid to Symmetry Management Shareholders and Brit Investments S.A.
- c.£52.6 million was paid through the issue of new Ordinary Shares in the Company in respect of 17.9% of the equity value of db symmetry, of which £35 million was issued to DV4 Properties and £17.6 million was issued to Symmetry Management Shareholders and Brit Investments S.A. These Ordinary Shares were issued on completion of the acquisition at 130p per share, equivalent to the issue price of Ordinary Shares issued to Shareholders (see below). These Ordinary Shares are subject to lock up restrictions for six months, an orderly market arrangement for six months thereafter in respect of the Ordinary Shares issued to DV4, and for up to five years in respect of the Ordinary Shares issued to Symmetry Management Shareholders.
- c.£38.1 million was subscribed for through the issue of B and C Shares in Tritax Symmetry HoldCo, in respect of 13% of the equity value of Tritax Symmetry HoldCo issued to Symmetry Management Shareholders. Certain elements of this value are contingent on the future employment of the Symmetry Management Shareholders and is thus not included as consideration for the business combination.
- The Company redeemed c.£67.7 million of deep-discounted bonds advanced to db symmetry by DV4 Properties through the provision of a shareholder loan.
- Other net working capital liabilities were acquired as part of the transaction totalling £9.2 million (which is subject to true-up six months following completion).

Financing the transaction and the business plan

To fund the acquisition and further investments, the Company raised gross proceeds of approximately £250 million through an issue of 192,291,313 Ordinary Shares at a price of 130 pence each. The offer had been fully underwritten but, as it turned out, was significantly oversubscribed by existing Shareholders.

In addition to equity available from the share issue, the Group has available debt capital to draw upon for near-term commitments to fund the development of the Symmetry Portfolio. This includes the new £200 million RCF agreed in June 2019 (see page 33).

Thereafter, further capital requirements could be met from a combination of capital recycling, both from the assets of the Symmetry Portfolio which are considered "non-core" and selected Investment assets, along with further debt and equity.

Subject to market and economic conditions, we estimate a cumulative total funding requirement of £500-600 million across the first three years of the business plan (2019 – 2021) which could be funded by a combination of recycling of capital from investment sales, debt and new equity. We expect to utilise approximately half of these funds to deliver up to 5 million sq ft of logistics space over this period, the majority of this space is likely to be delivered in 2021. The remaining balance, will be used to acquire land and progress schemes as various stages of planning and construction, which will be delivered in subsequent periods.

Land and speculative development exposure

The Symmetry Portfolio primarily relates to options over land. These are legal agreements which vary in duration between landowners and the subsidiaries of Tritax Symmetry HoldCo to secure exclusivity. They allow the subsidiaries of Tritax Symmetry HoldCo to work up a planning consent on the optioned land before having to acquire it. Typically, once planning consent is achieved Tritax Symmetry HoldCo can acquire the land at c.15-20% discount to the open market value, less costs incurred

in securing planning and associated infrastructure. Our approach is to optimise the use of capital by minimising pre-planning capital commitments and exposure to variable development costs, phase the drawdown of capital, and avoid the impact of holding non-income producing assets for an extended period.

The Group's Investment Policy limits its exposure to land and options over land to 15% of GAV, of which up to 5% can be invested in speculative developments. We will closely monitor the Group's exposure to land, options over land and speculative developments, to ensure it remains within the Investment Policy's parameters. At 30 June 2019, the Group's holdings in land and options over land (including Littlebrook, Dartford) represented c.10% of GAV and speculative development constituted c.1% of GAV, giving a total exposure of c.11% of GAV.

Our Investment portfolio

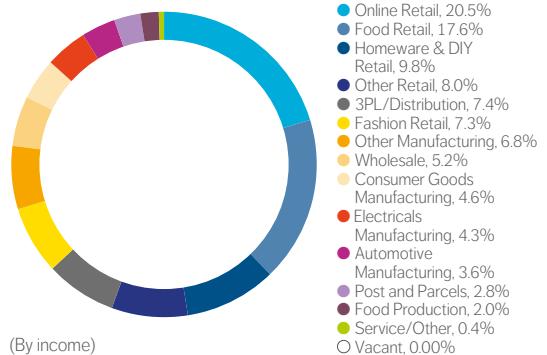
Secure and growing income

The Group's Investment portfolio produces a diversified, robust and long-term income stream with opportunity for growth, secured by an exceptional base of 40 different customers. 78% (by income) of our customers or their



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A diverse customer base (%)



parent companies are members of major stock market indices in the UK, Europe or USA, demonstrating the quality of the covenants. Our customers operate in a wide range of sectors, as shown in the chart (adjacent). A full list of our customers can be found below.

At 30 June 2019, the Investment portfolio's WAULT was 14.3 years⁴ (31 December 2018: 14.4 years), ahead of the Group's target of at least 12 years. The Group's core Foundation Assets had a WAULT of 17.2 years at 30 June

2019. At the period end, just 10.2% of total rents were from leases which expire within five years, with 48.4% of rents coming from leases with 15 or more years to run.

The Group's contracted annual Rent roll was £166.8 million at the period end, an increase of c.20% on the £139.4 million at 30 June 2018. There remains good reversionary potential in the Investment portfolio, with CBRE independently assessing the ERV of the Investment assets at £178.5 million, equal to a 7.0% reversion⁵. ERV growth on a like-for-like basis was c.0.75% for the period. The level of ERV growth is attributable to a portfolio characterised by new lease commitments following development and a broad geographic diversification.

Through careful selection, we have ensured that the timings of rent reviews across the Investment portfolio are balanced, supporting both the potential for annual income growth and our progressive dividend policy. More information on rent reviews in the period can be found on page 27.

A balanced Investment portfolio

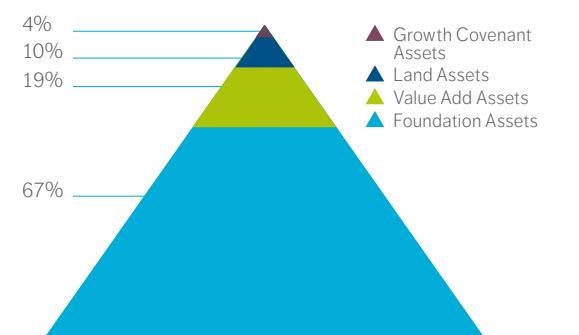
The Group's Investment portfolio contains a good balance of Foundation Assets, which provide its core low-risk income, Value Add Assets, which offer opportunities to add value through asset management or have been developed speculatively, and Growth Covenant Assets, which provide the opportunity for capital growth through improving customer accounts. Land Assets (which include speculatively developed assets still under construction) provide scope for enhanced capital returns at an attractive yield on cost.

During the period, the Group added four assets to its Investment portfolio, all of which came through the Symmetry Portfolio. These were:

> **Biggleswade:** A Big Box pre-let to the Co-op, which is an existing customer. This will be a regional distribution centre for the Co-op, with a GIA of 661,201 sq ft, eaves height of 15m and a low site cover of c.35%.

5 5.8% excluding the two vacant investment properties

Our portfolio by investment pillar (by valuation) (%)



Construction is expected to start later this year, with practical completion targeted for Q1 2021. The 20-year lease will be subject to five yearly upward-only rent reviews indexed to RPI (collared at 2% and capped at 4% per annum). This is a Foundation Asset for the Group.

> **Bicester:** A 163,664 sq ft speculatively developed building, as described on page 26 which is a Value Add Asset for the Group.

> **Doncaster:** A 152,038 sq ft speculatively developed building, as described on page 26 which is a Value Add Asset for the Group.

> **Aston Clinton:** A 83,000 sq ft building which originally commenced construction on a speculative basis, has been let to Global Infusion Group, prior to practical completion, for a 15-year lease term, with five yearly RPI-linked rent reviews (collared at 2% and capped at 4% per annum). The building is expected to reach practical completion by September 2019 and is a Foundation Asset for the Group.

At the period end, Foundation Assets made up 67% of the overall Investment portfolio by valuation, with Value Add Assets and Growth Covenant Assets making up 19% and 4% respectively, and the balance comprising Land Assets.

4 Unexpired term of let or Pre-let properties weighted by rental income and inclusive of licence fees received from Pre-let Forward Funded Developments

Delivering High Quality Solutions for Customers



Continued progress with Pre-let developments

At the start of the period, the Group had reached practical completion on nine projects since IPO and had a further seven under construction, making it the leading funder in the UK Big Box market over the preceding five years by investment value.

All the developments under construction are progressing broadly on time and to budget, with the Big Box pre-let to Eddie Stobart in Corby reaching practical completion in February 2019. One further Big Box reached practical completion in July 2019, pre-let to Amazon in Haydock, St Helens. The Pre-let to the Co-op in Biggleswade became unconditional in May 2019 and construction is due to start in October 2019, with delivery in Q1 2021.

Good momentum with development

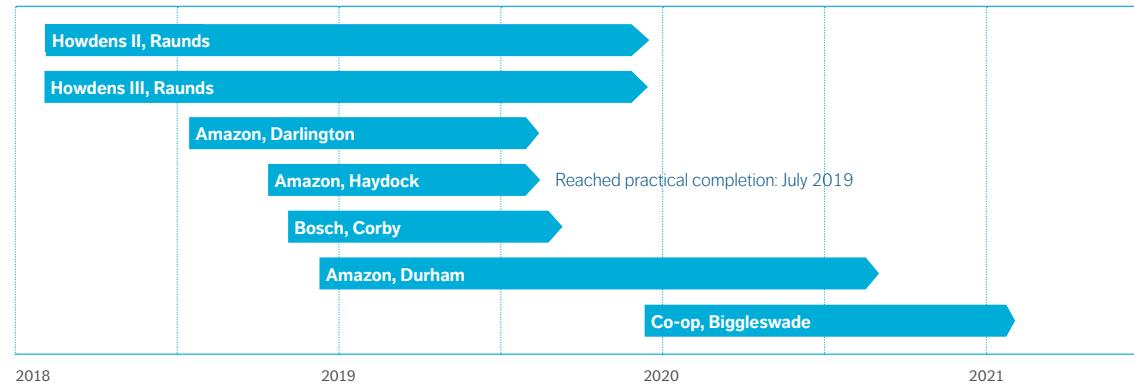
Littlebrook, Dartford

The Group continued to make good progress with the 114 acres of gross land at Littlebrook, Dartford, which has the potential to become one of London's largest Big Box logistics parks and is in a core "last mile" location on the edge of London and inside the M25. The Group is uniquely positioned to deliver highly automated Big Boxes within striking distance of Central London; a rare last mile solution for occupiers. Demolition and site preparation is progressing on time and to budget, with a target completion date of April 2020 across the whole site. Marketing is under way and there has been good occupational interest for the planned first phase development of 450,000 sq ft, for which the Group received planning consent at the end of 2018.

17 Pre-let Developments

10	5.4%	+23.3%	21.9 years
completed developments totalling c.5.4m sq ft built to order	average purchase yield for the 10 completed assets		

Development time line: seven Pre-let assets under construction at the period end



Delivering High Quality Solutions for Customers



Eddie Stobart, Corby, Northamptonshire

This regional distribution centre Pre-let to Eddie Stobart, one of the UK's leading logistics businesses, reached practical completion in February this year. Strategically located at Midlands Logistics Park and purpose-built to a high specification, the property is leased to Eddie Stobart on a new 20-year lease, subject to five yearly upward-only rent reviews indexed to RPI, with a cap and collar.

Announced:	Feb 2018
Acquisition price:	£81.80m
NIY:	5.0%
GIA:	847,643 sq ft
Practical completion:	Feb 2019
Lease expiry:	Jan 2039

Note: The photograph demonstrates a contract with the John Lewis Partnership being served by the tenant, Eddie Stobart.

Phase 2 is now cleared and the Company is in advanced discussions with a potential occupier, subject to planning. On the Phase 3 land, demolition of the main power station building is now substantially advanced.

The Symmetry Portfolio

In May 2019, the Group received outline planning consent to develop up to 2.3 million sq ft of logistics space at Symmetry Park, Kettering. This is the first significant piece of planning consent for the Symmetry Portfolio since its acquisition. The development site totals 102 acres and is one of only a few in the East Midlands that could accommodate a single Big Box of more than 1 million sq ft. The site has excellent transport connectivity and a skilled and flexible labour supply. The Group holds this land under option and will now begin committing the initial capital for infrastructure and land drawdown in order to ready the site for promotion on a Pre-let development basis.

Eight other Symmetry Portfolio schemes already have planning consents⁶. Two of these are development management agreements, which provide Tritax Symmetry HoldCo with fees and/or a profit share. Five schemes are owned by subsidiaries of Tritax Symmetry HoldCo, of which three have speculative developments of smaller

units either under way or completed, as shown in the table below. These buildings are constructed to institutional specifications and are being marketed with a view to letting them during construction or shortly after completion. In addition, the Company has recently undertaken a sub-sale of a 220 acre site at Lutterworth. This has the potential to deliver both immediate and future income in line with our business plan, with a continued economic interest in the scheme, without the requirement for capital outlay by the Company. One scheme (in addition to Kettering) has planning consent but the land has not yet been drawn down under the option agreement.

The 152,038 sq ft unit at Doncaster reached practical completion in March 2019. The 163,664 sq ft building at Bicester reached practical completion in March 2019, with two potential tenants in discussions. At Aston Clinton (comprising three units), the contractor went into administration and was replaced shortly after completion of the acquisition of db symmetry, resulting in a short delay to practical completion. The 83,000 sq ft unit was let during construction to Global Infusion Group for a 15-year lease term at a healthy rental level and there is also occupational interest in the second unit of 55,000 sq ft.

Speculative developments within the Symmetry Portfolio

Location	Size (sq ft)	Estimated completion date	Estimated potential rental income £m	Status
Doncaster	152,038	Mar 2019	0.8	Completed/Vacant
Bicester Unit 3	163,664	Mar 2019	1.2	Completed/Vacant
Aston Clinton Unit 1	83,000	Sep 2019	0.6	Under construction/Let
Aston Clinton Unit 2	55,000	Dec 2019	0.4	Under construction/Vacant
Aston Clinton Unit 3	110,000	Oct 2019	0.8	Under construction/Vacant
	563,702		3.8	

⁶ Excluding schemes in which the Group has an ongoing economic interest

Asset management

We continue to review, identify and act upon opportunities on a regular basis. These opportunities may be common to multiple assets or occupier specific. However, all are designed to enhance the quality and/or level of the Group's income. We draw upon our sector-specific expertise and customer relationships to enable us to initiate opportunities such as physical enhancements to the assets, together with the negotiation of lease events, such as rent reviews or lengthening of lease expiry dates.

Our objective is for the Group to be the landlord of choice for distribution space in the UK, which we regularly affirm to customers. Following the acquisition of db symmetry, we have conducted a series of meetings with a range of existing and potential customers to highlight the expansion in services which the Group can offer through the ability to meet occupier requirements for additional or replacement properties. We have endorsed a flexible and lateral approach in delivering portfolio models or space solutions for the Group's customers, which has been well received, with active enquiries and discussions ensuing.

Income enhancement

Rent reviews within commercial leases in our sector are usually every five years, thus across the Group's Investment portfolio a number of these are conducted each year. Additionally, the Portfolio benefits from a number of leases which include annual rent increases, reviewed on a fixed uplift basis or linked to RPI or CPI, thus realising regular growth each year. The basis of all types of review across the Investment portfolio is upward-only, so the rent level cannot decrease at review.⁷

Approximately 51% of the Group's contracted income benefits from a minimum level of rental growth, either annually or five yearly, delivered via either inflation-linked collars, fixed uplifts or minimum growth levels within hybrid rent reviews. This helps provide the Group with more visibility and certainty when forecasting base levels of income growth for the purposes of growing dividends to Shareholders.

The Group settled the following three rent reviews during H1 2019, adding £0.34 million to the annual passing rent. These reviews provided an average annual increase of 2.2%.

Our Portfolio balanced rent reviews by type⁸

36%

Open market rent reviews

These track the rents achieved on new lettings and rent reviews of comparable properties in the market, offering the potential to capture the continued healthy rental growth in the market.

10%

Fixed uplift rent reviews

Fixed rent reviews provide certainty of income growth, at either 2% pa (one lease) or 3% pa (four leases). By income of this review type, 62% of these leases have five yearly reviews and 38% are reviewed annually.

47%

RPI/CPI-linked

These provide a degree of inflation protection. All are subject to caps, the highest at 5% pa. Over £61 million of the Group's inflation-linked income is also collared, which means it benefits from minimum uplifts. Of the 22 inflation-linked leases, 18 are reviewed five yearly, while four provide annual rental increases.

7%

Hybrid

Hybrid rent reviews can be an amalgamation of the above, for instance to the higher of open market rents or RPI (subject to a cap and collar). Such arrangements provide the Group with the potential of enhanced income growth.

⁷ Excluding final day rent reviews as part of reversionary lease terms

⁸ Calculated as a percentage of contracted rental income

Rent reviews concluded in the period:

Annual inflation indexed rent reviews

Morrisons, Tamworth: The annual rent review, which is linked to CPI, resulted in an uplift to the annual passing rent of £95,582, equal to a 1.8% uplift.

Morrisons, Sittingbourne: The annual rent review, which is linked to RPI, with a cap of 2%, resulted in a 2% increase in passing rent, equating to an increase to annual rent of £115,771.

Annual fixed rent reviews

Argos, Burton-on-Trent: The annual rent review, which is fixed at 3% pa, was reviewed in February 2019, and resulted in an uplift in annual passing rent of £131,665.

Open market rent reviews

There were no open market rent reviews during the period.

There were three open market rent reviews that remained unsettled and under negotiation at the period end. Once an open market rent review is agreed, the customer is responsible for paying back-rent from the review date, together with interest thereon.

A further seven rent reviews are due in H2 2019. Three of these reviews are five yearly open market reviews, one is an annual fixed review, two are annual RPI-linked reviews and one is five yearly RPI-linked.

Securing lease renewals and lengthening leases

Across the Investment portfolio there are a number of opportunities to elongate the period of secure income through the negotiation of lease extensions, physical property extensions or improvement projects. A number of proposals are currently with customers for their consideration, with decisions anticipated over the course of the next few months. Customers continue to contend with the prolonged lack of clarity in respect of the impact

and requirements on cross-border operations of Brexit, understandably citing this as a reason for delays to decisions. We continue to work closely with customers, assisting with appraisals for operational efficiencies and inclusion of temporary additional storage solutions, to enable improved resilience and flexibility.

Whilst there remains a shortage of appropriate distribution space available for immediate occupation, we have continued to support customers, such as 3PLs, with their corporate bids to secure additional contracts. Brexit planning has generated an increased number of enquiries for our 3PL customers, as companies look to source solutions by way of short-term and flexible arrangements, in preparation for meeting future requirements and limiting any disruption to operational efficiency. This work involves providing designs for expansion areas or proposals for lengthened leases, so customers can demonstrate to their clients that additional business can be accommodated for the duration of the proposed new contract period.

Sainsbury's, Leeds: On 31 July 2019, we concluded an extension of the lease by 18 years, so as to create a 25-year unbroken unexpired term. The negotiations also enabled the five yearly rent review basis to be changed from open market to CPI-linked, with a cap and collar at 2-4%, respectively. In addition, the rent was rebased to an open market level, an improvement from the previous over-rented position. This initiative is not reflected in the June valuation figures, as documentation had not completed at the valuation date; however, the uplift will be evidenced in the December 2019 valuation.

Improving property and enhancing value

Where appropriate, we look to implement physical improvements to protect and capture rental growth, enabling assets to meet customer requirements better.

Amazon, Chesterfield: Prior to letting the property to Amazon on a new 15-year lease, the Group had commenced refurbishment works which have recently

completed. The customer is now finishing its fit-out works, in order to commence operations in Autumn 2019. Following completion of these works, the building's EPC rating will improve from grade "D" to "C".

Monitoring the Group's customers

The customer portfolio is varied and well diversified. We are mindful of the pressures on predominantly high street retailers and regularly monitor the financial performance of both individual customers and the sectors in which they trade.

New Look, Newcastle-under-Lyme: We continue to meet frequently with representatives of New Look, the customer of the Newcastle-under-Lyme asset, which represents c.1% of the Group's annual contracted income, as it continues to operate under a Company Voluntary Arrangement. We regularly inspect the asset and the customer has implemented a number of revisions to operational practices on site, which formed part of its restructuring plan. We will continue to remain in regular contact with the senior management team at New Look and monitor its trading performance as it seeks to improve financial stability.

Our Environmental, Social and Governance (ESG) approach

The Group's ESG approach is led by senior members of the Manager's team, who steer the CSR committee and aim to deliver objectives representative of the principles of the Group's Stakeholders. The CSR committee includes representatives from various teams including asset management, investor relations and HR.

The Group has recently subscribed to the Global Real Estate Sustainability Benchmark Assessment, to demonstrate its ESG performance. This is a peer-to-peer benchmarking exercise, promoting sustainable practices, where evidencing of the integration of sustainability through objectives, decision making, procedures and practices is required. We intend to build on this initial submission by developing existing practices and progressing projects to support the

further integration of the Group's ESG objectives more widely across all operations of the business.

We have continued to work with customers on assessing roof-mounted PV panels to provide renewable energy, reduce carbon emissions and reduce consumption costs. We recently surveyed customers to ascertain their appetite for additional installations, such as electric vehicle charging points, rain water harvesting and biomass boilers. This work extends to including such initiatives into new building specifications.

The Group is working with local charities and communities to align our ESG considerations, programmes, objectives and commitments, to ensure that we drive lasting positive change alongside the delivery of investment performance.

In March, we were pleased to be involved in the launch of the British Property Federation research paper, titled "What Warehousing Where?", which the Group also sponsored.

In June, the Group sponsored the Industrial Agent Society's "Women in Industrial Property" Event. This was a seminar dedicated to addressing opportunities to improve gender balance and inclusivity in industrial property.

Financial Review

The condensed financial information is prepared under IFRS where the Group's subsidiaries are consolidated at 100%, with the exception of interests in joint ventures which are equity accounted for.

The Board continues to consider Adjusted EPS to be the most relevant measure when assessing dividend distributions. Adjusted Earnings is based on the Best Practices Recommendations of the European Public Real Estate Association (EPRA), with adjustments made to earnings to exclude additional items considered to be exceptional, not in the ordinary course of business or supported by cash flows, but inclusive of the developer's licence fees the Group receives on Forward Funded Developments.

db symmetry – Business combination

The Symmetry Portfolio, which includes Pre-let assets, assets under construction, land, land options and other arrangements such as development management agreements or profit share arrangements, has the potential to enhance the Group's earnings profile materially, whilst delivering significant capital value growth over the long term.

The Group's acquisition of an 87% economic interest in db symmetry, which is not representative of a minority interest holding (see "B and C Shares") has been accounted for as a business combination and recognised as such in the Group consolidated financial statements, in accordance with IFRS 3. The Group has, therefore, as at the date of acquisition, recognised the fair value of the identifiable assets acquired and liabilities assumed from the transaction. Along with the acquisition of the identifiable assets and liabilities, the Group has secured the services of a development management team, transferred into Symmetry ManCo under an exclusive, unassignable development management agreement established between Tritax Symmetry HoldCo and Symmetry ManCo.

Negative goodwill

Negative goodwill has arisen on acquisition due to the fair value of the consideration for db symmetry being lower than the aggregate of the fair value of the net assets acquired. The negative goodwill or gain on bargain purchase of £7.1 million has been recognised in full in the Statement of Comprehensive Income during the period. See note 21 for further details.

B and C Shares

The B and C Shares issued to Symmetry Management Shareholders are treated as a combination of both contingent consideration for the acquisition of 13% economic interest in the development assets of the Symmetry Portfolio and compensation for post combination services rendered by Symmetry ManCo to the Group under the development management agreement. This is as a result of certain vesting conditions attached to the B and C Shares, over the first five years of the development management agreement.

As a result, any value derived by Symmetry Management Shareholders through holding the B and C Shares, over and above that which would have been derived regardless of vesting conditions, capped at the completion NAV, is considered remuneration to the B and C Shareholders for post acquisition services and is accounted for separately, appearing as a share based payment expense, under IFRS 2.

As a result of the Company's intention to settle the B and C Share obligation in cash, the value due to the B and C Shareholders for post combination services is accounted for as a cash settled share-based payment and recognised as a liability in the Group Statement of Financial Position. The liability is fair valued at each reporting date with a corresponding share-based payment charge recognised in the Statement of Comprehensive Income over the vesting period. The 13% economic interest is not representative of minority interest due to the B and C Shareholders not having normal voting rights nor the right to secure income distributions, whilst they have a put option right from years

three to eight, subject to performance provisions, under the Shareholders' agreement. See notes 2.1, 20 and 21 of the financial statements for further details.

Investment in joint ventures

As part of the db symmetry acquisition, the Group acquired two sites at Middlewich and Northampton that were subject to 50:50 joint venture arrangements relating to land and land options. These two sites will be equity accounted for and appear as a single line item on the Statement of Comprehensive Income and Statement of Financial Position.

Other property assets

The Symmetry Portfolio has a number of other property assets where income and profit will be generated without any legal ownership of the land, usually through Development Management Agreements (DMAs) and Land Promotion Agreements. Under a DMA, Tritax Symmetry HoldCo enters into an agreement with a third party to deliver a development on its behalf. Tritax Symmetry HoldCo will usually receive a percentage of the construction cost as a fee during construction, and a profit share on completion/letting set against agreed profitability hurdles. The DMA partner funds the costs of planning and construction throughout the project.

Land promotion agreements are utilised in relation to residential land where a subsidiary of Tritax Symmetry HoldCo puts in place a legal agreement with land owners to secure residential consent on the land owners' behalf at Tritax Symmetry HoldCo's cost and risk, in return for a share of the net proceeds of sale of the residential land to a residential developer, upon receipt of planning consent. These are entered into as part of a wider planning discussion to secure a large commercial consent so as to have control over the wider planning area and therefore increase the chances of planning success.

These other property assets are recognised at cost, less amortisation and any charges for impairment.

Portfolio growth

Following the db symmetry acquisition, CBRE will independently value all assets that are pre-leased or leased, or that have reached practical completion but remain vacant. Colliers will independently value all optioned land, owned land and assets under construction which are unlet. The Investment property assets will be recognised in the Group Statement of Financial Position at fair value. The value of land options and any other property assets will be recognised at cost, less amortisation and any charges for impairment.

The total Portfolio Value at 30 June 2019 is £3.85 billion (including Forward Funded commitments and share of JVs), which is a 12.6% increase on the Portfolio Value of £3.42 billion (including Forward Funded commitments) at 31 December 2018. The total Portfolio Value is allocated as follows:

	£m
Investment property	3,341.6
Other property assets	13.9
Land options (at cost)	220.8
Share of Joint Ventures	30.0
Remaining Forward Funded Development commitments	241.1
Portfolio Value	3,847.4

The gain recognised on revaluation of the Group's investment properties was £25.8 million (H1 2018: £62.1 million). The like-for-like valuation increase for the 54 assets and the Littlebrook land which were held throughout the period was £28.4 million or 0.8%, excluding any additional capital costs incurred on those assets in the period. The valuation yield for the Portfolio remained stable at 4.46% at 30 June 2019.

At the period end, the Group had total commitments relating to Pre-let Forward Funded Developments, asset management initiatives and other development-related activity of £251.2 million (31 December 2018: £366.0 million).

Financial results

Net rental income for the period was £69.2 million (H1 2018: £66.1 million), an increase of £3.1 million or 4.7%. This reflected the benefit of rent reviews settled in 2018 and H1 2019 and the practical completion and rent commencement on our asset in Corby. The contracted annual Rent roll at 30 June 2019 was £166.8 million across 58 assets, up from £139.4 million across 50 assets as at 30 June 2018.

The Group incurred exceptional costs of £4.1 million in the period, in relation to the acquisition of db symmetry. Excluding these exceptional costs, operating profit before changes in the fair value of investment properties, share of profits from joint ventures and share based payments was £60.7 million, an increase of 5.7% (H1 2018: £57.4 million). This growth reflects the increase in rental and other income which is partially offset by an increase in administrative and other expenses in the period. Administrative and other expenses, which include management fees and other costs of running the Group, totalled £10.5 million in the period (H1 2018: £8.7 million). As discussed on page 18, the Group has agreed to pay Symmetry ManCo a development management fee equal to £4.8 million per annum, to cover its running costs. Symmetry ManCo is not set up to be a profit-making function. From the fee, 85% will be capitalised as costs directly attributable to the development projects, with the remaining 15% expensed through the income statement and therefore impacting on Adjusted Earnings and the Group's cost ratios. This is treated in accordance with IFRS.

The Group's low and transparent operating costs resulted in an EPRA Cost Ratio for the period of 15.3%, (H1 2018: 13.7%). This increase predominantly relates to

the increased capital allocation to non-income producing Land Assets, on which an Investment Management fee is payable, as well as the expensed element of the Symmetry ManCo fee, with no immediate increase to gross rental income. We do, however, expect this increase in cost ratio to be short-term. The Symmetry Portfolio gives the Company the ability to reduce its cost ratio over the medium term to a level that would not otherwise have been possible without the acquisition as gross rental income from the Symmetry Portfolio grows relative to operating costs.

Share-based payment charge

The structure of the db symmetry transaction has led to the B and C Shareholders' value being split between contingent consideration, which is determined by the leaver provisions under the shareholder agreement between Tritax Symmetry HoldCo and the Symmetry Management Shareholders' and a share based payment charge, which is the compensation the B and C Shareholders will receive for their ongoing management services. During the period, £1.4 million (H1 2018: £nil) was charged to the Group Statement of Comprehensive Income in respect of share based payment charges.

Financing costs

Net financing costs (excluding capitalised interest) for the period were £15.9 million (H1 2018: £11.5 million), excluding the reduction in the fair value of interest rate derivatives of £4.4 million (H1 2018: £0.9 million). The Group's average cost of debt has remained consistent over the period.

Tax

The Group has continued to comply with its obligations as a UK REIT and is therefore exempt from corporation tax on its property rental business. The tax charge for the period was therefore £0.2 million (H1 2018: £nil), being the accrued tax payable on non-property profits.

Profit and earnings

Profit before tax for the period was £67.7 million

(H1 2018: £107.1 million). This resulted in basic EPS of 4.08 pence (H1 2018: 7.62 pence) and basic EPRA EPS of 2.62 pence (H1 2018: 3.27 pence). Earnings per share for the period were affected by the increase in the number of shares in issue during the period.

Adjusted EPS for the period was 3.41 pence (H1 2018: 3.38 pence), an increase of 0.9%. Adjusted EPS takes EPRA EPS, adds the developers' licence fees the Group receives on Forward Funded Developments and excludes exceptional items and other earnings not supported by cash flows. The Board continues to consider Adjusted EPS to be the most relevant measure when assessing dividend distributions. Adjusted EPS supports the total dividend in respect of the period of 3.425 pence per share, more details of which are set out below. Further information on the calculation of Adjusted EPS can be found in note 7.

Dividends

The Group is targeting a dividend of 6.85 pence per share for 2019⁸, an increase of 2.2% over the 2018 total dividend of 6.70 pence. Since 1 January 2019, the Board has declared the following interim dividends:

- 6 March 2019: 1.675 pence per share, in relation to the three months to 31 December 2018, which was paid on 28 March 2019;
- 16 May 2019: 1.7125 pence per share, in relation to the three months to 31 March 2019, which was paid on 17 June 2019; and
- 17 July 2019: 1.7125 pence per share, in relation to the three months to 30 June 2019, which will be paid on 15 August 2019 to Shareholders on the register on 26 July 2019.

Dividends declared in respect of the six months ended 30 June 2019 therefore total 3.425 pence per share, meaning the Group is on track to pay a target dividend for the full year of 6.85 pence per share⁸.

Net assets

The EPRA NAV per share at 30 June 2019 was 150.08 pence (31 December 2018: 152.83 pence). This excludes the fair valuation of interest rate derivatives that are reported under IFRS. The movement in the NAV reflects the dilution of 3.80 pence per share resulting from the share issue and associated costs of the acquisition of db symmetry during the period, as was signalled at the time of the 2018 Annual Results in March 2019. Excluding this extraordinary cost, underlying EPRA NAV has grown by 0.7% over the six-month period, supported by a 0.8% increase in the like-for-like property values and the positive impact from the gain on bargain purchase recognised following the db symmetry acquisition. We have identified near-term value within the Symmetry Portfolio that will more than offset this extraordinary transaction cost.

The Total Return, equating to the growth in EPRA NAV plus dividends paid, was 0.42% for the six month period. Again, excluding the extraordinary cost as noted above, the Total Return performance would otherwise have been 2.90%.

Equity capital

On 11 February 2019, the Company raised gross proceeds of c.£250 million, through the issue of 192,291,313 Ordinary Shares at a price of 130 pence each. The open offer was significantly oversubscribed, with the result that an equity underwriting was not utilised.

These gross proceeds were used to part fund the acquisition of db symmetry, along with the issue of 40,450,234 new Ordinary Shares on 22 February 2019, also at a price of 130p, as further part consideration to the vendors in the form of shares.

Debt capital

Towards the end of 2018, the Company put in place longer-term finance by issuing its first unsecured loan notes in the private placement market, in two tranches totalling £400 million. The funds were drawn on

⁸ This is a target only and not a profit forecast. There can be no assurances that the target will be met and it should not be taken as an indicator of the Company's expected or actual future results.

28 February 2019, at which point the Company's existing £250 million 12-month RCF was cancelled in full.

In June 2019, the Company entered into a new, unsecured £200 million RCF, providing further evidence of the strength of its banking relationships, its lenders' support for its strategy and the continued attraction of the logistics sector. The facility will give the Group flexibility to help it to pursue the next phase of its growth, allowing it to commit to further land acquisitions and Pre-let Forward Funded Developments.

The syndicate for the new RCF comprises Banco Santander, S.A., London Branch; Barclays Bank PLC; BNP Paribas, London Branch; The Royal Bank of Scotland International Limited, London Branch; Wells Fargo Bank, N.A., London Branch; and HSBC UK Bank plc. Barclays Bank PLC acts as agent for the facility. The new RCF has

At 30 June 2019, the Group had the following borrowings:

Lender	Asset security	Maturity	Loan commitment £m	Amount drawn at 30 June 2019 £m
Loan notes				
2.625% Bonds 2026	None	Dec 2026	249.18	249.18
2.86% Loan notes 2028	None	Feb 2028	250.00	250.00
2.98% Loan notes 2030	None	Feb 2030	150.00	150.00
3.125% Bonds 2031	None	Dec 2031	246.92	246.92
Bank borrowings				
RCF (syndicate of seven banks)	None	Dec 2023	350.00	-
RCF (syndicate of six banks)	None	Jun 2024	200.00	-
Helaba	Ocado, Erith	Jul 2025	50.87	50.87
PGIM Real Estate Finance	Portfolio of four assets	Mar 2027	90.00	90.00
Canada Life	Portfolio of three assets	Apr 2029	72.00	72.00
Total			1,658.97	1,108.97

an initial maturity of five years, which can be extended to a maximum of seven years with lenders' consent. It also contains an uncommitted £100 million accordion option. The opening margin is 1.10% over LIBOR.

Of the Group's debt commitments, 64% is arranged at fixed interest rates. The Group's hedging strategy for its variable rate debt is to use interest rate caps which run coterminous with the respective loan. These allow the Group to benefit from historically low current interest rates, while minimising the effect of a significant increase in interest rates in the future. Combined with the fixed-rate debt, the Group's derivative instruments hedge 99% of its drawn debt.

As a consequence of the fixed-rate debt and hedging policy, the Group has a capped cost of debt of 2.68% (31 December 2018: 2.73%). The all-in running cost

of borrowing at the period end was 2.26% (31 December 2018: 2.63%).

At 30 June 2019, the Group's debt had an average maturity of 7.8 years (31 December 2018: 8.7 years).

Loan to value (LTV)

The Company has a conservative leverage policy, with a medium-term LTV target of 35% and a maximum of 40%. At the period end, the LTV was 29% (31 December 2018: 27%).

The Group also has commitments under Forward Funded Development contracts (see note 19). Taking these commitments into account, along with other operational liabilities, LTV would increase to c.35%.

Credit rating

The Company has a Baa1 long-term credit rating and stable outlook from Moody's, which is unchanged in the period.

[Tritax Management LLP](#) Manager

8 August 2019

Key Performance Indicators

Our objective is to deliver attractive, low-risk returns to Shareholders, by executing the Investment Policy. Set out below are the key performance indicators we use to track our progress.

KPI and definition	Performance
1. Total Return (TR) TR measures the change in the EPRA net asset value over the period plus dividends paid.	0.42% for the period to 30 June 2019 (30 June 2018: 5.10%)
2. Dividend Dividends paid to Shareholders and declared in relation to the period.	3.425p/share for the six months to 30 June 2019 (30 June 2018: 3.35p per share). We are on track to pay our target dividend of 6.85p per share for 2019*
3. EPRA NAV per share Diluted NAV adjusted for mark-to-market valuation of derivatives.	150.08p at 30 June 2019 (31 December 2018: 152.83p) Reflecting the 3.8p dilutive cost of financing the db symmetry acquisition
4. Loan to value ratio (LTV) The proportion of our gross asset value (including cash) that is funded by borrowings.	29% at 30 June 2019 (31 December 2018: 27%)
5. Adjusted Earnings per share (EPS) Post-tax adjusted EPS attributable to shareholders adjusted for other earnings not supported by cash flows. See note 7, page 53.	3.41p/share for the six months to 30 June 2019 (30 June 2018: 3.38p)
6. EPRA Cost Ratio Administrative and operating costs (including and excluding costs of vacancy) divided by gross rental income.	15.3% for the six months to 30 June 2019 (30 June 2018: 13.7%). Both the 2019 and 2018 ratios include vacancy costs. The ratio excluding vacancy costs is 15.3% (2018: 13.7%)
7. Weighted average unexpired lease term (WAULT) The average unexpired lease term of the Investment portfolio, weighted by annual passing rents.	14.3 years[†] at 30 June 2019 (31 December 2018: 14.4 years)

* This is a target only and not a profit forecast. There can be no assurances that the target will be met and it should not be taken as an indicator of the Company's expected or actual future results

[†] Unexpired term of let or Pre-let properties weighted by rental income and inclusive of licence fees received from Pre-let Forward Funded Developments

EPRA Performance Indicators

KPI and definition	Purpose	Performance
1. EPRA Earnings (Diluted) Earnings from operational activities (which excludes the licence fees receivable on our Forward Funded Development assets).	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£43.40m/ 2.60p per share for the six months to 30 June 2019 (30 June 2018: £45.90m/3.26p per share)
2. EPRA NAV (Diluted) Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term Investment property business.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	£2.56bn/ 150.08p per share as at 30 June 2019 (31 December 2018: £2.25bn/ 152.83p per share)
3. EPRA NNNAV EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt; and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	£2.51bn/ 146.79p per share as at 30 June 2019 (31 December 2018: £2.26bn/ 153.14p per share)
4.1 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) purchasers' costs.	This measure should make it easier for investors to judge for themselves how the valuation of two portfolios compare.	4.49% as at 30 June 2019 (31 December 2018: 4.37%)
4.2 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).	This measure should make it easier for investors to judge for themselves how the valuation of one portfolio compares with another portfolio.	4.67% as at 30 June 2019 (31 December 2018: 4.68%)
5. EPRA Vacancy Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of Investment property space that is vacant, based on ERV.	1.4% at 30 June 2019 (31 December 2018: 0.0%)
6. EPRA Cost Ratio Administrative and operating costs (including costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	15.3% for the six months to 30 June 2019 (30 June 2018: 13.7%). Both the 2019 and 2018 ratios include vacancy costs. The ratio excluding vacancy costs is 15.3% (2018: 13.7%)

Principal Risks

The Audit Committee, which assists the Board with its responsibilities for managing risk, considers that the principal risks and uncertainties as presented on pages 60-67 of our 2018 Annual Report, dated 6 March 2019, were unchanged during the period. This is not to say that certain risks have not increased or decreased in probability or impact during the period.

Property Risk

- The default of one or more of our customers would reduce revenue and may affect our ability to pay dividends.
- The performance and valuation of the Portfolio is affected by the market; a reduction in revenue could affect our ability to pay dividends, or lead to a breach of our banking covenants, due to a change in property valuations.
- Our ability to grow the Portfolio may be affected by competition for investment properties in the Big Box sector.
- Our property performance will depend on the performance of the UK retail sector and the continued growth of online retail.
- Development activities are likely to involve a higher degree of risk than that associated with existing and built investments. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/contractor default. Inaccurate assessment of a development opportunity or a decrease in tenant demand, particularly in relation to any speculative developments, could result in the development remaining vacant.
- The purchase of land may involve a higher degree of risk than that associated with existing and built investments or development activities. Land purchases may or may not have existing planning consent and failure to receive planning consent may reduce the value of the land and incur irrecoverable costs; they may also require further financial investment to prepare and ready the site for development, especially where environmental risks require remedial work. There is also a risk that the site may not attract a tenant to sign a Pre-let agreement or that a speculatively developed and completed building may not be let. The postponement or cancellation of a development may result in the Group holding too much development land which may dilute returns due to capital being invested into non-income producing assets.

Financial Risk

- Our use of floating rate debt will expose the business to underlying interest rate movements.
- A lack of debt funding at appropriate rates may restrict our ability to grow.
- We must be able to operate within our banking covenants and failure to do so could lead to default and our bank funding being recalled.

Corporate Risk

- As an externally managed company, we rely on the Manager's services and its reputation in the property market.

Taxation Risk

- We are a UK REIT and have a tax-efficient corporate structure, with advantageous consequences for UK shareholders. Any change to our tax status or in UK tax legislation could affect our ability to achieve our investment objectives and provide favourable returns to Shareholders.

Political/Economic Risk

- The continuing uncertainty relating to the world economy, including Brexit, have resulted in political and economic uncertainty that could have a negative effect on the performance of the Group over both the short and longer term.

Directors' Responsibilities Statement

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the operating and financial review on pages 12-35 includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year as disclosed in note 17 and any material changes in the related party transactions disclosed in the 2018 Annual Report.

A list of the Directors is shown on page 70.

Shareholder information is as disclosed on the Tritax Big Box REIT plc Website.

For and on behalf of the Board

Sir Richard Jewson KCVO, JP Chairman

8 August 2019

Delivering High Quality Solutions for Customers



Independent Review Report to Tritax Big Box REIT plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2019 which comprises the Condensed Group Statement of Comprehensive Income, the Condensed Group Statement of Financial Position, the Condensed Group Cash Flow Statement, the Condensed Group Statement of Changes in Equity and related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP Chartered Accountants
London, United Kingdom
8 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed Group Statement of Comprehensive Income

	Note	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Gross rental income		69.2	66.5	133.9
Service charge income		2.0	1.8	3.9
Service charge expense		(2.0)	(2.2)	(5.0)
Net rental income		69.2	66.1	132.8
Other operating income		2.0	—	—
Administrative and other expenses		(10.5)	(8.7)	(18.1)
Acquisition related costs		(4.1)	—	(1.0)
Operating profit before changes in fair value of investment properties, share of profit from joint ventures and share-based payment charges		56.6	57.4	113.7
Impairment of intangible and other property assets		(0.5)	—	—
Share-based payment charge	20	(1.4)	—	—
Share of profit from joint ventures after tax	12	—	—	—
Changes in fair value of investment properties	10	25.8	62.1	163.0
Gain on bargain purchase		7.1	—	—
Operating profit		87.6	119.5	276.7
Finance income	4	0.2	0.1	0.2
Finance expense	5	(16.1)	(11.6)	(23.1)
Changes in fair value of interest rate derivatives		(4.4)	(0.9)	(1.2)
Changes in fair value of amounts due to third parties		0.5	—	—
Profit before taxation		67.8	107.1	252.6
Tax on profit for the period	6	(0.2)	—	—
Profit and total comprehensive income		67.6	107.1	252.6
Earnings per share – basic	7	4.08p	7.62p	17.54p
Earnings per share – diluted	7	4.06p	7.62p	17.54p

Condensed Consolidated Statement of Financial Position

	Note	At 30 June 2019 £m	At 30 June 2018 £m	At 31 December 2018 £m
Non-current assets				
Intangible assets		2.5	—	—
Investment property	10	3,341.6	2,754.7	3,038.3
Investment in land options	11	220.8	—	—
Investment in joint ventures	12	30.0	—	—
Other property assets		13.9	—	—
Interest rate derivatives	14	2.0	5.6	5.2
Total non-current assets		3,610.8	2,760.3	3,043.5
Current assets				
Trade and other receivables		15.2	30.9	42.3
Cash at bank	9	177.5	105.3	48.3
Total current assets		192.7	136.2	90.6
Total assets		3,803.5	2,896.5	3,134.1
Current liabilities				
Deferred rental income		(28.1)	(27.5)	(30.2)
Trade and other payables		(69.3)	(25.6)	(42.5)
Tax liabilities	6	(41.1)	—	—
Total current liabilities		(138.5)	(53.1)	(72.7)
Non-current liabilities				
Bank borrowings	13	(205.8)	(207.2)	(327.8)
Loan notes	13	(891.1)	(492.4)	(492.7)
Deferred tax liabilities	6	(1.9)	—	—
Amounts due to third parties	22	(20.0)	—	—
Total non-current liabilities		(1,118.8)	(699.6)	(820.5)
Total liabilities		(1,257.3)	(752.7)	(893.2)
Total net assets		2,546.2	2,143.8	2,240.9
Equity				
Share capital	15	17.1	14.8	14.8
Share premium reserve	16	446.8	1,085.0	153.6
Capital reduction reserve		1,246.6	421.4	1,304.4
Retained earnings		835.7	622.6	768.1
Total equity		2,546.2	2,143.8	2,240.9
Net asset value per share – basic	18	149.17p	145.49p	152.00p
Net asset value per share – diluted	18	149.10p	145.42p	152.00p
EPRA net asset value per share – diluted	18	150.08p	146.22p	152.83p

Condensed Group Cash Flow Statement

	Note	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Cash flows from operating activities				
Profits for the period (attributable to the Shareholders)		67.6	107.1	252.6
Add: impairment of intangible and other property assets		0.5	—	—
Add: tax charge		0.2	—	—
Add: finance expense		16.1	11.6	23.1
Add: changes in fair value of interest rate derivatives		4.4	0.9	1.2
Add: Share-based payment charges		1.4	—	—
Less: changes in fair value of amounts due to third parties		(0.5)	—	—
Less: changes in fair value of investment properties		(25.8)	(62.1)	(162.9)
Less: gain on bargain purchase		(7.1)	—	—
Less: finance income		(0.2)	(0.1)	(0.2)
Share of profit/(loss) from equity accounted joint ventures		—	—	—
Accretion of tenant lease incentive		(3.1)	(6.3)	(11.1)
Increase in trade and other receivables		17.5	(15.6)	(14.1)
(Decrease)/increase in deferred income		(2.1)	(0.2)	2.6
Increase/(decrease) in trade and other payables		(0.5)	4.1	3.3
Cash received as part of asset acquisitions		—	—	(0.1)
Cash generated from operations		68.4	39.4	94.4
Taxation paid		(0.1)	(0.4)	(0.4)
Net cash flow generated from operating activities		68.3	39.0	94.0
Investing activities				
Purchase of investment properties		(139.8)	(97.2)	(283.2)
Purchase of land options		(3.1)	—	—
Licence fees received		11.5	3.9	16.5
Interest received		0.3	0.1	0.2
Amount transferred out of restricted cash deposits		—	3.3	5.2
Acquisition of subsidiary, net of cash acquired		(189.6)	—	—
Net cash flow used in investing activities		(320.7)	(89.9)	(261.3)
Financing activities				
Proceeds from issue of Ordinary Share Capital		250.0	156.4	157.4
Cost of share issues		(6.8)	(2.7)	(2.6)
Bank borrowings drawn		62.0	59.3	180.3
Bank and other borrowings repaid		(250.7)	(69.3)	(69.3)
Amounts received on issue of loan notes		400.0	—	—
Loan arrangement fees paid		(3.2)	(0.4)	(1.2)
Bank interest paid		(11.4)	(11.1)	(21.8)
Interest rate cap premium paid		(1.3)	(4.5)	(4.5)
Dividends paid to equity holders		(57.1)	(46.2)	(95.5)
Net cash flow generated from financing activities		381.5	81.5	142.8
Net increase/(decrease) in cash and cash equivalents for the period		129.1	30.6	(24.5)
Cash and cash equivalents at start of period	9	47.4	71.9	71.9
Cash and cash equivalents at end of period	9	176.5	102.5	47.4

Condensed Group Statement of Changes in Equity

	Six months ended 30 June 2019 (unaudited)	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2019	14.8	153.6	1,304.4	768.1	2,240.9	
Profit and total comprehensive income	—	—	—	67.6	67.6	
Issue of Ordinary Shares						
Shares issued in relation to equity issue	1.9	248.1	—	—	—	250.0
Shares issued in relation to equity consideration	0.4	51.9	—	—	—	52.3
Share issue costs	—	(6.8)	—	—	—	(6.8)
Share-based payments	—	—	—	—	1.1	1.1
Transfer of share-based payments to liabilities to reflect settlement	—	—	—	—	(1.1)	(1.1)
Dividends paid:						
Fourth interim dividend for the period ended 31 December 2018 (1.675 pence)	—	—	(28.6)	—	—	(28.6)
First interim dividend for the period ended 31 March 2019 (1.7125 pence)	—	—	(29.2)	—	—	(29.2)
30 June 2019	17.1	446.8	1,246.6	835.7	2,546.2	
Six months ended 30 June 2018 (unaudited)						
1 January 2018	13.7	932.4	467.9	515.5	1,929.5	
Profit and total comprehensive income	—	—	—	107.1	107.1	
Issue of Ordinary Shares						
Shares issued in relation to equity issue	1.1	154.5	—	—	—	155.6
Share issue costs	—	(2.7)	—	—	—	(2.7)
Shares issued in relation to management contract	—	0.8	—	—	—	0.8
Share-based payments	—	—	—	—	1.0	1.0
Transfer of share-based payments to liabilities to reflect settlement	—	—	—	—	(1.0)	(1.0)
Dividends paid:						
Fourth interim dividend for the period ended 31 December 2017 (1.60 pence)	—	—	(21.8)	—	—	(21.8)
First interim dividend for the period ended 31 March 2018 (1.675 pence)	—	—	(24.7)	—	—	(24.7)
30 June 2018	14.8	1,085.0	421.4	622.6	2,143.8	

Notes to the Condensed Consolidated Financial Statements

Six months ended 31 December 2018 (audited)	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2018	13.7	932.4	467.9	515.5	1,929.5
Profit and total comprehensive income	—	—	—	252.6	252.6
Issue of Ordinary Shares					
Cancellation of share premium account	—	(932.4)	932.4	—	—
Shares issued in relation to equity issue (April 2018)	1.1	154.5	—	—	155.6
Associated share issue costs	—	(2.7)	—	—	(2.7)
Shares issued in relation to management contract	—	1.8	—	—	1.8
Share-based payments	—	—	—	2.0	2.0
Transfer of share-based payments to liabilities to reflect settlement	—	—	—	(2.0)	(2.0)
Dividends paid:					
Third interim dividend for the period ended 31 December 2017 (1.60 pence)	—	—	(21.8)	—	(21.8)
First interim dividend for the period ended 31 December 2018 (1.675 pence)	—	—	(24.7)	—	(24.7)
Second interim dividend for the period ended 31 December 2018 (1.675 pence)	—	—	(24.7)	—	(24.7)
Third interim dividend for the period ended 31 December 2018 (1.675 pence)	—	—	(24.7)	—	(24.7)
31 December 2018	14.8	153.6	1,304.4	768.1	2,240.9

1 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Company's Auditor, BDO LLP, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 8 August 2019. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006.

The comparative financial information presented herein for the year to 31 December 2018 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's Annual Report and accounts for the year to 31 December 2018 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Going concern

During the period the Group raised gross proceeds of £250 million from the issue of new equity and £200 million through the arrangement of a new revolving credit facility. The Group had a cumulative £550 million of undrawn commitments under its senior debt facilities as at the period end, and £100 million in short-term deposits, of which £251.2 million was committed under various development contracts along with a further £40.9 million of capital costs falling due as at 30 June 2019 and contingent liabilities of £42 million. The RCF facilities also contain an uncommitted £300 million accordion available through two separate options. Another £400 million was raised from Private Placement loan notes arranged in November 2018 but drawn in February 2019. At the period-end date the Group's loan to value ratio stood at 29%, with an average maturity term of approximately 7.8 years.

In respect of the loan to value covenant testing, the LTV default position is set at a minimum of 60% across certain Group loan facilities. There is currently significant headroom across all Group loan facilities in respect of financial covenants, while the Group has been compliant with each loan facility during the period and post the period end.

With the exception of the land at Littlebrook, Dartford and certain assets held within the Tritax Symmetry Limited subsidiaries, the Group's Investment property assets are either let or pre-let to tenants that are predominantly of institutional-grade covenant strength and all of the leases are subject to upward-only rent reviews. The Group acquired a number of land options during the period which it is in the process of agreeing planning consents across various sites.

The Directors are therefore satisfied that the Group is in a position to continue in operation for the foreseeable future.

2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial information:

Business combinations

The Group acquires subsidiaries that own property. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or deferred tax arises. The fair value of assets and liabilities are established using industry-leading third-party professionals, instructed by the Company.

On 19 February 2019, the Group completed the acquisition of db symmetry Group Ltd and db symmetry BVI Limited together with their subsidiary undertakings and joint venture interests ("db symmetry"). The Directors have reviewed the terms of the acquisition and determined that a business, as defined by IFRS 3, was acquired. In the context of the db symmetry acquisition the principal consideration was whether substantive processes were acquired. As part of the acquisition a management agreement was entered into with the management shareholders of db symmetry allowing for the management team to continue to manage the development activities of db symmetry. These activities are determined to be substantive processes.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. As it is a balancing figure of the assets and liabilities acquired, it is an estimate, as a result of the fair value of some of the other assets and liabilities acquired also being estimated. The fair value of assets and liabilities are established using industry-leading third-party professionals, instructed by the Company.

Land options

Measurement

Land options, and other non-financial assets, are initially capitalised at cost and considered for any impairment indication annually. The impairment review includes consideration of the resale value of the option, likelihood of achieving planning consent and current recoverable value as determined by an independent valuer. At period end, no indication of impairment was noted.

Classification

A number of land options were acquired as part of the db symmetry acquisition. These were bought for the potential to exercise the option and develop the land into a pipeline of foundation assets. The Directors have considered whether the land options meet the definition of Investment property and concluded that as the options do not represent a direct interest in land they cannot be classified as Investment property and carried at fair value. The Directors have concluded that the land options should be classified as a non-financial asset and measured at cost less provision for impairment in accordance with IAS 36.

B and C Shares

As part of the acquisition of db symmetry, shares were issued in Tritax Symmetry Limited ("Tritax Symmetry HoldCo") to the management shareholders of db symmetry ("Symmetry Management Shareholders") in the form of B and C shares (the "B and C Shares"). The terms of these shares are complex and as a result the Directors have had to make a number of judgements in order to conclude on the appropriate accounting treatment. The significant judgements applied in relation to the B and C Shares were as follows:

1. Subject to remaining in continued employment these shares entitle the holders to 13% of the Adjusted NAV of Tritax Symmetry HoldCo. Were an individual to leave employment and be deemed a bad leaver, the amount payable is the lower of the value of the shares on the completion date and 50% of Adjusted NAV. The Directors have therefore concluded that the unconditional amount payable to the B and C Shareholders, being 50% of the value of the B and C Shares on acquisition, should be treated as contingent consideration in accordance with IFRS 3. Any additional amounts paid to the B and C Shareholders are a result of their continued service is accounted for as payment for the provision of post-combination services.
2. These shares have put options in place at various points in time over an eight-year period from completion, along with a put and call option at the end of eight years from the completion date. The B and C Shares are also not considered to represent a present ownership interest in the Group as an element of the amount due to the B and C Shareholders is dependent on them continuing to provide services to the Group. Therefore, the Directors have concluded that the B and C Shares do not represent a non-controlling interest and the amounts owed to the B and C Shareholders will instead be presented as a financial liability.
3. When settled, the B and C Shares are settled 25% in cash with the remaining 75% settled in either cash or shares at the discretion of the Company. Both elements are considered to represent share-based payments as the amounts due are based on the Adjusted NAV of the underlying business of Tritax Symmetry HoldCo.
4. The Directors have considered how the B and C Shares will be settled once they become due to the Symmetry ManCo directors and management. The Company has the legal option of settling the share-based payment either via cash or equity, with a minimum of 25% being settled in cash. The Directors have a current intention to maximise the cash element of the settlement as they believe this would prevent any potential dilution to existing Shareholders along with acting as the most effective incentive towards the Symmetry Management Shareholders. The Directors will endeavour to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the Group. In accordance with IFRS 2 this is accounted for as a cash settled share-based payment. In conformity with the requirements of IFRS 2 for cash settled share-based payments, the share-based payment charge is the fair value of the settlement value of the B and C Shares in Tritax Symmetry HoldCo, established by a Monte Carlo simulation model and reassessed at each reporting date. The share-based payment charge is expensed to the Condensed Group Statement of Comprehensive Income with a corresponding liability recognised in the Condensed Group Statement of Financial Position.

2.2 Estimates

Fair valuation of Investment property

The market value of Investment property is determined by an independent property valuation expert (see note 10) to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation expert uses recognised valuation techniques and the principles of both IAS 40 and IFRS 13.

Investment property is initially measured at cost, including transaction costs. After initial recognition, Investment property is carried at fair value.

The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location.

3 Summary of significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the Group's condensed consolidated financial statements for the year ended 31 December 2018 and are expected to be applied consistently during the year ending 31 December 2019. The following accounting policies have been adopted during this period and apply to new transactions and circumstances.

3.1 Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- > Joint ventures: where the Group has rights to only the net assets of the joint arrangement
- > Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- > The structure of the joint arrangement
- > The legal form of joint arrangements structured through a separate vehicle
- > The contractual terms of the joint arrangement agreement
- > Any other facts and circumstances (including any other contractual arrangements).

The Group does not have any joint operations.

Joint ventures are initially recognised in the Consolidated Statement of Financial Position at cost. Subsequently joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Consolidated Statement of Comprehensive Income.

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in the associate. The investors' share in the joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.2 Goodwill

Goodwill is capitalised as an intangible asset, with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Statement of Comprehensive Income on the acquisition date as a gain on bargain purchase or negative goodwill.

In relation to the purchase of db symmetry, a gain on bargain purchase has arisen. Please see note 21, Business Combination for further details.

3.3 Impairment of intangible assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is impaired accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

3.4 Land options

Land options are carried at cost and are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the option is written down accordingly.

3.5 Business combination

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Under IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. A business will usually consist of inputs, processes and outputs. Therefore the Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

Where an acquisition is considered to be a business combination the consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Any excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill. Where the fair value of identifiable assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration, the difference is treated as negative goodwill and credited to the Consolidated Statement of Comprehensive Income. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained until the date on which control ceases.

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Where amounts payable for the acquisition of a business are subject to a contingent consideration arrangement in which the payments are automatically forfeited if employment terminates, the amounts are treated as remuneration for post-combination services rather than consideration for the acquisition of a business.

3.6 Share-based payments

The Company has entered into an agreement with certain selling shareholders of the db symmetry group where the amounts payable are based on the Adjusted NAV of the underlying business and subject to certain provisions around continuing employment. 25% of the amounts payable are to be settled in cash with the remaining 75% settled in cash or shares at the discretion of the Company. Where the Company has a present obligation to settle the amounts in cash, either through its stated intention or past practice, the Company accounts for the amounts as cash settled share-based payments. The fair value of the cash settled obligation is recognised over the vesting period and presented as a liability in the Statement of Financial Position. The liability is remeasured at each reporting date, with the charge to the Statement of Comprehensive Income updated over the vesting period updated to the extent that the remeasurement relates to future services.

3.7 Standards in issue and effective from 1 January 2019

IFRS 16 – Leases (effective 1 January 2019)

The Group does not hold any material operating or leasehold agreements as lessee. The impact of IFRS 16 is immaterial.

4 Finance income

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Interest received on bank deposits	0.2	0.1	0.2

5 Finance expenses

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Interest payable on bank borrowings	3.2	3.0	6.0
Interest payable on loan notes	11.1	7.1	14.4
Commitment fees payable on bank borrowings	0.7	0.6	1.3
Swap interest payable	—	0.1	0.1
Amortisation of loan arrangement fees	1.1	0.8	1.3
	16.1	11.6	23.1

There were no finance costs capitalised in the periods reported above.

6 Taxation

Tax charge in the Group Statement of Comprehensive Income

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
UK corporation tax	0.2	—	—

As a REIT, the Group is exempt from corporation tax on the profits and gains arising from its property investment business, provided it continues to meet certain conditions under the REIT regulations. For the period ended 30 June 2019, the Group had non-qualifying profits subject to corporation tax in the form of development management services provided. The corporation tax charge for the period was £0.2 million (June 2018: £nil; December 2018: £nil).

Upon acquisition of the Symmetry Portfolio, a deferred tax liability of £42.7 million arose as a result of management's intention for the portfolio changing from trading to being held for investment purposes, in respect of the trading assets within the portfolio. Immediately following acquisition certain assets were formally appropriated resulting in £40.9 million of the deferred tax liability crystallising and therefore being presented as a current tax liability as at 30 June 2019.

7 Earnings per share

Earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are dilutive instruments outstanding, basic and diluted earnings per share are shown below:

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Net attributable to Ordinary Shareholders			
Total comprehensive income (£m)	67.6	107.1	252.6
Number of Ordinary Shares ¹ – basic earnings	1,655,653,780	1,405,598,226	1,440,012,547
Basic earnings per share ¹ (pence)	4.08p	7.62p	17.54p
Adjustment for dilutive shares:			
Dilutive shares in respect of management fee	703,883	672,608	—
Dilutive shares in respect of B and C Shares ³	10,038,930	—	—
Total dilutive shares in respect of Earnings and EPRA Earnings:	1,666,396,593	1,406,270,834	1,440,012,547
Adjustment for dilutive shares:			
Dilutive shares in respect of management fee	703,883	672,608	—
Total dilutive shares in respect of Adjusted Earnings:	1,656,357,663	1,406,270,834	1,440,012,547
Diluted earnings per share ² (pence)	4.06p	7.62p	17.54p
Total comprehensive income (£m)	67.6	107.1	252.6
Adjustments to remove:			
Changes in fair value of investment properties (£m)	(25.8)	(62.1)	(163.0)
Changes in fair value of interest rate derivatives (£m)	4.4	0.9	1.2
Costs associated with a business combination (£m)	4.1	—	1.0
Negative goodwill and impairment of intangible contract (£m)	(6.6)	—	—
EPRA Earnings (£m)	43.7	45.9	91.8
EPRA Earnings per share ¹ (pence)	2.62p	3.27p	6.37p
EPRA diluted earnings per share ² (pence)	2.60p	3.26p	6.37p
EPRA Earnings (£m)	43.7	45.9	91.8
Adjustments to include:			
Licence fee receivable on Forward Funded Developments (£m)	12.9	2.4	10.3
Finance costs capitalised (£m) (see note 5)	—	—	—
Fixed rental uplift adjustments (£m)	(2.2)	(1.6)	(4.3)
Share-based payments charges	1.4	—	—
Fair value movements in contingent consideration	(0.5)	—	—
Amortisation of loan arrangement fees and intangibles (£m) (see note 5)	1.1	0.8	1.3
Adjusted Earnings (£m)	56.4	47.5	99.1
Adjusted basic earnings per share ¹ (pence)	3.41p	3.38p	6.88p
Adjusted diluted earnings per share ² (pence)	3.41p	3.38p	6.88p

1. Based on the weighted average number of Ordinary Shares in issue throughout the period/year

2. Based on the weighted average number of Ordinary Shares in issue throughout the period/year, plus potentially issuable dilutive shares

3. Relates to dilutive shares in respect of contingent consideration and share-based payment charge

7 Earnings per share (continued)

Adjusted Earnings is a performance measure used by the Board to assess the Group's dividend payments. The metric reduces EPRA Earnings by interest paid to service debt that was capitalised and removes other non-cash items credited or charged to the Statement of Comprehensive Income, such as fixed rental uplift adjustments and amortisation of loan arrangement fees. Licence fees received during the period are added to earnings on the basis noted below as the Board sees these cash flows as supportive of dividend payments. The Board compares the Adjusted Earnings to the available distributable reserves when considering the level of dividend to pay.

The adjustment for licence fees receivable is calculated by reference to the fraction of the total period of completed construction during the period, multiplied by the total licence fee receivable on a given forward funded asset. Licence fees will convert into rental income once practical completion has occurred and therefore rental income will flow into EPRA and Adjusted Earnings from this point.

Fixed rental uplift adjustments relate to adjustments to net rental income on leases with fixed or minimum uplifts embedded within their review profiles. The total minimum income recognised over the lease term is recognised on a straight-line basis and therefore not supported by cash flows during the early term of the lease, but this reverses towards the end of the lease.

Share-based payment charges and fair value movements in contingent consideration both relate to the movement in the value due to B and C Shareholders. While impacting on earnings, this value is considered a capital value from the prospective it relates to an equity holding in Tritax Symmetry HoldCo. It is therefore removed from Adjusted Earnings.

In relation to the dilutive shares to be issued in respect of the B and C Shares, the Directors have indicated a current intention to settle these 100% in cash. We therefore consider it inappropriate to assume the shares as equity settled for the purpose of Adjusted diluted earnings per share, therefore these have been ignored.

8 Dividends paid

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Fourth interim dividend for the period ended 31 December 2017 – 1.60 pence per Ordinary Share	–	21.8	21.8
First interim dividend for the period ended 31 December 2018 – 1.675 pence per Ordinary Share	–	24.7	24.7
Second interim dividend for the period ended 31 December 2018 – 1.675 pence per Ordinary Share	–	–	24.7
Third interim dividend for the period ended 31 December 2018 – 1.675 pence per Ordinary Share	–	–	24.7
Fourth interim dividend for the period ended 31 December 2018 – 1.675 pence per Ordinary Share	28.6	–	–
First interim dividend for the period ended 31 December 2019 – 1.7125 pence per Ordinary Share	29.2	–	–
Total dividends paid	57.8	46.5	95.9
Total dividends paid in respect of the period/year	1.7125p	1.675p	5.025p
Total dividends unpaid but declared in respect of the period/year	1.7125p	1.675p	1.675p
Total dividends declared – per share	3.425p	3.350p	6.70p

On 6 March 2019, the Company announced the declaration of an interim dividend in respect of the period 1 October 2018 to 31 December 2018 of 1.675 pence per share payable in March 2019.

On 16 May 2019, the Company announced the declaration of an interim dividend in respect of the period 1 January 2019 to 31 March 2019 of 1.7125 pence per share payable in June 2019.

On 17 July 2019, the Company announced the declaration of an interim dividend in respect of the period 1 April 2019 to 30 June 2019 of 1.7125 pence per share payable in August 2019.

9 Cash and cash equivalents

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Cash and cash equivalents to agree with cash flow	176.5	102.5	47.4
Restricted cash	1.0	2.8	0.9
Cash at bank per Condensed Group Statement of Financial Position	177.5	105.3	48.3

Ring-fenced cash included within cash and cash equivalents represents amounts relating to future rent-free periods on certain assets within the portfolio or rental top-up amounts.

Restricted cash is cash where there is a legal restriction to specify its type of use, i.e. this may be where we have a joint arrangement with a tenant lender on asset management initiatives.

10 Investment property

The investment properties have been independently valued at fair value by either CBRE Limited ("CBRE") or Colliers International Valuation UK LLP ("Colliers"), accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuations have been prepared in accordance with the RICS Valuation – Global Standards January 2017 ("the Red Book"). The valuers have sufficient current local and national knowledge of the particular property markets involved, and have the skills and understanding to undertake the valuations competently.

The valuation models prepared in accordance with those recommended by the International Valuation Standards Committee have been applied.

In accordance with the Group's accounting policies, it has treated the acquisition of db symmetry as a business combination. All other acquisitions during the period are treated as asset purchases rather than business combinations as they were judged to be acquisitions of properties rather than businesses.

	Investment properties freehold £m	Investment properties long leasehold £m	Investment properties under construction £m	Total £m
As at 1 January 2019	2,053.8	635.5	349.0	3,038.3
Acquisition of assets under construction from business combination	–	–	128.4	128.4
Property additions ¹	3.7	0.7	141.7	146.1
Tenant lease incentives ²	2.1	0.9	–	3.0
Transfer of completed property to Investment property	122.7	–	(122.7)	–
Change in fair value during the period	(0.6)	0.2	26.2	25.8
As at 30 June 2019 (unaudited)	2,181.7	637.3	522.6	3,341.6
As at 1 January 2018	1,924.3	612.4	62.5	2,599.2
Property additions ¹	40.5	–	46.6	87.1
Tenant lease incentives ²	5.4	0.9	–	6.3
Change in fair value during the period	23.9	10.7	27.5	62.1
As at 30 June 2018 (unaudited)	1,994.1	624.0	136.6	2,754.7
As at 1 January 2018	1,924.3	612.4	62.5	2,599.2
Property additions ¹	42.5	–	222.4	264.9
Tenant lease incentives ²	9.4	1.8	–	11.2
Change in fair value during the year	77.6	21.3	64.1	163.0
As at 31 December 2018 (audited)	2,053.8	635.5	349.0	3,038.3

1. Property additions are stated net of licence fees deducted from the cost of Investment property under construction totalling £nil in the period (31 December 2018: £35.0 million).

2. Included within the carrying value of Investment property is £40.0 million (31 December 2018: £37.0 million) in respect of accrued contracted rental uplift income. This balance arises as a result of the IFRS treatment of leases with fixed rental uplifts and rent-free periods, which requires the recognition of rental income on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property against which revaluations are measured.

The table below reconciles between the fair value of the Investment property per the Condensed Group Statement of Financial Position and Investment property per the independent valuation performed in respect of each period and year end.

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Value per independent valuation report	3,581.0	2,896.0	3,418.2
Less:			
Capital commitments	(234.3)	(135.1)	(361.6)
Licence fee receivable	(6.9)	(5.3)	(18.3)
Additional capital work accrued	3.5	–	–
Acquisitions since last valuation	(1.7)	–	–
Ring-fenced cash	–	(0.9)	–
Fair value per Condensed Group Statement of Financial Position	3,341.6	2,754.7	3,038.3

Capital commitments represent costs to bring the asset to completion under the developer's funding agreements, which include the developer's margin. These costs are not provided for in the Condensed Group Statement of Financial Position, refer to note 17.

Licence fee receivable represents amounts that have been billed but not received from the developer in relation to the property and are included within trade and other receivables. The valuation assumes the property to be income generating and therefore includes this receivable in the fair value.

The ground rents payable to all head leaseholders are nominal, therefore no liability has been recognised in respect of the present value of the future cash flows.

11 Land options

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Opening balance	–	–	–
Land options acquired in business combination	217.4	–	–
Acquisitions in the period	2.0	–	–
Costs capitalised in the period	1.4	–	–
Closing balance	220.8	–	–

12 Investment in joint ventures

As at 30 June 2019, the Group has two joint ventures which have been equity accounted for. There were no equity accounted joint ventures prior to the acquisition of db symmetry in February 2019.

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
At beginning of period	–	–	–
Acquired from business combination acquisition	30.0	–	–
At period end	30.0	–	–
Acquired from business combination acquisition	60.0	–	–
Net Assets	60.0	–	–
50% share	30.0	–	–

The joint ventures have a 31 January year end. The aggregate amounts recognised in the Consolidated Statement of Financial Position and Statement of Comprehensive Income are as follows:

Statement of Financial Position

	Six months ended 30 June 2019 (unaudited) £m	Group's share £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m	Group's share £m
Non-current assets	60.1	30.1	–	–	–
Current liabilities	(0.1)	(0.1)	–	–	–
Net assets	60.0	30.0	–	–	–

The Group's share of contingent liabilities in the joint ventures is £nil (June 2018: £nil; December 2018: £nil).

13 Borrowings

A summary of the bank borrowings drawn in the period are shown below:

Bank borrowings

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
At the beginning of the period/year	333.9	222.9	222.9
Bank borrowings drawn in the period	62.0	59.3	180.3
Bank borrowings repaid in the period	(183.0)	(69.3)	(69.3)
Total bank borrowings drawn	212.9	212.9	333.9

The Group had available headroom of £550 million under its bank borrowings (30 June 2018: £350 million, 31 December 2018: £879 million).

Any associated fees in arranging the bank borrowings that were unamortised as at the period end are offset against amounts drawn on the facilities as shown in the table below:

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Bank borrowings drawn: due after more than one year	212.9	212.9	333.9
Total bank borrowings	212.9	212.9	333.9
Less: unamortised costs	(7.1)	(5.7)	(6.1)
Total bank borrowings per the Condensed Group Statement of Financial Position	205.8	207.2	327.8

Loan Notes

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
2.625% Bonds 2026	249.2	249.0	249.1
3.125% Bonds 2031	246.9	246.7	246.8
2.860% USPP 2028 ¹	250.0	–	–
2.980% USPP 2030 ¹	150.0	–	–
	896.1	495.7	495.9
Less unamortised costs	(5.0)	(3.3)	(3.2)
	891.1	492.4	492.7

¹ A private placement of £400 million new senior unsecured loan notes with a number of Institutional Investors (the "Loan Notes") comprised of two tranches with a weighted average coupon of the fixed rate notes equating to 2.91% and a weighted average maturity of 9.8 years was drawn on the 28 February 2019.

On 17 June 2019, the Company announced that it had agreed a new £200 million unsecured revolving credit facility with a syndicate of relationship lenders. The new facility has an initial maturity of five years and can be extended (subject to consent) by two further years to a maximum of seven years. The new facility also has a £100 million accordion option and has an opening margin of 1.10% per annum over LIBOR.

As part of the acquisition of db symmetry the Group acquired £67.7 million of Deep Discounted Bonds, which were immediately redeemed post-acquisition as per note 21.

14 Interest rate derivatives

The Group uses interest rate derivatives to mitigate exposure to interest rate risk. The fair value of these contracts is recorded in the Condensed Group Statement of Financial Position and is determined by assessing the probability that interest rates will exceed strike rates and discounting the future cash flows of the interest rate derivatives at the prevailing market rates as at the period end date. There have not been any transfers of assets or liabilities between levels of fair value hierarchy in the period/year.

Fair value measurements at each reporting date are below:

	Level 1 ¹ £m	Level 2 ² £m	Level 3 ³ £m	Total £m
Assets				
30 June 2019 interest rate derivatives (unaudited)	—	2.0	—	2.0
30 June 2018 interest rate derivatives (unaudited)	—	5.6	—	5.6
31 December 2018 interest rate derivatives (audited)	—	5.2	—	5.2

1. Valuation is based on unadjusted quoted prices in active markets for identical financial assets and liabilities

2. Valuation is based on inputs (other than quoted prices included in Level 1) that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from quoted prices)

3. Valuation is based on inputs that are not based on observable market data

15 Share capital

	30 June 2019 (unaudited) £m	30 June 2018 (unaudited) £m	31 December 2018 (audited) £m
Issued and fully paid at 1 pence each			
At beginning of period	14.8	13.7	13.7
Shares issued in relation to equity issue	1.9	1.1	1.1
Shares issued in relation to acquisition	0.4	—	—
Shares issued in relation to management contract	—	—	—
	17.1	14.8	14.8

The Company had 1,706,974,948 shares of nominal value of 1 pence each in issue at the end of the period (30 June 2018: 1,473,556,950, 31 December 2018: 1,473,556,950).

On 8 February 2019, the Company announced that 192,291,313 new Ordinary Shares were issued via an Open Offer for Subscription at an issue price of 130.00 pence per Ordinary Share, raising gross proceeds of £250 million.

On 19 February 2019, the Company announced that 40,450,234 new Ordinary Shares were issued as part of the consideration for the acquisition of db symmetry for an issue price of 130.00 pence per Ordinary Share.

16 Share premium

The share premium relates to amounts subscribed for share capital in excess of nominal value less costs directly attributed to share issuances:

	30 June 2019 (unaudited) £m	30 June 2018 (unaudited) £m	31 December 2018 (audited) £m
Balance at the beginning of the period	153.6	932.4	932.4
Transfer to capital reduction reserve	—	—	(932.4)
Share premium on the issue of Ordinary Shares	248.1	154.5	154.5
Share issue costs	(6.8)	(2.7)	(2.7)
Share issue in relation to acquisition	51.9	—	—
Share premium on Ordinary Shares issued to management	—	0.8	1.8
	446.8	1,085.0	153.6

17 Transactions with related parties

The fees calculated and payable for the period/year to the Investment Manager was as follows:

	Six months ended 30 June 2019 (unaudited) £m	Six months ended 30 June 2018 (unaudited) £m	Year ended 31 December 2018 (audited) £m
Tritax Management LLP	8.6	7.4	15.3

The total amount outstanding at the period/year end relating to the Investment Management Agreement was £4.4 million (30 June 2018: £3.8 million, 31 December 2018: £4.0 million).

Throughout the period SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling £nil (30 June 2018: £nil, 31 December 2018: £0.3 million) in respect of agency services for the period/year. Of the four controlling Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, all except Henry Franklin are also the controlling Members of SG Commercial. There were no fees outstanding at the period end (30 June 2018: £nil, 31 December 2018: £nil).

Mark Shaw, who was a Director of the Company during the period, resigned on 1 February 2019. He is also a Member of the Manager. He did not receive a fee for his role as a Director.

In accordance with the development management agreement between Tritax Symmetry HoldCo and Symmetry ManCo, the Group has paid a fee of £2.0 million in the period for the provision of development management services.

There have been no other related party transactions during the half year to 30 June 2018 that have materially affected the financial position or performance of the Group. All related party transactions are materially consistent with those disclosed by the Group in its financial statements for the year ended 31 December 2018.

18 Net asset value (NAV) per share

Basic NAV per share amounts are calculated by dividing net assets in the Condensed Group Statement of Financial Position attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the period/year. As there are dilutive instruments outstanding, basic and diluted NAV per share are shown below.

Net asset values have been calculated as follows:

	30 June 2019 (unaudited) £m	30 June 2018 (unaudited) £m	31 December 2018 (audited) £m
Net assets per Condensed Group Statement of Financial Position	2,546.2	2,143.8	2,240.9
Mark-to-market adjustment of derivatives	16.7	11.9	12.2
EPRA NAV	2,562.9	2,155.7	2,253.1
Ordinary Shares:			
Issued share capital (number)	1,706,974,948	1,473,556,950	1,474,233,401
Basic NAV per share	149.17p	145.49p	152.00p
Basic EPRA NAV per share	150.14p	146.29p	152.83p
Diluted share capital (number)	1,707,678,831	1,474,229,558	1,474,233,401
Diluted NAV per share	149.10p	145.42p	152.00p
Diluted EPRA NAV per share	150.08p	146.22p	152.83p

19 Capital commitments

The Group had capital commitments of £251.2 million in relation to its forward funded investments, asset management initiatives and commitments under development land, outstanding as at 30 June 2019 (30 June 2018: £135.1 million, 31 December 2018: £371.1 million).

20 Share-based payment

As explained in note 21, the Symmetry Management Shareholders have retained an interest in Tritax Symmetry through their holding of B and C Shares. The B and C Shares vest over a period of five years and include a put and a call option at the end of year eight over the entire shareholding. In accordance with IFRS 3 "Business Combinations" the requirement to remain in continued employment in order to realise the full value of the B and C Shares has resulted in the excess value (over and above the amount recognised as contingent consideration) being accounted for as payments for post-combination services. The amount due to Symmetry Management Shareholders is based on the adjusted NAV of Tritax Symmetry HoldCo and is settled in cash to the value of 25% with the balance settled in either cash and/or shares in the Company, at the sole discretion of the Company. This amount has therefore been accounted for in accordance with IFRS 2 "Share Based Payments".

The Directors have considered how the B and C Shares will be settled once they become due to the Symmetry ManCo directors and management. The Company has the legal option of settling the share-based payment either via cash or equity, with a minimum of 25% being settled in cash. The Directors have a current intention to maximise the cash element of the settlement as they believe this would prevent any potential dilution to existing shareholders along with acting as the most effective incentive towards the Symmetry Management Shareholders. The Directors will endeavour to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the Group.

The fair value of the B and C Shares has been calculated using a Monte Carlo simulation model, for the cash settled element of the liability. As at 30 June 2019, £1.4 million has been accrued for in relation to the share-based payment liability. See note 22 for further information.

21 Business combination

On 19 February 2019, the Group acquired an 87% economic interest in db symmetry, a development group with ownership of a combination of land and land options. The portfolio has the potential to add approximately 38 million sq ft of logistics assets to the Group's existing portfolio. The portfolio also allows the Group to develop a pipeline of assets at an attractive yield on cost which is expected to be in the region of 7-8%. The structure of the deal, mostly consisting of land options, minimises cash drag and allows the Group to bring each site forward at a time that suits the Group and wider market conditions. The portfolio was acquired for a cash consideration of £202.4 million (of which £5 million was retained for six months and is classified as a liability at 30 June 2019), share consideration in the Company with a fair value of £52.3 million and contingent consideration of £19.1 million. At the point of completion of the acquisition the Group also redeemed in full deep discounted bonds with a value of £67.7 million.

The B and C Shares issued to Symmetry Management Shareholders are treated as a combination of both contingent consideration for the acquisition of 13% economic interest in the Symmetry Portfolio and compensation for post-combination services rendered by Symmetry ManCo to the Group under the development management agreement. This is as a result of certain vesting conditions attached to the B and C Shares over the first five years of the contract.

As a result any value derived by Symmetry Management Shareholders through holding the B and C Shares over and above that which would have been derived had these shares reached full vesting based on the completion NAV is considered remuneration to the B and C Shareholders for post-acquisition services and would be accounted for separately under IFRS 2.

The value due to the B and C Shareholders for post-combination services is recognised as a liability of £1.4 million in the Group Statement of Financial Position. The liability is fair valued at each reporting date with a corresponding share-based payment charge recognised in the Statement of Comprehensive Income over the vesting period.

No non-controlling interest has been recognised at the acquisition date for the 13% economic interest held by the Symmetry Management Shareholders due to the put and call options attached to the shares issued, which are expected to be exercised by the eighth anniversary of the acquisition at the latest. This results in a lack of existence of a non-controlling interest, and instead the fair value of the Symmetry Management Shareholders' interest is held as an amount due to third parties on the Condensed Group Statement of Financial Position.

Details of the fair value of the assets and liabilities acquired and the resultant gain on bargain purchase are as follows:

	Fair value £m
Investment property	128.4
Investment in land options	217.4
Investment in joint ventures	30.0
Other property assets	14.3
Development Management Agreement	2.6
Cash and cash equivalents	7.8
Other items	(9.2)
Deep discounted bonds (repaid on acquisition)	(67.7)
Deferred tax liabilities	(42.7)
Fair value of acquired interest in net assets of subsidiaries	280.9
Gain on bargain purchase	(7.1)
Total purchase consideration	273.8

The acquisition-date fair value of the total consideration transferred is £273.8 million. The bargain purchase is a result of the fair value determined for the assets purchased exceeding the fair value of consideration transferred. The gain on bargain of £7.1 million purchase has been recognised in the Statement of Comprehensive Income. The gain on bargain purchase has arisen due to the accounting treatment, which is detailed in note 22, of amounts due in respect of B and C Shares. This accounting treatment has resulted in £19.1 million recognised as contingent consideration, and included within liabilities on acquisition in line with IFRS 3 "Business Combinations" with the remaining balance treated as payments for future services in accordance with IFRS 2.

Acquisition costs of £4.1 million have been included in the Statement of Comprehensive Income.

The revenue included in the Condensed Group Statement of Comprehensive Income from Tritax Symmetry HoldCo is £nil. The total loss for Tritax Symmetry HoldCo since acquisition included in the Condensed Group Statement of Comprehensive Income is £0.3 million.

Had the Tritax Symmetry HoldCo been part of the Group since the 1 January 2019, the combined revenue for the Group at the 30 June 2019 would have been £69.2 million; the combined total profit for the Group would have been £67.6 million.

Glossary of Terms

22. Amounts due to third parties

Amounts due to third parties comprise the fair value of the contingent consideration element of B and C Shares along with the fair value of the obligation under the cash settled share-based payment element of B and C Shares.

As part of the acquisition of db symmetry, the Symmetry Management Shareholders retained an interest in Tritax Symmetry through their holding of B and C Shares. The B and C Shares entitle them to, subject to certain conditions, 13% of the adjusted net asset value ("NAV") of Tritax Symmetry HoldCo. The B and C Shares vest over a five-year period and require the Symmetry Management Shareholders to, amongst other things, remain in the employment of Symmetry ManCo for the vesting period. The value of the amount due, in the event of being classified as a "bad leaver" is the lower of 50% of the adjusted NAV at the date of leaving and the NAV at the completion date. In accordance with IFRS 3 "Business Combinations" the unconditional amount due under the bad leaver clause is accounted for as contingent consideration and shown as a liability at fair value in the Statement of Financial Position. The liability is remeasured at each reporting date to fair value with movements recognised in the Statement of Comprehensive Income. The amounts earned through continued service that are accounted for as a cash settled share-based payment are measured at fair value, charged over the vesting period and presented as a liability in the Statement of Financial Position. See note 20 for further details.

	Contingent consideration	Share-based payment	Fair value £m
Contingent consideration recognised on acquisition	19.1	–	19.1
Fair value movement recognised	(0.5)	–	(0.5)
Cash settled share-based payment charge	–	1.4	1.4
Closing balance	18.6	1.4	20

23. Subsequent events

On 17 July 2019, the Company declared an interim dividend of 1.7125 pence per share, in respect of the three-month period ended 30 June 2019.

24. Contingent liabilities

As at 30 June the Group had an obligation to deliver a building on one of its sites. The independent estimate for the cost of this obligation is £42.0 million as at 30 June 2019 which will not be confirmed until the contract is agreed. The expected timing of cash flows is over the duration of the contract, between December 2019 and December 2020.

"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 HoldCo issued to the Symmetry Senior Management.

"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.

"Company" Tritax Big Box REIT plc (company number 8215888).

"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.

"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, Richard Laing and Alastair Hughes.

"Development management agreement" or "DMA" The Group's Development portfolio comprises its property assets which are not Investment assets, including land, options over land and assets under construction on a speculative basis.

"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.

"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.

"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.

Glossary of Terms

"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.

"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 UK Listing 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 (including cash) that is funded by borrowings.

"London Stock Exchange" London Stock Exchange plc.

"Manager" Tritax Management LLP (partnership number 0C326500).

"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.

"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.

"Our Team" The staff of the Manager acting on behalf of the Company under the terms of the Investment Management Agreement.

"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 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".

"Revolving credit facility" or "RCF" The £350 million single currency revolving credit facility agreement dated December 2017 or the £200 million single currency credit facility dated June 2019.

"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.

"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 senior management team of db symmetry, namely Richard Bowen, Christian Matthews, Henry Chapman and Andrew Dickman.

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

"Symmetry Portfolio" The portfolio of assets held through Tritax Symmetry HoldCo following the acquisition of db symmetry, including land, options over land and a number of assets under development.

"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 HoldCo" Tritax Symmetry Limited, a limited company incorporated in Jersey (registered number 127784), established by the Company for the acquisition of db symmetry and which holds assets comprising part of the Investment portfolio and the Development portfolio.

"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.

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

Registered office

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Manager

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Joint Financial Adviser and Corporate Broker

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as to English law

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Company Secretary

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