THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately contact your stockbroker, accountant or other independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document constitutes (a) a circular prepared in accordance with the Listing Rules; and (b) a simplified prospectus relating to Tritax Big Box REIT plc prepared in accordance with the Prospectus Regulation Rules. This document has been approved by the FCA as competent authority under the UK Prospectus Regulation. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are subject to this document. Investors should make their own assessment as to the suitability of investing in the New BBOX Shares. This document has been drawn up as a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation. This document has been filed with the FCA and made available to the public in accordance with paragraph 3.2.1 of the Prospectus Regulation Rules.

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your Ordinary Shares please send this document and any accompanying documents as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in or into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you sell or otherwise transfer, or have sold or otherwise transferred, only part of your holding of Ordinary Shares, you should retain this document and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected, as to the action you should take.

You should read this document, including any information incorporated herein by reference, in its entirety. In particular, your attention is drawn to the risk factors described in the "*Risk Factors*" section of this document and the letter from your Chairman which is set out in Part 1 (*Letter from the Chairman*) of this document and which contains a recommendation from your Board that you vote in favour of the Resolution to be proposed at the General Meeting. You should not solely rely on the information summarised in the section of this document entitled "*Summary*".

TRITAX BIG BOX REIT PLC

(*Incorporated in England and Wales under the Companies Act 2006 with registered number 08215888 and registered as an investment company under section 833 of the Companies Act 2006*)

Recommended all-share combination of Tritax Big Box REIT plc and UK Commercial Property REIT Limited

Proposed issue of up to 576,939,135 New BBOX Shares in connection with the Combination

Admission of the New BBOX Shares to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange

and

Notice of General Meeting

Joint Lead Financial Adviser and Sole Sponsor
Jefferies International Limited

Joint Lead Financial Adviser
J.P. Morgan Cazenove

Joint Financial Adviser
Akur Limited

Notice of the BBOX General Meeting to be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW at 10.30 a.m. on 1 May 2024 (or as soon thereafter as the preceding annual general meeting is concluded) is set out in Part 12 (*Notice of General Meeting*) of this document. A Form of Proxy for use at the BBOX General Meeting accompanies this document. Whether or not you intend to attend the BBOX General Meeting in person, you are asked to complete, sign and return the Form of Proxy so as to be received by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, as soon as possible, but in any event by no later than 10.30 a.m. on 29 April 2024 (or, if the BBOX General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting, excluding any part of a day that is not a working day). Alternatively, you may lodge your proxy voting instructions electronically via www.investorcentre.co.uk/eproxy (more details can be found in the Form of Proxy), or if you are an institutional investor, via the

Proxymity platform (further information can be found at www.proxymity.io), by no later than 10.30 a.m. on 29 April 2024. If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the CREST Manual so that it is received by the Registrar by no later than 10.30 a.m. on 29 April 2024. The appointment of a proxy will not preclude you from attending the BBOX General Meeting and voting in person. A summary of the actions to be taken by Shareholders in respect of the BBOX General Meeting is provided in paragraph 16 of Part 1 (*Letter from the Chairman*) of this document.

The Ordinary Shares are listed on the premium listing segment of the Official List of the FCA and traded on the London Stock Exchange's Main Market. Applications will be made to the FCA and to the London Stock Exchange for the New BBOX Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Admission will become effective, and dealings in the New BBOX Shares will commence at 8.00 a.m. on 17 May 2024. No application has been, or is currently intended to be, made for the New BBOX Shares to be admitted to listing or trading on any other exchange.

No New BBOX Shares or any other securities in the Company have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with Admission. The New BBOX Shares are proposed to be issued to UKCM Shareholders in connection with the Combination. This document is not intended to, and does not, constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation. The Combination will be made solely through the Scheme Document, which contains the full terms and conditions of the Combination, including details of how the Combination may be accepted. Any acceptance or other response to the Combination should be made only on the basis of the information in the Scheme Document.

The Company and the BBOX Directors, whose names appear on page 41 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the BBOX Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect their import.

The BBOX Manager accepts responsibility for the BBOX Manager's Statements. To the best of the knowledge of the BBOX Manager, such BBOX Manager's Statements are in accordance with the facts and those parts of this document make no omission likely to affect their import.

Jefferies International Limited (**"Jefferies"**) is authorised and regulated in the United Kingdom by the FCA. Jefferies is acting exclusively as sole sponsor and joint lead financial adviser for the Company and for no-one else in connection with the Combination, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Combination and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jefferies, nor for providing advice in connection with the Combination, the contents of this document or any matters referred to therein.

J.P. Morgan Securities Plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (**"J.P. Morgan Cazenove"**) is authorised in the United Kingdom by the Prudential Regulation Authority (**"PRA"**) and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting exclusively as joint lead financial adviser for the Company and for no-one else in connection with the Combination, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Combination and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice in connection with the Combination, the contents of this document or any matters referred to therein.

Akur Limited (**"Akur"**) is authorised and regulated in the United Kingdom by the FCA. Akur is acting exclusively as joint financial adviser for the Company and for no-one else in connection with the Combination, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Combination and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Akur, nor for providing advice in connection with the Combination, the contents of this document or any matters referred to therein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Jefferies, J.P. Morgan Cazenove or Akur (together, the **"Joint Financial Advisers"**) by FSMA or the regulatory regime established thereunder, each of the Joint Financial Advisers and any person affiliated with them do not accept any responsibility whatsoever and make no representation or warranty, express or implied, for the contents of

this document, including its accuracy or completeness, or for any other statement made or purported to be made by any of them, or on behalf of them, by or on behalf of the Company or any other person in connection with the Company, the New BBOX Shares or the Combination and nothing contained in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Joint Financial Advisers and their respective affiliates accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the BBOX Directors, the BBOX Manager or the Joint Financial Advisers. Without prejudice to the Company's obligations to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the BBOX Group or the UKCM Group since the date of this document or that the information contained in this document is correct at any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Recipients of this document should consult their own legal, financial or tax adviser for legal, financial or tax advice, as appropriate.

Certain terms used in this document, including capitalised terms and certain technical and other terms, are explained in Part 11 (*Defined Terms*) of this document.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this document and any accompanying documents in or into a jurisdiction other than the United Kingdom may be restricted by law or regulation. In particular, this document and the accompanying documents should not be distributed, forwarded to or transmitted in or into any of the Restricted Territories. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The availability of the New BBOX Shares under the Combination to UKCM Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Further details in relation to UKCM Shareholders in overseas jurisdictions are contained in the Scheme Document. See also the section of this document entitled "*Important Information*".

It is the responsibility of each person into whose possession this document (and/or any accompanying documents) comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this document, the receipt of the New BBOX Shares and the implementation of the Combination and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction.

NOTICE TO UKCM SHAREHOLDERS IN THE UNITED STATES

The Combination relates to the securities of a Guernsey company with a listing on the London Stock Exchange and is proposed to be implemented pursuant to a scheme of arrangement provided for under the Guernsey Companies Law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Combination is subject to the procedural and disclosure requirements, rules and practices applicable to schemes of arrangement involving a target company incorporated in Guernsey and listed on the London Stock Exchange, which differ from the requirements of US proxy solicitation or tender offer rules. This document and certain other documents relating to the Combination have been or will be prepared in accordance with the laws of Guernsey and the United Kingdom and UK disclosure requirements, format and style, all of which differ from those in the United States. Financial information included in, or incorporated by reference into, this document has been prepared in accordance with UK IFRS or EU IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. Generally accepted accounting principles in the United States differ in certain significant respects from UK IFRS and EU IFRS.

If in the future the Company elects, with the consent of the Panel, to implement the Combination by means of a Takeover Offer and determines to extend such Takeover Offer into the United States, such Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and subject, in the case of participation by UKCM Shareholders resident in the United States, to the availability of an exemption (if any) from the registration requirements of the US Securities Act and of the securities laws of any state or other jurisdiction of the United States. Such Takeover Offer would be made by the Company (or its affiliate) and no one else. In addition to any such Takeover Offer, the Company, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in UKCM outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom and Guernsey, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: www.londonstockexchange.com/.

The New BBOX Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New BBOX Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into or from the United States absent registration under the US Securities Act or an exemption therefrom and in compliance with the securities laws of any state or other jurisdiction of the United States. The New BBOX Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof.

Persons (whether or not US Persons) who are or will be "affiliates" (within the meaning of the US Securities Act) of the Company within 90 days prior to, or of the Company after, the Scheme Effective Date will be subject to certain US transfer restrictions relating to the New BBOX Shares received in connection with the Combination. For a description of these and certain further restrictions on offers, sales and transfers of the New BBOX Shares and the distribution of this document, see the section of this document entitled "*Important Information*".

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, UKCM will advise the Guernsey Court that the Guernsey Court's sanctioning of the Scheme will be relied on by the Company as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to UKCM Shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the fairness or merits of such securities or the Combination or upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of UKCM Shares to enforce their rights and claims arising out of the US federal securities laws, since the Company and UKCM are organised in countries other than the United States, and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. US holders of UKCM Shares may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. US holders of UKCM Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

The receipt of New BBOX Shares pursuant to the Combination by a US UKCM Shareholder may be a taxable transaction for US federal income tax purposes, and may also be a taxable transaction under applicable state and local tax laws, as well as foreign and other tax laws. Each UKCM Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of the Combination.

This document is dated 9 April 2024.

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SUMMARY

1. INTRODUCTION AND WARNINGS

1.1 Name and ISIN of securities

The Ordinary Shares are registered with ISIN number GB00BG49KP99 and trade under the ticker "BBOX".

1.2 Identity and contact details of the issuer, including its legal entity identifier

The issuer is Tritax Big Box REIT plc (the **"Company"** or **"BBOX"**), a public limited company incorporated in England and Wales with registered number 08215888. The Company's registered office is 72 Broadwick Street, London, United Kingdom, W1F 9QZ. The telephone number of the Company is +44 (0) 20 7290 1616. Its Legal Entity Identifier is 213800L6X88MIYPVR714.

1.3 Identity and contact details of the competent authority approving the prospectus

This document has been approved by the Financial Conduct Authority as the competent authority under the UK Prospectus Regulation. Its head office is at 12 Endeavour Square, London, E20 1JN, and its telephone number is +44 (0) 20 7066 1000.

1.4 Date of approval of the prospectus

This document was approved on 9 April 2024.

1.5 Warnings

This summary should be read as an introduction to this document. Any decision to invest in the New BBOX Shares to be issued as consideration for the ordinary shares of £0.25 each in the capital of UK Commercial Property REIT Limited (the **"UKCM Shares"**) should be based on a consideration of this document as a whole. If you decide to invest in the New BBOX Shares, all or part of any capital invested could be lost. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the New BBOX Shares.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

(a) *Domicile and legal form, LEI, applicable legislation and country of incorporation*

The Company is a public limited company incorporated in England and Wales under the Companies Act 2006 on 14 September 2012 with registered number 08215888. The Company's LEI is 213800L6X88MIYPVR714. The Company is registered as an investment company under section 833 of the Companies Act and conducts its affairs so as to enable it to continue to qualify as a REIT for the purposes of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder).

(b) *Principal activities*

The Company was incorporated in England and Wales as a closed-ended investment company. The Company focuses on acquiring, developing and actively managing well-located, modern logistics assets to deliver attractive and sustainable returns for its shareholders.

(c) *Major shareholders*

Insofar as is known to the Company as at 5 April 2024, being the latest practicable date prior to the publication of this document (the **"Latest Practicable Date"**), the following persons are, or will at Admission be, interested directly or indirectly in three per cent. or more of the issued share capital of the Company:

	As at the Latest Practicable Date		Immediately following Admission[1]	
Name	**Number of Ordinary Shares**	**Percentage of issued share capital (%)**	**Number of Ordinary Shares**	**Percentage of issued shares capital (%)**
Phoenix	—	—	250,326,074	10.1%
BlackRock	172,801,407	9.1%	199,424,240	8.0%
Aviva Investors	120,628,085	6.3%	121,853,455	4.9%
The Vanguard Group	101,896,205	5.4%	119,610,189	4.8%
Legal & General Investment Management	77,733,444	4.1%	86,478,443	3.5%
Rathbones	79,881,834	4.2%	82,073,509	3.3%
Cohen & Steers	4,606,638	0.2%	79,881,834	3.2%

Note:

(1) Assuming that (a) the shareholdings of such persons in the Company do not change between the Latest Practicable Date and Admission; (b) the maximum number of New BBOX Shares are issued in connection with the Combination; and (c) no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission.

(d) *Key managing directors*

The directors of the Company are Aubrey Adams, Elizabeth Brown, Alastair Hughes, Richard Laing, Karen Whitworth and Wu Gang, all of whom are non-executive directors and considered to be independent.

The Company is managed on a day-to-day basis by Tritax Management LLP, its investment manager (the **"Manager"**), which is authorised and regulated by the FCA to perform fund management activities and to act as an alternative investment fund manager.

(e) *Statutory auditor*

The Company's statutory auditor is BDO LLP of 55 Baker Street, London, W1U 7EU.

2.2 **What is the key financial information regarding the issuer?**

Investors should read the whole of this document and not rely solely on the summarised financial information set out in this section.

BBOX Group

The tables below set out selected key financial information for the BBOX Group as at and for the year ended 31 December 2023 which has been extracted without material adjustment from the BBOX 2023 Annual Report.

Table 1: Additional information relevant to closed end funds

Share Class	Total EPRA NTA[1]	No. of shares[1]	EPRA NTA per Share[1]
Ordinary	£3.37 billion	1,903,738,325	177.2 pence per Share (diluted)

(1) Audited. As at 31 December 2023.

Historical performance of the Company: As at 31 December 2023, the Company's EPRA NTA was approximately £3.37 billion, representing 177.2 pence per Share (diluted), a 1.8 per cent. decrease as compared to the audited diluted EPRA NTA per share of 180.37 pence as at 31 December 2022. In respect of its financial year ended 31 December 2023, the Company has declared and paid four interim dividends of in aggregate 7.30 pence per share. As at 31 December 2023, the market value of the Company's portfolio was approximately £5.1 billion (including development assets and adjusted for a post-period end acquisition). As at 31 December 2023, contracted annual rent was £228.1 million (adjusted for a post-period end acquisition). In the period from its IPO in December 2013 to 20 March 2024 (being the last Business

Day prior to the release of the Combination Announcement), BBOX has delivered on a total accounting return basis, a return of approximately 145.8 per cent. and a total shareholder return of approximately 139.6 per cent. BBOX owns and manages a portfolio of high-quality "Big Box" (very large) logistics warehouses which have delivered a 100 per cent. rent collection record since its IPO over 10 years ago.

Table 2: Group Statement of Comprehensive Income

	Year ended 31 December 2021 *(Audited)*	**Year ended 31 December 2022** *(Audited)*	**Year ended 31 December 2023** *(Audited)*
	(£ million)	*(£ million)*	*(£ million)*
Net rental income	184.6	206.0	222.1
Other operating income	18.9	9.3	—
Administrative and other expenses	(25.5)	(32.2)	(28.9)
Operating profit before changes in fair value and other adjustments[(1)]	178.0	183.1	193.2
Profit/(loss) before taxation	971.1	(601.0)	70.6
Profit/(loss) and total comprehensive income	972.6	(599.4)	70.0
Earnings per share (expressed in pence per share)			
Earnings per share – basic	55.39p	(32.08)p	3.72p
Earnings per share – diluted	55.31p	(32.08)p	3.72p

(1) Operating profit before changes in fair value of investment properties and contingent consideration payable, gain on disposal of investment properties, share of profit from joint ventures, impairment of intangible and other property assets and share-based payment charges.

Table 3: Group Statement of Financial Position

	As at 31 December 2021 *(Audited)*	**As at 31 December 2022** *(Audited)*	**As at 31 December 2023** *(Audited)*
	(£ million)	*(£ million)*	*(£million)*
Total non-current assets	5,485.7	5,057.5	5,043.6
Total current assets	108.2	97.6	58.4
Total current liabilities	(128.8)	(147.0)	(147.7)
Total non-current liabilities	(1,388.6)	(1,658.1)	(1,620.3)
Total net assets	4,076.5	3,350.0	3,334.0
Total equity	4,076.5	3,350.0	3,334.0
Net asset value per share (expressed in pence per share)			
Net asset value per share – basic	218.26p	179.25p	175.13p
Net asset value per share – diluted	218.18p	179.25p	175.13p
EPRA Net Tangible Assets per share – basic	222.60p	180.37p	177.15p
EPRA Net Tangible Assets per share – diluted	222.52p	180.37p	177.15p

UKCM Group

The tables below set out selected key financial information for the UKCM Group as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and as at and for the six months ended 30 June 2022 and 30 June 2023, which have been extracted without material adjustment from the UKCM 2020 Financial Information, the UKCM 2021 Financial Information, the UKCM 2022 Financial Information and the UKCM 2023 Interim Financial Information, respectively.

Table 1: Additional information relevant to closed end funds

Share Class	**Total EPRA NTA[(1)]**	**No. of shares[(1)]**	**EPRA NTA per share[(1)]**
Ordinary	£1.05 billion	1,299,412,465	81.1 pence per share

(1) Unaudited. As at 30 June 2023.

Historical performance of UKCM: As at 30 June 2023, UKCM's EPRA NTA was approximately £1.1 billion (£1.0 billion as at 31 December 2023), representing 81.1 pence per share (78.7 pence per share as at 31 December 2023). As at 31 March 2024, the market value of UKCM's portfolio was approximately £1.21 billion. All information in this paragraph is unaudited unless otherwise stated.

Table 2: Consolidated statement of comprehensive income

	Year ended 31 December 2020 *(Audited)*	**Year ended 31 December 2021** *(Audited)*	**Year ended 31 December 2022** *(Audited)*	**Six months ended 30 June 2022** *(Unaudited)*	**Six months ended 30 June 2023** *(Unaudited)*
	(£million)	*(£million)*	*(£million)*	*(£million)*	*(£million)*
Total income/ (expense)	**21.1**	**266.7**	**(189.6)**	**177.8**	**56.6**
Investment management fee	(8.1)	(8.5)	(8.6)	(4.8)	(3.4)
Direct property expenses	(4.8)	(6.8)	(6.5)	(1.8)	(3.3)
Service charge expenses	(6.5)	(6.1)	(6.5)	(3.0)	(3.0)
Other expenses	(3.8)	(1.8)	(2.3)	(1.8)	(1.1)
Total expenditure	**(23.2)**	**(23.1)**	**(23.9)**	**(11.3)**	**(10.8)**
Operating (loss)/profit before finance costs	**(2.1)**	**243.4**	**(213.5)**	**166.4**	**45.9**
Net (loss)/profit for the year	**(10.3)**	**236.2**	**(222.3)**	**162.4**	**40.2**
Total comprehensive (deficit)/income for year	**(10.3)**	**236.2**	**(222.3)**	**162.4**	**40.2**
Earnings per share (expressed in pence per share)					
Basic and diluted earnings per share	(0.79)p	18.18p	(17.11)p	12.49p	3.10p
EPRA earnings per share	2.71p	2.65p	3.15p	1.58p	1.67p

Table 3: Consolidated Balance Sheet

	As at 31 December 2020 *(Audited)*	**As at 31 December 2021** *(Audited)*	**As at 31 December 2022** *(Audited)*	**As at 30 June 2023** *(Unaudited)*
	(£million)	*(£million)*	*(£million)*	*(£million)*
Total net assets	1,127.0	1,325.2	1,035.7	1,053.9
Net asset value per share (expressed in pence per share)	86.7p	102.0p	79.7p	81.1p

2.3 **What are the key risks that are specific to the issuer?**

- The Company may not meet its Investment Objective.
- A default by one or more major tenants could result in a significant loss of letting income, void costs, a reduction in asset value and increased bad debts.
- The performance of the BBOX Group, the UKCM Group and, following Completion, the Combined Group will depend on general real estate market conditions.
- The future performance of the BBOX Group, the UKCM Group and, following Completion, the Combined Group will depend on the performance of the sectors in which tenants operate, in particular, the UK retail sector.
- The BBOX Group, the UKCM Group and, following Completion, the Combined Group may not be able to dispose of its investments in a timely fashion and at satisfactory prices. The BBOX Group, and following Completion, the Combined Group, reviews its portfolio from time to time and considers various forms of capital recycling as part of its wider capital allocation policy. The timing and phasing of disposals in line with the BBOX Group's and, following Completion, the Combined Group's wider asset management strategies will be based upon prevailing market conditions and the required asset optimisation (which will necessarily be individual asset specific) of any such disposals.
- The appraised value of the properties or assets may not accurately reflect the current or future value of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's assets.
- The BBOX Group and, following Completion, the Combined Group is subject to commercial risks associated with real estate development.

- The BBOX Group is, and following Completion, the Combined Group will be, dependent on the efforts of the BBOX Manager and the Investment Team, together with the performance and retention of key personnel.
- Completion is subject to certain conditions which may not be satisfied or waived.
- The Combined Group's success will depend in part on its ability to integrate the BBOX Group and the UKCM Group. Cost savings and other benefits anticipated from the Combination may fail to materialise or be materially lower than have been estimated.
- If the Company fails to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

(a) *Type, class and ISIN*

The Company is proposing to issue up to 576,939,135 new ordinary shares of £0.01 each in connection with the Combination (the **"New BBOX Shares"**). When admitted to trading, the New BBOX Shares will be registered with ISIN number GB00BG49KP99, SEDOL number BG49KP9 and will trade under the ticker "BBOX".

(b) *Currency, denomination, par value, number of securities issued and term of the securities*

The existing Ordinary Shares are, and the New BBOX Shares will be, ordinary shares of £0.01 each. As at the Latest Practicable Date, the issued share capital of the Company is £19,037,383.25, comprising 1,903,738,325 Ordinary Shares. Immediately following Admission, assuming that the maximum number of the New BBOX Shares are issued and no other Ordinary Shares are issued by the Company prior to Admission, it is expected that the Company's share capital will be £24,806,774.60, comprising 2,480,677,460 Ordinary Shares.

(c) *Rights attached to the securities*

Holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares. The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company. On a winding-up or a return of capital by the Company, the net assets of the Company shall be divided *pro rata* among the holders of the Ordinary Shares.

(d) *Relative seniority of securities in the issuer's capital structure in the event of insolvency*

On a winding-up or a return of capital by the Company, the net assets of the Company shall be divided *pro rata* among the holders of the Ordinary Shares.

(e) *Restrictions on the free transferability of the securities*

The Ordinary Shares are freely transferable, subject to the BBOX Board's absolute discretion to refuse to register any transfer of any certificated share which is not fully paid, provided that the BBOX Board shall not refuse to register any transfer of partly paid Ordinary Shares which are admitted to trading on the Main Market where such refusal would prevent dealings in such shares. The BBOX Board may decline to recognise any instrument of transfer relating to certificated shares unless, *inter alia*, it is in respect of only one class of share, is lodged at the registered office, is accompanied by the relevant share certificate and is duly stamped (if required).

The BBOX Board may, under the articles of association of the Company, decline to recognise any instrument of transfer relating to certificated shares to any person whose holding or beneficial ownership of shares may result in: (i) the Company, the BBOX Manager or the Investment Adviser or any member of its group being in violation of, or required to register under, the US Investment Company Act or the US CEA or being required to register its shares under the US Exchange Act; (ii) the Company not being a "foreign private issuer" as such term is defined in Rule 3b-4(c) of the US Exchange Act; (iii) the assets of the Company being deemed to be "plan assets" within the meaning of ERISA and US Department of Labor Regulations and guidance issued thereunder, including, but not limited to 29 C.F.R. 2510. 3-101, or of a "plan" within the meaning of section 4975 of the US Tax Code, or of a plan or other arrangement subject to section 503 of the US Tax Code or provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or section 4975 of the US Tax Code; (iv) the Company, or any member of its group, the BBOX Manager or the Investment Adviser not being in

compliance with FATCA, the US Investment Company Act, the US Exchange Act, the US CEA, Section 4975 of the US Tax Code, section 503 of the US Tax Code, ERISA or any applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA, section 503 of the US Tax Code or section 4975 of the US Tax Code; or (v) the Company being a "controlled foreign corporation" for the purposes of the US Tax Code.

(f) *Dividend policy*

The BBOX Directors have adopted, and expect to continue to maintain an attractive and progressive dividend policy, with the first three quarterly dividends to each represent 25 per cent. of the previous full-year dividend, and the fourth quarter dividend determining any progression. The aim is to achieve an overall pay-out ratio in excess of 90 per cent. of Adjusted Earnings. As a REIT, the Company is required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute a minimum of 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.

3.2 Where will the securities be traded?

Applications will be made to the FCA and the London Stock Exchange, respectively, for all of the New BBOX Shares to be issued to be admitted to the premium listing segment of the Official List and to trading on the Main Market.

3.3 What are the key risks that are specific to the securities?

- The value and/or market price of the Ordinary Shares may go down as well as up.
- The share price of listed companies can be highly volatile and shareholdings illiquid.
- The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions.
- The issue of New BBOX Shares and any future issue of Ordinary Shares, including in connection with any future offerings or acquisitions or otherwise, may have a dilutive effect on the holdings of Shareholders.

4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

(a) *General terms and conditions*

Not applicable. This document does not constitute an offer or an invitation to any person to subscribe for or purchase Ordinary Shares. The New BBOX Shares are proposed to be issued to shareholders of UK Commercial Property REIT Limited in connection with the proposed recommended all-share combination of the Company and UK Commercial Property REIT Limited. Under the terms of the Combination, each UKCM Shareholder will be entitled to receive 0.444 New BBOX Shares for each Scheme Share held.

(b) *Expected timetable*

The dates and times given in the table below in connection with the Combination are indicative only and are based on the Company's current expectations and are subject to change. All times shown are London times unless otherwise stated.

Event	Time and/or date
BBOX General Meeting	**10.30 a.m. on 1 May 2024**
UKCM Court Meeting	10.00 a.m. on 2 May 2024
UKCM General Meeting	10.15 a.m. on 2 May 2024
Scheme Record Time	6.00 p.m. on 15 May 2024
Suspension of listing and dealings in UKCM Shares	16 May 2024
Scheme Effective Date	**16 May 2024**
Delisting of UKCM Shares	By 8.00 a.m. on 17 May 2024
New BBOX Shares issued to UKCM Shareholders	By 8.00 a.m. on 17 May 2024
Admission of, and commencement of dealings in, the New BBOX Shares	At or shortly after 8.00 a.m. on 17 May 2024
Long Stop Date	21 September 2024

(c) *Details of admission to trading on a regulated market*

Applications will be made to the FCA and the London Stock Exchange, respectively, for all of the New BBOX Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective, and dealings in the New BBOX Shares will commence at or shortly after 8.00 a.m. on 17 May 2024.

(d) *Amount and percentage of immediate dilution resulting from the issue*

The Company proposes to issue up to 576,939,135 New BBOX Shares in connection with the Combination. This will result in the Company's issued share capital increasing by approximately 30.3 per cent. immediately following Admission, assuming that 576,939,135 New BBOX Shares are issued and no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission, BBOX Shareholders will be subject to an immediate dilution as a result of the issue, following which they will hold approximately 76.7 per cent. of the Company's enlarged issued share capital.

(e) *Estimated expenses*

The aggregate costs and expenses of, and incidental to, the Combination payable by the Company, are estimated to amount to approximately £30.8 million (plus applicable VAT).

4.2 **Why is this prospectus being produced?**

(a) *Reasons for the issue*

On 21 March 2024, the BBOX Board and the UKCM Board jointly announced that they had reached an agreement on the terms of a recommended all-share combination of BBOX and UKCM, to be effected by means of a court-sanctioned scheme of arrangement under Guernsey Companies Law. The boards of BBOX and UKCM believe the Combination has strong strategic rationale, building on BBOX's proven track record of delivering attractive and sustainable returns for shareholders.

This document has been prepared in connection with the applications for admission of the New BBOX Shares to the premium listing segment of the Official List and to trading on the Main Market. This document does not constitute an offer or invitation to any person to subscribe for or purchase any shares in BBOX. No proceeds are receivable by the Company as a result of the issue of the New BBOX Shares.

(b) *Material conflicts of interest*

There are no material conflicts of interest pertaining to the Combination or Admission.

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares or making any decision as to whether or not to vote in favour of the Resolution, prospective investors and Shareholders should consider carefully the factors and risks associated with any investment in the Company and the business of the BBOX Group and, following Completion, the Combined Group and the industry in which they operate, together with all other information contained in this document.

Due to the fact that a significant part of the business of the BBOX Group and the UKCM Group are similar in nature, some of the risks set out below (including those specific to the Combination) are not new risks which arise only on Completion, but are existing material risks, and in certain cases, the potential impact of such risks may be increased by the Combination. Therefore, although the below describes discretely material risk factors affecting the BBOX Group and the UKCM Group, the risks will, following Completion and unless otherwise stated, be equally relevant to, and will be material risk factors for, the Combined Group. If any of the following risks were to occur, this could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group or, following Completion, the Combined Group, the value of the Ordinary Shares could decline and Shareholders could lose all or part of the value of their investment in the Ordinary Shares.

The risks described below are based on information known at the date of this document. However, the following is not an exhaustive list or explanation of all risks to which the BBOX Group, the UKCM Group or, following Completion, the Combined Group is or might be exposed to or that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the BBOX Group, the UKCM Group or, following Completion, the Combined Group, which are currently unknown to the Company or that the Company does not currently consider to be material, could have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group or, following Completion, the Combined Group. In such a case, the value of the Ordinary Shares could decline and Shareholders could lose all or part of the value of their investment in the Ordinary Shares.

In accordance with the Prospectus Regulation Rules, the most material risk factors have been presented first in each category, but the order in which the remaining risk factors are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group or, following Completion, the Combined Group.

Investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and their personal circumstances. If investors are in any doubt about any action they should take, they should consult a competent independent professional advisor who specialises in advising on the acquisition of listed securities.

1. RISKS RELATING TO THE BUSINESS AND INDUSTRY OF THE BBOX GROUP, THE UKCM GROUP AND, FOLLOWING COMPLETION, THE COMBINED GROUP

1.1 The Company may not meet its Investment Objective

There can be no assurance that the Company will meet its Investment Objective. The Company is focussed on investment, and development of, predominantly large-scale logistics real estate assets in the UK for the purpose of delivering income and capital returns to Shareholders. It may not find suitable properties in which to invest. Identifying suitable investments, conducting due diligence, negotiating acceptable purchase contracts and ultimately completing the purchase of a property typically requires a significant amount of time. The Company may face delays in locating and acquiring suitable investments (resulting in exposure to a risk of increasing property prices) and, once the properties are identified, there could also be delays in completing the purchases, including delays in obtaining any necessary approvals. Necessary approvals may be refused, or granted only on onerous terms, and any such refusals, or the imposition of onerous terms, may result in an investment not proceeding as originally intended and could result in significant costs associated with aborting the transaction being incurred by the Company. Further, in the case of development assets, the time and costs required to complete new developments are subject to substantial variables, many of which are outside of the Company's control and could lead to delays in, or prevent, the completion of a property development and result in costs substantially exceeding those originally budgeted. Inaccurate assessment of a development opportunity or a decrease in tenant demand could result in the development remaining vacant after completion. See also the section entitled "*Risks associated with real estate development activities*".

The Company's ability to pay dividends will be dependent principally on its rental income generated from its Portfolio. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the BBOX Directors and will depend upon, among other things, the Company successfully pursuing its Investment Policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company.

1.2 A default by one or more major tenants could result in a significant loss of letting income, void costs, a reduction in asset value and increased bad debts

As at 31 December 2023, the BBOX Group's top ten tenants accounted for 48.9 per cent. of the BBOX Group's contracted annual rent, and the UKCM Group's top ten tenants accounted for 33.4 per cent. of the UKCM Group's contracted rental income. A downturn in business, bankruptcy or insolvency could force a tenant to default on its rental obligations and/or other contractual payments and/or vacate the premises. Such a default could result in a loss of rental income, void costs, an increase in bad debts and decrease the value of the relevant property. The occurrence of these situations may result in greater volatility in the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's investments and, consequently, its net asset value, and may materially and adversely affect the performance of the Company and its ability to achieve its target returns.

The BBOX Group, the UKCM Group and, following Completion, the Combined Group may also experience difficulty in attracting new tenants, or renewing leases with existing tenants (for example, if prospective tenants have negative perceptions of the attractiveness or other features of the property), on suitable terms or at all. The BBOX Group, the UKCM Group and, following Completion, the Combined Group may need to incur additional costs and expenses, including the granting of rent free periods, the payment of capital premia, legal and surveying costs, security costs, maintenance costs, redevelopment costs, refurbishment costs, insurance costs, rates and marketing costs as a result of properties being without tenants and in order to attract tenants.

The decline of net rental income of the BBOX Group, the UKCM Group and, following Completion, the Combined Group could have a material adverse impact on the Company's ability to make distributions to Shareholders and to service and repay its indebtedness.

Any of the above may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.3 The performance of the BBOX Group, the UKCM Group and, following Completion, the Combined Group will depend on general real estate market conditions

The BBOX Group focuses on acquiring, developing and actively managing well-located, modern logistics assets in the UK and the UKCM Group invests in commercial property assets in the UK. Accordingly, both the condition of the real estate market and the overall UK economy will impact the performance and returns of the BBOX Group, the UKCM Group and, following Completion, the Combined Group. Economic conditions in the UK may be affected by geopolitical and other events outside of the Company's controls. Declines in the performance of the UK economy could have a negative impact on investment, consumer spending, levels of employment, rental revenues and vacancy rates, which in turn, could have a negative impact on general real estate market conditions. See the risk factor below entitled "*Adverse developments in general economic and political conditions, globally and in the UK, may adversely affect the BBOX Group, the UKCM Group and, following Completion, the Combined Group*" for further information.

Market conditions may have a negative impact on or delay the BBOX Group's ability to execute investments in suitable assets that generate acceptable returns. Market conditions may also negatively impact on the revenues earned from the real estate assets in the portfolio of the BBOX Group, the UKCM Group and, following Completion, the Combined Group, and the price at which these assets can be disposed. In these circumstances, the Company's ability to make distributions to Shareholders from rental income could be affected. A severe fall in values may result in the BBOX Group, the UKCM Group and, following Completion, the Combined Group selling assets from its portfolio to repay its loan commitments. A number of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's debt facilities include loan to value covenants. If real estate assets owned by the BBOX Group or the UKCM Group, respectively, decrease in value, such covenants could be breached. See the risk factor below entitled "*The*

BBOX Group, the UKCM Group and, following Completion, the Combined Group must be able to operate within its banking covenants" for further information.

Further, the real estate markets and prevailing rental rates in the UK may also be affected by factors such as an excess supply of properties, a fall in the general demand for rental property, reductions in tenants' and potential tenants' space requirements, the availability of credit and changes in laws and governmental regulations, including those governing real estate usage and taxes, all of which are outside of the Company's control and could result in declines in market rents received by the BBOX Group, the UKCM Group and, following Completion, the Combined Group, and in occupancy rates for its properties and in the carrying values of its assets (and the value at which it could dispose of such assets). A decline in the carrying value of assets may also weaken the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to obtain financing for new investments.

Any of the above may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.4 Increasing competition for investment property in the logistics sector

Logistics assets appeal to a broad spread of potential investors including other listed property specialists and funds, together with pension/insurance companies and family offices. While the BBOX Group has been one of the most active investors to date, particularly in respect of Big Box assets, other competitors may have greater financial resources than the BBOX Group or greater ability to borrow or leverage funds to acquire properties. Competition for available income producing investment properties is strong, hence there is no assurance that the BBOX Group, the UKCM Group or, following Completion, the Combined Group, will continue to be able to secure suitable logistics assets. This may restrict the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to grow its portfolio and net asset value and to meet distribution targets.

1.5 The future performance of the BBOX Group, the UKCM Group and, following Completion, the Combined Group will depend on the performance of the sectors in which tenants operate, in particular, the UK retail sector

The future performance the BBOX Group, the UKCM Group and, following Completion, the Combined Group will depend on the performance of the sectors in which its tenants operate and the continued growth of such underlying sectors. The BBOX Group and, following Completion, the Combined Group will continue to focus predominantly on the UK Big Box sector, a sub-sector of the UK logistics market, and therefore it will have direct reliance on the online and general retailer distribution requirements in the UK. Insolvencies in the larger retailers and online retailers (in particular those retailers who are tenants of the BBOX Group, the UKCM Group and, following Completion, the Combined Group) could affect the revenues and property valuations of the BBOX Group, the UKCM Group and, following Completion, the Combined Group. Poor performance and low profitability of underlying tenants could affect the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to collect rental income and the overall demand for space. Retail is a varied and dynamic sector and retail operators are directly affected by consumer behaviour and sentiment across the different sub-sectors. The BBOX Group, the UKCM Group and, following Completion, the Combined Group could be affected by shopping trends and alternative retail supply methods.

The UKCM Group's portfolio also includes non-logistics assets including retail parks, supermarkets, student accommodation and offices. Following Completion, as part of BBOX's strategy, the BBOX Manager will, over the short to medium term, actively manage the non-logistics assets in the Combined Group's portfolio and seek to recycle capital through disposals. The timing and phasing of such disposals will be based upon prevailing market conditions and the required asset optimisation (which will necessarily be individual asset specific) of any such disposals. Pending the Combined Group's exiting the non-logistics assets, it will be subject to the performance of the sectors of the tenants of these non-logistics assets. For example, the Combined Group will be exposed to risks associated with the highly concentrated nature of the UK food retail sector, changes to working habits and the increased prominence of hybrid working and the resulting impact on office occupation, and changes to government policies that may reduce the number of students and/or disposable income of students and the resulting impact on demand for student accommodation.

A weakness in the sectors in which tenants of the BBOX Group, the UKCM Group and, following Completion, the Combined Group operate, together with reliance on concentrated individual tenants, may

have an adverse effect on the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's performance, financial condition and business prospects.

1.6 Adverse developments in general economic, political conditions and other significant events, globally and in the UK, may adversely affect the BBOX Group, the UKCM Group and, following Completion, the Combined Group

The BBOX Group, the UKCM Group and, following Completion, the Combined Group is subject to inherent risks arising from macroeconomic factors, sector specific economic, political conditions and other significant events both globally and in the UK.

The global financial system and economic growth in the UK have been adversely affected in recent years by a range of factors including high inflation rates, high interest rates, the conflicts in Ukraine and the Middle East and the COVID-19 pandemic. This may be also be caused or exacerbated by other factors such as the continuation and/or broadening of events in Ukraine and the Middle East, outbreaks of war, civil unrest, terrorism, or other hostilities and geopolitical instabilities, outbreaks of new pandemics or epidemics, natural disasters, changes to governments and fiscal and other policy initiatives and proposals. These types of economic, political and other significant events and developments, and the uncertainty about the possible outcomes of these events and developments, could increase market uncertainty, lead to inflation or deflation, impair the confidence of investors, the business community and consumers, impair demand for logistics assets and impair the availability and cost of capital, liquidity and credit. Any or a combination of these outcomes could adversely impact on the income, profits, and potentially the carrying values of the assets of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

Deterioration in the performance of the economy globally and in the UK could also impact on a number of the BBOX Group's, UKCM Group's and, following Completion, the Combined Group's tenants, contractors and service providers, which could lead to potential tenant defaults, a loss of rental income for, and/or disruption to operations of, the BBOX Group, the UKCM Group and, following Completion, the Combined Group. For example, there has been severe pressure on supply chains in recent years, which has led to high levels of inflation. The main effects of this are leading to higher prices, particularly around energy, transport and labour, which, in turn, impacts on the profitability of the BBOX Group's, UKCM Group's and, following Completion, the Combined Group's tenants and may lead to slower occupier decision-making.

Any of the foregoing could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.7 The BBOX Group, the UKCM Group and, following Completion, the Combined Group, is subject to risks and uncertainty relating to ESG matters

Environmental sustainability is a challenge that everyone is facing and is an important issue for the BBOX Group and the UKCM Group. There has been a growing awareness among stakeholders of companies such as BBOX and UKCM, including shareholders and investors, tenants, suppliers, finance providers and regulators, of the climate and environmental impacts of their activities. Many of these stakeholder groups are considering ESG aspects as part of their business and/or investment policies.

Each of BBOX and UKCM have published ESG-targets, including net zero carbon targets and net zero carbon pathways. BBOX has also published other targets relating to the four key ESG themes in its strategy, being sustainable buildings, climate and carbon, nature and wellbeing and social value. Further, the BBOX Group, the UKCM Group and, following Completion, the Combined Group are subject to laws and regulations relating to, among other things, property, land use, health and safety requirements and environmental compliance. These laws and regulations, as well as related industry standards, social attitudes, and customer and investor preferences are constantly evolving.

The BBOX Group, the UKCM Group and, following Completion, the Combined Group, may be required to expend significant resource and capital in order to retrofit their assets or implement changes to their policies and procedures in order to achieve their net zero, energy efficiency and/or other ESG targets or to effectively respond to new, or changes in, legal or regulatory requirements or stakeholder expectations concerning environmental or other ESG matters. Failure to meet published ESG targets and objectives, keep pace with the expectations of tenants, investors and other stakeholders or a perception (whether or not valid) of a failure to act responsibly with respect to ESG matters or to effectively respond to new legal or regulatory requirements or industry standards has the potential to cause significant reputational damage and financial impact to the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

For example, this could result in, among other things, reduced occupier demand, adverse impacts on the value and liquidity of real estate assets, reduced rental income, increased vacancy and associated void costs and expenses. There may also be an adverse impact on the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to attract new investors or access equity and debt capital if they are not able to meet, or are perceived not to meet, ESG-related criteria or metrics applied by investors and finance providers. ESG requirements are likely to increase over time, including in relation to a transition to a low-carbon economy, and therefore the impact of a failure to comply has the potential to be even greater in the future.

Any of the foregoing could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.8 The appraised value of the properties or assets may not accurately reflect the current or future value of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's assets

The BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's portfolio of assets is externally valued by external third party valuers. The valuation of property and property-related assets is inherently subjective owing to the individual nature of each property or asset and is based on a number of assumptions which may not turn out to be true, meaning that actual prices paid by the BBOX Group and the UKCM Group for the real estate assets in their portfolios or the current valuation of such assets may not reflect the valuations of the properties. Property valuations are complex and may involve the consideration of data which is not publicly available. Assumptions made by different valuers may vary significantly.

In determining the value of properties, external valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing buyers in uncertain market conditions, title, condition of structure and services, deleterious materials, plant and machinery and goodwill, environmental matters, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets the BBOX Group, the UKCM Group and, following Completion, the Combined Group acquires and thereby have a material adverse effect on its financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

Property investment performance can fluctuate over time and values can increase or decrease. The value of property investments may also be affected by other factors outside the Company's control, including changes in general macro-economic conditions, declines in demand for the types of properties within the portfolio of the BBOX Group, the UKCM Group and, following Completion, the Combined Group, legislative changes and changes to market standards for valuations (such as the RICS Valuation—Global Standards or the UK national supplement and associated guidance notes) and availability of finance for property investment.

To the extent valuations of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's properties do not fully reflect the value of the underlying properties, whether due to the above factors or otherwise, this may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.9 The use of floating rate debt by the BBOX Group, the UKCM Group and, following Completion, the Combined Group will expose the business to underlying interest rate movements

While the majority of the BBOX Group's and the UKCM Group's existing debt facilities have fixed interest rates, each of the BBOX Group and the UKCM Group has certain existing debt facilities where the interest payable is based on a margin above SONIA, including the BBOX Group's 2019 Revolving Credit Facility and 2023 Revolving Credit Facility and the UKCM Group's £150 million revolving credit facility with Barclays Bank. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruption to financial markets and the availability of bank credit. The BBOX Group uses the interest rate derivatives to protect the Company from significant increases in underlying interest rates, by either fixing or capping the level to which interest rates on variable rate debt can rise. As at 31 December 2023, these instruments comprise one interest rate swap and a number of interest rate caps. The Company aims, where

appropriate, to minimise the level of unhedged debt with variable interest rate exposure of the BBOX Group and in doing so aims to keep the level of drawn debt at least approximately 90 per cent. fixed or hedged. The UKCM Group does not have any interest rate swaps in place relating to its floating rate facility. As of 31 December 2023, the BBOX Group's drawn debt was 96 per cent. fixed or hedged (typically in the form of interest cap arrangements). As at 31 December 2023, 98 per cent. of the UKCM Group's debt were at a fixed rate. However, such measures may not be sufficient to protect the BBOX Group, the UKCM Group and, following Completion, the Combined Group from risks associated with movements in prevailing interest rates and there will be a negative impact on its financial condition if interest rates rise for any unhedged portion of debt. In addition, hedging arrangements expose the BBOX Group and, following Completion, the Combined Group to credit risk in respect of the hedging counterparty. For the above reasons, the incurrence of substantial floating rate debt combined with adverse interest rate movements could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.10 **A lack of debt funding at appropriate rates may restrict the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's ability to grow**

The BBOX Group and the UKCM Group use debt financing to enhance equity returns. As at 31 December 2023 (adjusted for a post-period end acquisition), the loan to value ratio of the BBOX Group was 32.3 per cent. Following disposals post 31 December 2023, UKCM has a loan-to-value ratio of 15.2 per cent. There is no assurance that debt funding will continue to be available under acceptable commercial terms and at appropriate rates. Without sufficient debt funding at appropriate rates, the BBOX Group, the UKCM Group and, following Completion, the Combined Group may be unable to pursue further suitable investments in line with the Investment Policy and its ability to pay dividends to Shareholders at the targeted rate may be impaired. These outcomes may, in turn, have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group. Nothing in this risk factor should be construed a qualification to the opinion of the Company as to working capital set out in paragraph 12 of Part 9 (*Additional Information*) of this document.

1.11 **The BBOX Group, the UKCM Group and, following Completion, the Combined Group must be able to operate within its banking covenants**

The borrowings which the BBOX Group and the UKCM Group use contain loan to value covenants, being the accepted market practice in the UK. For example, each of the BBOX Group's 2023 Revolving Credit Facility Agreement, 2019 Revolving Credit Facility Agreement, PGIM Facility Agreement, Canada Life Facility and the Helaba Facility Agreement and the UKCM Group's Barclays RCF, 2015 Barings Facility Agreement and 2019 Barings Facility Agreement include loan to value covenants. If real estate assets owned by the BBOX Group or the UKCM Group, respectively, decrease in value, such covenants could be breached. The BBOX Group, the UKCM Group and, following Completion, the Combined Group may determine to dispose of certain of its assets or take other actions to seek to rebalance the relevant financial covenants. Certain other extraordinary or unforeseen events outside of the Company's control may occur resulting in a breach of relevant financial covenants. In such circumstances, the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's indebtedness, and any hedging arrangements entered into in respect of them, may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the BBOX Group, UKCM Group or, following Completion, the Combined Group is required to repay any such indebtedness early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the required payments (which may include pre-payment penalties). If such indebtedness cannot be serviced or repaid as required, the relevant creditors could also force the sale of an asset through foreclosure or through the Company being put into administration and any debt holders could declare all outstanding principal and interest to be immediately due and payable. Any of the foregoing could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group, and could result in a total or partial loss of equity value for each specific asset, or indeed the BBOX Group or the UKCM Group or, following Completion, the Combined Group as a whole.

1.12 **Asset management initiatives may be more costly than anticipated and take longer to implement**

The BBOX Manager takes a proactive approach to asset and property management to seek to create value enhancement for the BBOX Group's and, following Completion, the Combined Group's portfolio. As part of

asset management strategy, the BBOX Group and, following Completion, the Combined Group, may, where appropriate, undertake initiatives such as seeking improvements to lease terms and maximising rent reviews, refurbishment works, capturing expansion plans to support tenant operations, changing or enhancing the configurations of assets and introducing or enhancing biodiversity projects, to meet current or future customer's requirements and ensure resilience of the marketability of its portfolio. There can be no assurance that the BBOX Group and, following Completion, the Combined Group, will be able to identify all potential opportunities and/or risks.

Asset management initiatives may be more extensive, expensive and take longer than anticipated. The ability to carry out identified asset management opportunities may be adversely affected by a number of factors including constraints on location, planning legislation, the need to obtain other licences, consents and approvals and the existence of restrictive covenants. In implementing enhancement or refurbishment works the BBOX Group and, following Completion, the Combined Group, will rely upon the performance of third party service providers and contractors. Failure by any such service providers and contractors to carry out their obligations in accordance with their appointment terms could result in the enhancement or refurbishment works being more expensive than anticipated and taking longer to complete. There can be no assurance that the Group will realise anticipated returns on any asset management initiatives and failure to generate anticipated returns may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

1.13 The BBOX Group, the UKCM Group and, following Completion, the Combined Group may not be able to dispose of its investments in a timely fashion and at satisfactory prices

The BBOX Group, and following Completion, the Combined Group, reviews its portfolio from time to time and considers various forms of capital recycling as part of its wider capital allocation policy. For example, the BBOX Manager will, over the short to medium term, actively manage the non-logistics assets (including retail parks, offices, supermarkets and student accommodation) and seek to recycle capital through disposals, with the recycled capital being invested in BBOX's development pipeline and/or other investment properties. The timing and phasing of such disposals (as well as disposals of other assets in line with the BBOX Group's and, following Completion, the Combined Group's wider asset management strategies) will be based upon prevailing market conditions and the required asset optimisation (which will necessarily be individual asset specific) of any such disposals, however BBOX's current expectation is that it will have substantially exited this entire portfolio within approximately 24 months of Completion, subject to the completion of asset management strategies which may take longer to execute. Disposals of such non-core assets and/or other assets pose a number of risks. In particular, as property assets are expected to be relatively illiquid, such illiquidity may affect the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's ability to dispose of or liquidate its portfolio in a timely fashion (or at all). In addition, it may be difficult for the BBOX Group, the UKCM Group and, following Completion, the Combined Group to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant property. This could result in a decrease in net asset value and lower returns (if any) for Shareholders.

Furthermore, activities arising from the ongoing portfolio review and any subsequent disposals will require additional time and resources of the BBOX Manager (and, in respect of the UKCM Group, the UKCM Manager). To the extent that the BBOX Group, the UKCM Group and, following Completion, the Combined Group is unable to proceed with a disposal in the preferred timeframe, or to raise the anticipated level of disposal proceeds, or if further management or other resources are required to carry out those activities than was initially anticipated, it may have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group. The BBOX Group, the UKCM Group and, following Completion, the Combined Group may not be able to achieve cost reductions, efficiencies or other benefits in line with its disposal plans or at all.

1.14 The BBOX Group, the UKCM Group and, following Completion, the Combined Group may be subject to liability following the disposal of its investments

The BBOX Group, the UKCM Group and, following Completion, the Combined Group may be exposed to future liabilities and/or obligations with respect to the disposal of its real estate assets. The BBOX Group, the UKCM Group and, following Completion, the Combined Group may be required to set aside money for warranty claims or contingent liabilities in respect of property disposals. It may also be required to pay damages (including but not limited to litigation costs) to the extent that any representations or warranties

that it has given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants contained in the disposal documentation. In certain circumstances, it is possible that any incorrect representations and warranties could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the BBOX Group, the UKCM Group and, following Completion, the Combined Group may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as environmental liabilities. Any such claims, litigation or obligations, and any steps which the BBOX Group, the UKCM Group and, following Completion, the Combined Group is required to take to meet the cost, such as sales of assets or increased borrowings, could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.15 **Any costs associated with potential investments and/or disposals that do not proceed to completion will affect the performance of the BBOX Group, the UKCM Group and, following Completion, the Combined Group**

The BBOX Group, the UKCM Group and, following Completion, the Combined Group can incur certain third party costs associated with sourcing of suitable assets as well as portfolio reviews and any resulting plans for disposal, including legal fees and the fees of other advisers. Whilst the Company will always seek to minimise any such costs, it can give no assurances as to the ongoing level of these costs or that negotiations to acquire or dispose such assets will be successful; the greater number of these deals which do not reach completion, the greater impact of such costs on the business, reputation, results of operations, financial condition and prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.16 **Performance may be adversely affected by changes to planning legislation or practice**

The BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's ability to carry out asset management proposals to maximise returns from properties, including extensions and structural changes, together with the supply, through new development, of new logistics assets (including Big Box units) is often subject to planning decisions on a local and national level. The process for obtaining planning consents can be time-consuming and costly. Planning legislation and practice are also subject to change, which could make the planning process more time-consuming or costly. This could lead to delays and constraints on the Company's financial performance. There can be no certainty that the BBOX Group, the UKCM Group or, following Completion, the Combined Group will be able to secure all planning consents it requires in a timely manner or on economically viable terms, or at all. Failure to obtain requisite planning permission in a timely manner or on economically viable terms, or at all, could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.17 **Consequences of assignment by tenants of properties**

The terms contained within the leases of the real estate assets in the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's portfolio vary from lease to lease and are dependent upon the terms agreed between the original landlord and tenant at the time of the grant of the relevant lease. There is a risk that an assignor may not be required to give an authorised guarantee agreement or may only be required to do so if reasonably required by the landlord (as opposed to an absolute obligation to provide the guarantee). If an assignee is less creditworthy than the assignor, there could be an increased risk of tenant default, which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all or the termination of a tenant's lease. If the net rental income of the BBOX Group, the UKCM Group and, following Completion, the Combined Group declines, the Company would have less cash available to make distributions to Shareholders and to service and repay its indebtedness. Any of the above may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.18 **The discovery of previously undetected environmentally hazardous conditions in a property could result in unforeseen remedial work or future liabilities even after disposal of such property**

Under applicable environmental laws, a current or previous property owner may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property, which cost could be substantial. While the BBOX Manager undertakes environmental due diligence before acquiring properties,

there is still a risk that third parties may seek to recover from the BBOX Group and, following Completion, the Combined Group for personal injury or property damage associated with exposure to any release of hazardous substances. Payment of damages could adversely affect the Company's ability to make distributions to Shareholders from rental income.

Furthermore, the presence of environmentally hazardous substances, or the failure to remediate damage caused by such substances, may adversely affect the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to sell or lease the relevant property at a level that would support the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's investment strategy. This may also materially and adversely affect the reputation of the BBOX Group, the UKCM Group and, following Completion, the Combined Group and its ability to attract or retain tenants, investors and other counterparties if the BBOX Group, the UKCM Group and, following Completion, the Combined Group does not meet such counterparties' environmental expectations.

Any of the above could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

1.19 The BBOX Group and, following Completion, the Combined Group may not acquire 100 per cent. control of its investments

The Company's investment strategy does not restrict the BBOX Group from entering into a variety of investment structures, such as joint ventures, acquisitions of controlling interests or acquisitions of minority interests. Where the BBOX Group or, following Completion, the Combined Group acquires less than a 100 per cent. interest in a particular asset, or disposes of a portion of an existing asset (through, for example, a joint venture arrangement) the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the interests of the BBOX Group and, following Completion, the Combined Group, or they may obstruct its plans (for example, in implementing active asset management measures), or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the BBOX Group's and, following Completion, the Combined Group's interests and plans, it may face the potential risk of impasses on decisions that affect the ability to implement its strategies and/or dispose of the real estate asset. The above circumstances may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

In addition, there is a risk of disputes between the BBOX Group (and, following Completion, the Combined Group) and third parties who have an interest in the asset in question. Any litigation or arbitration resulting from any such disputes may increase its expenses and distract the BBOX Directors and the BBOX Manager from focusing their time to fulfil the Investment Objective of the Company. The BBOX Group and, following Completion, the Combined Group may also, in certain circumstances, be liable for the actions of such third parties.

2. RISKS ASSOCIATED WITH REAL ESTATE DEVELOPMENT ACTIVITIES

Pursuant to the Company's Investment Policy, the Company may commit up to a maximum of 15 per cent. of its Gross Assets to expenditure on land or options over land, of which up to 5 per cent. of the BBOX Group's Gross Assets may be invested in speculative development activity. The BBOX Group controls a land portfolio that has the potential to deliver (subject to planning) approximately 42.5 million sq. ft. of new logistics space, with the potential to more than double the size of its existing Investment Portfolio. UKCM has one ongoing development project as of 31 December 2023. The following risk factors are those considered to be material in respect of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's real estate development activities (either directly or indirectly via forward funding arrangements) and may singly or in combination reduce the value of the assets of the BBOX Group, the UKCM Group and, following Completion, the Combined Group, or impact the ability of the Company to meet its distribution targets.

2.1 Commercial risks associated with real estate development

Development activities are likely to involve a higher degree of risk than is associated with standing assets and will require the BBOX Group, the UKCM Group and, following Completion, the Combined Group to

assess each development opportunity, including the return on investment, transport and other infrastructure attributes of the location, the quality, configuration and flexibility of the specification and the timing and delivery of the completed asset. Inaccurate assessment of a development opportunity or a decrease in tenant demand (for example, as a result of prevailing market conditions or a general increase in the overall supply of logistics space) could result in the development remaining vacant after completion. Such vacancies would affect the level of rental income obtained, the amount of realised sales proceeds and the value of the development property, all of which could have a material adverse effect on the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's profitability, the net asset value and the price of the Ordinary Shares.

The time and costs required to complete new developments may also be subject to substantial variables due to many factors, including, amongst other things, shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, contractor default, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent, the completion of a property development and result in costs substantially exceeding those originally budgeted, which may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

The BBOX Group, the UKCM Group and, following Completion, the Combined Group may commit significant time and resources to a project but may be unable to complete it successfully, which could result in the loss of some or all of the investment in that project. Postponement or cancellation of a property development may result in too much development land being held, which may dilute the returns due to capital being invested in unproductive assets. In addition, failure to complete a property development according to its original schedule or business case, may give rise to investment returns being lower than originally expected, customers exiting contracts and/or bringing claims for damages against the BBOX Group, the UKCM Group and, following Completion, the Combined Group due to a breach of pre-let agreements, and potential liabilities. Such consequences may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

2.2 Risk of increased exposure to land and options over land

Planning consents and related conditions and building permits necessary for the development of land may not be secured. External factors or changed circumstances may also cause tenants to change their property requirements which may mean that the BBOX Group and, following Completion, the Combined Group holds land which is located in undesirable areas. Also, postponement or cancellation of a property development may result in the BBOX Group and, following Completion, the Combined Group holding too much development land, which may dilute returns due to capital being invested in non-income producing assets. These factors may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

2.3 Risk of investing in speculative development activity

The BBOX Group, the UKCM Group and, following Completion, the Combined Group may be unable to lease speculatively developed assets on a timely basis or at all. While assets remain vacant they may incur empty rates liabilities and other costs instead of earning rental income for the BBOX Group, the UKCM Group and, following Completion, the Combined Group. Speculative development decisions are based on assumptions about the future requirements of the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's potential tenants. If these requirements change relative to the Company's current expectations and the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's properties become less attractive to tenants and potential occupiers, there is a risk of obsolescence. In addition, there are numerous external factors that could cause tenants and potential tenants to change their property requirements, including changes in legislation, increases in fuel costs and technological advances. All of these factors may lead to a corresponding loss of value and rental income and/or an increase in costs and expenses, which may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

2.4 **Risks associated with the planning application, approval process and financial viability**

In the event that planning applications for the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's development projects are unsuccessful, are subject to successful challenge during the judicial review period or are granted subject to constraints or conditions which is regarded as unacceptable or onerous (and which the BBOX Group, the UKCM Group or, following Completion, the Combined Group is unsuccessful, or concludes is unlikely to be successful, in removing), then the BBOX Group, the UKCM Group or, following Completion, the Combined Group may conclude that it is not likely to realise anticipated value from such development opportunities and, accordingly, may decide not to proceed with, or to defer, construction. In any event, the decision to proceed with construction of any development will depend upon the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's assessment that such development project is likely to provide a satisfactory return on investment having regard to such factors as the cost of construction, timing and delivery of completed property, planning and development constraints and conditions, and local and general market conditions. The BBOX Group, the UKCM Group and, following Completion, the Combined Group may defer or decide not to proceed with construction of any development that does not satisfactorily meet its assessment criteria. The failure to obtain satisfactory planning permission or any decision to defer or not proceed with construction could have a material adverse effect on the BBOX Group's, the UKCM Group's and, following Completion, the Combined Group's profitability, the net asset value and the price of the Ordinary Shares.

2.5 **The BBOX Group and, following Completion, the Combined Group is dependent on the performance of third party contractors and subcontractors who may fail to perform their contractual obligations**

Where the BBOX Group seeks to create value by undertaking limited development of logistics assets, or by investing in a pre-let but in-development assets, the BBOX Group is dependent on the performance of third party contractors and sub-contractors. Whilst the BBOX Group seeks to negotiate contracts to contain appropriate warranty protection, any failure to perform against contractual obligations on the part of a contractor could adversely impact the value of the BBOX Group's and, following Completion, the Combined Group's property assets which may, in turn, have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

In addition, there is a risk of disputes with third party contractors or sub-contractors should they fail to perform against contractual obligations. Any litigation or arbitration resulting from any such disputes may increase the BBOX Group's and, following Completion, the Combined Group's expenses and distract the BBOX Directors and the BBOX Manager from focusing their time to fulfil the strategy of the Company.

3. RISKS RELATING TO THE BBOX MANAGER

3.1 **The BBOX Group is, and following Completion, the Combined Group will be, dependent on the efforts of the BBOX Manager and the Investment Team, together with the performance and retention of key personnel**

The BBOX Group is, and following Completion, the Combined Group will be, reliant on the management and advisory services the Company receives from the BBOX Manager. As a result, the BBOX Group's and, following Completion, the Combined Group's performance is, to a large extent, dependent upon the ability of the BBOX Manager. Any failure to source assets, execute transactions or manage investments (including capital recycling initiatives as part of the BBOX Group's and, following Completion, the Combined Group's wider capital allocation policy) by the BBOX Manager may have a material adverse effect on the BBOX Group's and, following Completion, the Combined Group's performance. Furthermore, there can be no assurance as to the continued involvement of the Investment Team with the BBOX Manager or (indirectly) with the BBOX Group and, following Completion, the Combined Group. The departure of any of the Investment Team without adequate replacement may also have a material adverse effect on the BBOX Group's and, following Completion, the Combined Group's performance.

The BBOX Manager is also responsible for carrying out the day-to-day management of the Company's affairs and, therefore, any disruption to the services of the BBOX Manager (whether due to termination of the Investment Management Agreement or otherwise) could cause a significant disruption to the Company's operations until a suitable replacement is found.

In respect of assets in the BBOX Group's development activities, the BBOX Group is, and following Completion the Combined Group will be, reliant on the services Tritax Symmetry Holdings Limited (**"TSHL"**) receives from Tritax Symmetry Management Limited (**"TSML"**) to progress with the development of assets. Any failure to progress such developments in line with expected development

schedule, or at all may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

In addition, the Company only has limited control over the personnel of or used by the BBOX Manager and TSML. If any such personnel were to do anything or be alleged to do anything that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Company by association, even if the criticism or publicity is factually inaccurate or unfounded and notwithstanding that the Company may have no involvement with, or control over, the relevant act or alleged act. Any damage to the reputation of the personnel of the BBOX Manager could result in potential counterparties and other third parties such as occupiers, landlords, joint venture partners, lenders or developers being unwilling to deal with the BBOX Manager and/or the Company. This may have a material adverse effect on the ability of the Company to successfully pursue its investment strategy.

Any of the foregoing may have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

3.2 The interests of the BBOX Manager may differ from those of the BBOX Shareholders

Notwithstanding the BBOX Board's belief that the BBOX Manager's fees and conflict policy have been structured to provide an alignment of interest between the BBOX Manager and the BBOX Shareholders, the interests of the BBOX Manager may differ from those of the BBOX Shareholders. This may, in certain circumstances, have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

3.3 The BBOX Manager's due diligence may not identify all risks and liabilities

Prior to entering into any agreement to acquire any property, the BBOX Manager, on behalf of the BBOX Group (and, following Completion, the Combined Group), will perform or procure the performance of due diligence on the proposed acquisition target. In so doing, they would typically rely in part on third parties to conduct a significant portion of this due diligence (such as surveyors' reports and legal reports on title and property valuations).

To the extent the BBOX Group (and, following Completion, the Combined Group), the BBOX Manager or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the BBOX Group and, following Completion, the Combined Group may incur, directly or indirectly, unexpected liabilities, such as defects in title, an inability to obtain permits, or environmental, structural or operational defects requiring remediation. In addition, if there is a failure of due diligence, there may be a risk that properties are acquired which are not consistent with the Company's Investment Objective and Investment Policy, that properties are acquired that fail to perform in accordance with projections or that material defects or liabilities are not covered by insurance proceeds.

As part of its ongoing portfolio review and asset management strategy, the BBOX Group and, following Completion, the Combined Group will from time to time dispose of certain of its investments. To the extent that risks and/or liabilities were underestimated or were not identified at the time of investment, there is a risk that the BBOX Group and, following Completion, the Combined Group, may be exposed to potential future liabilities and/or obligations with respect to the disposal of its real estate assets. This may result in the BBOX Group and, following Completion, the Combined Group being unable to proceed with a disposal in the preferred timeframe, or being required to set aside money for warranty claims or contingent liabilities, or being unable to raise the anticipated level of disposal proceeds. See also the risk factors entitled "*The BBOX Group, the UKCM Group and, following Completion, the Combined Group may not be able to dispose of its investments in a timely fashion and at satisfactory prices*" and "*The BBOX Group, the UKCM Group and, following Completion, the Combined Group may be subject to liability following the disposal of its investments*" for further information.

Any of the foregoing could, in turn, have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

4. RISKS RELATING TO THE COMBINATION

4.1 Completion is subject to certain conditions which may not be satisfied or waived

Completion is conditional upon the satisfaction or, where applicable, waiver of the Conditions on or before the Long Stop Date, which include, among other things:

(a) the approval at the BBOX General Meeting of the Resolution by the requisite majority of the BBOX Shareholders;

(b) the approval at the UKCM General Meeting of the UKCM Resolution by the requisite majority of the UKCM Shareholders;

(c) the approval of the Scheme at the UKCM Court Meeting by the requisite majority of Scheme Shareholders; and

(d) the sanction of the Scheme by the Guernsey Court.

There is no guarantee that the Conditions will be satisfied or, where applicable, waived in the necessary time frame and the Combination may, therefore, be delayed or not complete. Any delay to Completion will prolong the period of uncertainty for the BBOX Group and the UKCM Group and both delay and failure to complete may result in the accrual of additional costs to their respective businesses (for example, there may be an increase in costs in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Combination) without any of the potential benefits of the Combination having been achieved. In addition, the investment managers of BBOX and UKCM have spent time in connection with the Combination, which could otherwise have been spent more productively in connection with the other activities of the BBOX Group or the UKCM Group, as applicable. Therefore, the consequences of a material delay in completing or failure to complete the Combination may have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group and, in the case of a delay, the Combined Group.

BBOX's ability to invoke a Condition (other than Scheme-related conditions) to the Combination to either lapse the Combination or delay the Combination beyond the Long Stop Date is subject to the Panel's consent. The Panel will need to be satisfied that the underlying circumstances are of "material significance" to the BBOX Group in the context of the Combination and this is generally acknowledged to be a high threshold to fulfil. Consequently, there is a significant risk that BBOX may be required to complete the Combination even where certain Conditions have not been satisfied or where a material adverse change affecting the UKCM Group has occurred. If these events were to occur, they may result in additional costs and/or the delay or the failure (partial or otherwise) to realise the cost savings and other benefits relating to the Combination identified by the parties and may have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

4.2 The Combined Group's success will depend in part on its ability to integrate the BBOX Group and the UKCM Group. Cost savings and other benefits anticipated from the Combination may fail to materialise or be materially lower than have been estimated

The Combined Group's success will depend in part upon its ability to integrate the BBOX Group and the UKCM Group. The BBOX Board believes that the Combination will result in cost savings and other operational efficiencies through the unification of investment advisory services under the BBOX Manager and, accordingly, the application of the Company's lower management fees charged on the UKCM Group's portfolio, and the de-duplication and rationalisation of duplicated listing, administration and operational expenses. The estimates regarding the potential cost savings resulting from the Combination included in this document are based on the BBOX Board's assessment of the information currently available and may prove incorrect. There will be numerous challenges associated with the integration and the cost savings and other benefits anticipated from the Combination may not be fully achieved. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realise such benefits in a timely manner. To the extent that the Combined Group is unable to efficiently integrate the operations, retain customers and suppliers and avoid unforeseen costs or delay, there may be an adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the Combined Group.

The Combined Group will encounter numerous integration challenges as a consequence of the Combination. In particular, following Completion, the BBOX Manager's attention and resources of the Combined Group may be diverted from its core activity of property investment and management of the Combined Group's portfolio due to personnel being required to assist in the integration process. The integration process may

lead to an increase in the level of administrative errors. There will inevitably be a cost involved in revising the current systems and structures of the Combined Group following Completion, and that such costs exceed current estimates.

A failure to deliver all, or substantially all, of the expected cost savings and other benefits, or realise such benefits in a timely manner, could have a material adverse effect on the business, reputation, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

4.3 A third party may have or be able to obtain a large enough shareholding in BBOX or UKCM to delay or prevent completion of the Combination

The Ordinary Shares and UKCM Shares are freely traded on the Main Market. Although the Company is not aware of the existence of any such shareholders as at the date of this document, it is possible that a new or existing shareholder with a significant shareholding in either BBOX or UKCM could use, or could threaten to use, its shareholding to vote against the Combination when shareholder consent is sought. Such an action could materially delay or prevent the implementation of the Scheme and the Combination and therefore deprive the parties of some or all of the anticipated benefits of the Combination.

4.4 Shareholders of BBOX and UKCM will experience dilution as a result of the Combination

After Completion, the shareholders of BBOX and UKCM will own a smaller percentage of the Combined Group than they currently own of the BBOX Group and the UKCM Group, respectively. Assuming that 576,939,135 New BBOX Shares are issued (being the maximum number of New BBOX Shares to be issued to UKCM Shareholders pursuant to the Combination) and no other issues of Ordinary Shares or UKCM Shares between the Latest Practicable Date and the date of Completion, the BBOX Shareholders and UKCM Shareholders will own approximately 76.7 per cent. and 23.3 per cent., respectively, of the Enlarged Share Capital. As a consequence, the number of voting rights which can be exercised and the influence that may be exerted by Shareholders and UKCM Shareholders in respect of the Combined Group will be reduced.

4.5 The BBOX Group may incur higher than expected Combination-related costs

The BBOX Group expects to incur costs in relation to the Combination, including integration and post-Completion costs, in order to implement the Combination successfully. The actual costs may exceed those estimated and there may be additional and unforeseen expenses incurred in connection with the Combination. In addition, the BBOX Group and the UKCM Group have incurred, and will incur, legal, accounting and transaction fees and other costs relating to the Combination, a material part of which are payable whether or not the Combination completes. Such costs could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the BBOX Group, the UKCM Group and, following Completion, the Combined Group.

5. RISKS RELATING TO STRUCTURE, REGULATION AND TAXATION

5.1 If the Company fails to remain qualified as a REIT, its rental income and gains will be subject to UK corporation tax

The Company cannot guarantee the continued compliance with all of the REIT conditions and there is a risk that the REIT regime may cease to apply in certain circumstances. The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may result in additional tax being payable or, if remedied within a given period of time, will not be penalised, provided that the regime is not breached more than a certain number of times. A serious breach of the REIT regime may lead to the Company ceasing to be a REIT. If the Company fails to remain qualified as a REIT (including as a result of change in tax law or practice or if the Company is acquired by an entity that is not a REIT), the Company and members of the BBOX Group (and, following Completion, members of the Combined Group) may be subject to normal rates of corporation tax on some or all of their property rental income and on chargeable gains arising on the transfer or disposal of investments and other assets. This could have a material adverse effect on the BBOX Group's and, following Completion, the Combined Group's, financial performance and the Company's ability to provide returns to its Shareholders.

5.2 **Adverse changes in taxation law and in the tax position of the Company**

This document is prepared in accordance with current taxation laws and practice in the UK. UK taxation legislation and interpretation is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors. Any change in the Company's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates, could adversely affect the Company's ability to pay dividends, dividend growth and the market value of the Ordinary Shares and thus may alter the net return to investors. In particular, an increase in the rates of SDLT could have a material impact on the price at which UK land can be acquired and, therefore, on asset values. The UK government has been known to introduce retrospective tax legislation and this cannot be ruled out in the future.

5.3 **Distribution requirements may limit the BBOX Group's and, following Completion, the Combined Group's flexibility in executing the Company's acquisition plans**

The Company's business model contemplates future growth to its investment portfolio through the acquisition of logistics assets. However, to obtain full exemption from tax on the Tax-Exempt Business afforded by the REIT regime, the Company is required to distribute annually (either in cash or by way of stock dividend) to Shareholders, at least 90 per cent. of the BBOX Group's (and, following Completion, the Combined Group's) rental income as calculated for tax purposes each year by way of Property Income Distribution. The Company would be required to pay tax at regular corporate rates on any shortfall to the extent that it distributes as a Property Income Distribution less than the amount required to meet the 90 per cent. distribution test each year. Therefore, the BBOX Group's (and, following Completion, the Combined Group's) ability to grow its investment portfolio through acquisitions with a value in excess of its permitted retained earnings and uninvested capital will be limited by its ability to obtain further debt or equity financing.

5.4 **Disposal of properties may have unfavourable tax consequences**

Although the subsidiaries of the Company holding the real estate assets in the Portfolio and, following Completion, the portfolio of the Combined Group are not trading entities, if a subsidiary disposes of a property in a manner indicative of a company that is trading in property rather than investing, the property may be treated as having been disposed of in the course of a trade, and any gain will be subject to corporation tax at regular corporate rates. For example, acquiring a property with a view to sale followed by a disposal on completion of the development would indicate a trading activity, whereas disposal of a property as part of a normal variation of a property rental portfolio after development with a view to retention as part of that portfolio, would not. Further, where development of a property has occurred following acquisition and the cost of development exceeds 30 per cent. of the fair value of the property, which is treated as the higher of its fair value (determined in accordance with international accounting standards) on the date of the acquisition of the property or the date the BBOX Group qualified as a REIT or the date on which the accounting period in which the development took place commenced, the proceeds will be taxable if a disposal takes place within three years of completion of the development. However, a tax charge should not generally arise where the disposal is made to another member of the same REIT group.

Whilst the Company does not intend that the subsidiaries will dispose of property in the course of a trade, there can be no assurance that HMRC will not deem a disposal to have been in the course of a trade, with the consequence that corporation tax will be payable in respect of any profits from the disposal of such property. This could result in a reduction of funds available to make distributions to Shareholders and to service and repay its indebtedness, and could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

5.5 **Changes in laws or regulations governing the operations of the BBOX Group, the UKCM Group and, following Completion, the Combined Group may adversely affect its business**

The BBOX Group, the UKCM Group and, following Completion, the Combined Group are subject to laws and regulations enacted by national and local government and regulators. In particular, the Company is subject to an will be required to comply with certain regulatory requirements that are applicable to closed-ended investment companies.

The BBOX Group, the UKCM Group and, following Completion, the Combined Group must comply with laws and regulations which relate to, among other things, taxation, property, land use, development, heath

and safety requirements and environmental compliance. These laws and regulations often provide broad discretion to the administering authorities. Additionally, all of these laws and regulations are subject to change, which may be retrospective, and changes in regulations could adversely affect existing planning consents, costs of property ownership, the capital value of, and the income arising from, assets. Such changes may also adversely affect the ability of the BBOX Group, the UKCM Group and, following Completion, the Combined Group to use and/or develop a property as intended and could make a proposed investment or development financially unviable, or could cause it to incur increased capital expenditure or running costs to ensure compliance with the new applicable laws or regulation which may not be recoverable. Similarly, changes in laws and governmental regulations governing leases could restrict the ability of the BBOX Group, the UKCM Group and, following Completion to increase the rent payable by tenants, terminate leases or determine the terms on which a lease may be renewed. Further, if the BBOX Group, the UKCM Group or, following Completion, the Combined Group is found (or perceived, with or without reason) to be in violation of these laws and regulations, it could face reputational damage and/or regulatory compliance penalties.

The occurrence of any of these events may have a material adverse effect on the ability of the Company's ability to successfully pursue its Investment Policy and could have a material adverse effect on the business, reputation, results of operations, financial condition or prospects of the BBOX Group and, following Completion, the Combined Group.

6. RISKS RELATING TO THE ORDINARY SHARES

6.1 The value and/or market price of the Ordinary Shares may go down as well as up

Prospective investors should be aware that the value and/or market price of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of Board members, replacement of the BBOX Manager, change in the Investment Team, change to the BBOX Manager, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the UK commercial property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying EPRA NTA and net asset value. There can be no assurance, express or implied, that Shareholders will be able to sell the Ordinary Shares at a time or price that they deem appropriate or that Shareholders will receive back the amount of their investment in the Ordinary Shares.

6.2 Trading market for the Ordinary Shares

The share price of listed companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the BBOX Group and, following Completion, the Combined Group and its operations such as variations in the operating results of the BBOX Group and, following Completion, the Combined Group, divergence in financial results from analysts' expectations, or changes in earnings estimates by stock market analysts and others to the broader equity markets in general including general economic conditions or legislative changes in the BBOX Group's and, following Completion, the Combined Group's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations which could adversely affect the market price of the Ordinary Shares.

Should the public trading market price of the New BBOX Shares decline below the price at which they are offered to UKCM Shareholders in connection with the Combination, UKCM Shareholders who receive New BBOX Shares will suffer an immediate loss as a result. Moreover, UKCM Shareholders may not be able to sell their Ordinary Shares at a price equal to or greater than the price at which those shares were valued pursuant to the terms of the Combination.

6.3 Future sales of Ordinary Shares could cause the share price to fall

Sales of Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial number of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

6.4 The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions

All dividends and other distributions paid by the Company will be made at the discretion of the BBOX Board. For the BBOX Group to continue to be eligible for REIT status, the Company will be required to distribute to Shareholders at least 90 per cent. of the income profits arising from its Tax-Exempt Business. The payment of any such dividends or other distributions will, in general, depend on the ability of the members of the BBOX Group to generate realised profits and cash flow and their ability to pass such profits and cash flows to the Company on a timely basis.

As a REIT, the Company may become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying dividends to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to a Substantial Shareholder. These provisions provide the BBOX Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also allow the BBOX Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions. Accordingly, there may be circumstances where the Company determines to restrict the payment of dividends to Substantial Shareholders.

The Company's target dividends for the Ordinary Shares are based on assumptions which the BBOX Board considers to be reasonable. However, there is no assurance that all or any assumptions will be justified, and the dividends and returns may be correspondingly reduced. The target dividend is not a profit forecast and should not be taken as an indication of the Company's expected future performance or results over any period. The target dividend is a target only and there is no guarantee that it can or will be achieved and it should not be seen as an indication of the Company's expected or actual return. Accordingly, investors should not place any reliance on the target return in deciding whether to invest in the Ordinary Shares.

Dividend growth on the Ordinary Shares will depend principally on growth in rental and other income returns on the underlying assets (which may fluctuate), as well as the progress of its development activities. Depending on the level of investment in land or options over land, including speculative development activities, the dividends payable in respect of the Ordinary Shares may exceed the income generated by the BBOX Group until developments are progressed and tenants are procured on a let or pre-let basis for such assets under development.

6.5 The interest of any significant investor may conflict with those of other BBOX Shareholders

Certain investors may acquire significant holdings of Ordinary Shares. Accordingly, they will potentially possess sufficient voting power to have a significant influence on matters requiring Shareholder approval. The interests of any significant investor may accordingly conflict with those of other BBOX Shareholders. In addition, any significant investor may make investments in other businesses in the UK logistics market that may be, or may become, competitors of the BBOX Group.

6.6 The issue of New BBOX Shares and any future issue of Ordinary Shares, including in connection with any future offerings or acquisitions or otherwise, may have a dilutive effect on the holdings of Shareholders

The issue of New BBOX Shares pursuant to the Combination will be on the basis of a share-for-share exchange (that is, for non-cash consideration). Pursuant to the terms of the Scheme, Scheme Shareholders will be entitled to receive 0.444 New BBOX Shares for each Scheme Share held. This will dilute the interests of the existing Shareholders, which means that their proportionate ownership and voting interests in the Company will be reduced, and the percentage that their shares will represent of the total share capital of the Company will be reduced accordingly. Assuming the maximum number of New BBOX Shares are issued to UKCM Shareholders and no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission, each BBOX Shareholder will suffer a dilution of

approximately 23.3 per cent. to their ownership and voting interests in the Company as a result of the Combination.

In the case of future issues of Ordinary Shares for cash, BBOX Shareholders have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the BBOX Shareholders at a general meeting. An issue of Ordinary Shares not for cash or when pre-emption rights have been disapplied could dilute the interests of the then existing Shareholders. The securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in those jurisdictions. Even where pre-emption rights do apply, the ownership and voting interests of Shareholders who do not, or cannot, participate in future issues of Ordinary Shares will be reduced accordingly.

6.7 The BBOX Board may decline to recognise the transfer of Ordinary Shares if the transfer would make the Company subject to certain US rules and regulations

The BBOX Board may, under the Articles, decline to recognise the transfer of Ordinary Shares to any person whose holding or beneficial ownership of shares may result in: (i) the Company, the BBOX Manager or the Investment Adviser or any member of its group being in violation of, or required to register under, the US Investment Company Act or the US CEA or being required to register its shares under the US Exchange Act; (ii) the Company not being a "foreign private issuer" as such term is defined in Rule 3b-4(c) of the US Exchange Act; (iii) the assets of the Company being deemed to be "plan assets" within the meaning of ERISA and US Department of Labor Regulations and guidance issued thereunder, including, but not limited to 29 C.F.R. 2510, 3-101, or of a "plan" within the meaning of section 4975 of the US Tax Code, or of a plan or other arrangement subject to section 503 of the US Tax Code or provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or section 4975 of the US Tax Code; (iv) the Company, or any member of its group, the BBOX Manager or the Investment Adviser not being in compliance with FATCA, the US Investment Company Act, the US Exchange Act, the US CEA, section 4975 of the US Tax Code, section 503 of the US Tax Code, ERISA or any applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA, section 503 of the US Tax Code or section 4975 of the US Tax Code; or (v) the Company being a "controlled foreign corporation" for the purposes of the US Tax Code.

These restrictions may materially affect certain Shareholders' ability to transfer their Ordinary Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times in the timetable below are indicative only and are based on the Company's current expectations, and may be adjusted by the Company. These dates and times are subject to change (including as a result of changes to the Guernsey Court's timetable and/or changes to the regulatory timetable), and will depend on, among other things, the date on which the Conditions are satisfied or waived and the date on which the Guernsey Court sanctions the Scheme. If any of the times and/or dates above change, the revised time(s) and/or date(s) will be notified to Shareholders by announcement through a Regulatory Information Service. All references to times in this document are to London time unless otherwise stated.

Event	**Time and/or date**
Announcement of the Combination	21 March 2024
Publication of this document and the Scheme Document	9 April 2024
Latest time and date for receipt of Form of Proxy (or electronic/ CREST proxy instructions) for the BBOX General Meeting	10.30 a.m. on 29 April 2024
Voting record time for the BBOX General Meeting	6.00 p.m. on 29 April 2024
BBOX Annual General Meeting	10.00 a.m. on 1 May 2024
BBOX General Meeting	**10.30 a.m. on 1 May 2024(2)**
UKCM Court Meeting	10.00 a.m. on 2 May 2024
UKCM General Meeting	10.15 a.m. on 2 May 2024(1)
Last day for dealings in, and for registration of transfer and disablement in CREST of, UKCM Shares	15 May 2024(3)
Scheme Record Time	6.00 p.m. on 15 May 2024
Suspension of listing and dealings in UKCM Shares	7.30 a.m. on 16 May 2024
Sanction Hearing to sanction the Scheme	16 May 2024
Scheme Effective Date	**16 May 2024(4)**
Delisting of UKCM Shares	By 8.00 a.m. on 17 May 2024
New BBOX Shares issued to UKCM Shareholders	By 8.00 a.m. on 17 May 2024
Admission of, and commencement of dealings in, the New BBOX Shares	At or shortly after 8.00 a.m. on 17 May 2024
CREST accounts of UKCM Shareholders credited with New BBOX Shares in uncertificated form	At or shortly after 8.00 a.m. on 17 May 2024 but no later than 30 May 2024
Despatch of share certificates for the New BBOX Shares in certificated form	Within 14 days of the Scheme Effective Date
Payments in respect of cash due to Restricted Shareholders under the Scheme and in relation to the sale of fractional entitlements (where applicable)	Within 14 days of the Scheme Effective Date
Long Stop Date	21 September 2024(5)

Notes:

(1) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the UKCM Court Meeting.

(2) To begin at the time fixed or as soon thereafter as the preceding annual general meeting is concluded.

(3) UKCM Shares will be disabled in CREST from 6.00 p.m. on such date.

(4) A copy of the Scheme Court Order which sanctions the Scheme must be filed with the Guernsey Registry as promptly as is practicable and in any event within seven days after the date on which it is made. The Scheme will become Effective on the date prescribed in the Scheme Court Order.

(5) This is the latest date by which the Scheme may become Effective unless BBOX and UKCM agree upon, and (if required) the Guernsey Court and the Panel allow, a later date.

IMPORTANT INFORMATION

1. GENERAL

This document, including any information incorporated herein by reference, should be read in its entirety.

No New BBOX Shares or any other securities in the Company have been marketed to, nor are available for purchase, in whole or in part, by the public in the United Kingdom or elsewhere in connection with Admission. The New BBOX Shares are proposed to be issued to UKCM Shareholders in connection with the Combination. This document is not intended to, and does not, constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation. The Combination will be made solely through the Scheme Document, which contains the full terms and conditions of the Combination, including details of how the Combination may be accepted. Any acceptance or other response to the Combination should be made only on the basis of the information in the Scheme Document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the BBOX Directors, the BBOX Manager or the Joint Financial Advisers. Without prejudice to the Company's obligations to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the BBOX Group or the UKCM Group since the date of this document or that the information contained in this document is correct at any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Recipients of this document should consult their own legal, financial or tax adviser for legal, financial or tax advice, as appropriate. Furthermore, the Company, the BBOX Directors, the BBOX Manager and the Joint Financial Advisers accept no responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Combination, Admission, the BBOX Group or the UKCM Group. The Company, the BBOX Directors and the Joint Financial Advisers make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the BBOX Group, the BBOX Directors, the BBOX Manager or the Joint Financial Advisers regarding the securities of BBOX or UKCM.

2. NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this document and any accompanying documents in or into a jurisdiction other than the United Kingdom may be restricted by law or regulation. In particular, this document and the accompanying documents should not be distributed, forwarded to or transmitted in or into any of the Restricted Territories. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The availability of the New BBOX Shares under the Combination to UKCM Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Further details in relation to UKCM Shareholders in overseas jurisdictions are contained in the Scheme Document.

Unless otherwise determined by BBOX or required by the Takeover Code, and permitted by applicable law and regulation, the Combination will not be implemented and documentation relating to the Combination will not be made available, directly or indirectly, in, into or from a Restricted Territory and no person may vote in favour of the Combination by any use, means, instrumentality or form within a Restricted Territory or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Territory and persons with access to this document and any other documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Territory.

It is the responsibility of each person into whose possession this document (and/or any accompanying documents) comes to satisfy themselves as to the full observance of the laws and regulations of the relevant

jurisdiction in connection with the distribution of this document, the receipt of the New BBOX Shares and the implementation of the Combination and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, BBOX, the BBOX Directors, the BBOX Manager, the Joint Financial Advisers and all other persons involved in the Combination disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

This document has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

3. NOTICE TO UKCM SHAREHOLDERS IN THE UNITED STATES

The Combination relates to the securities of a Guernsey company with a listing on the London Stock Exchange and is proposed to be implemented pursuant to a scheme of arrangement provided for under the Guernsey Companies Law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Combination is subject to the procedural and disclosure requirements, rules and practices applicable to schemes of arrangement involving a target company incorporated in Guernsey and listed on the London Stock Exchange, which differ from the requirements of US proxy solicitation or tender offer rules. This document and certain other documents relating to the Combination have been or will be prepared in accordance with the laws of Guernsey and the United Kingdom and UK disclosure requirements, format and style, all of which differ from those in the United States. Financial information included in, or incorporated by reference into, this document has been prepared in accordance with UK IFRS or EU IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. Generally accepted accounting principles in the United States differ in certain significant respects from UK IFRS and EU IFRS.

If in the future the Company elects, with the consent of the Panel, to implement the Combination by means of a Takeover Offer and determines to extend such Takeover Offer into the United States, such Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and subject, in the case of participation by UKCM Shareholders resident in the United States, to the availability of an exemption (if any) from the registration requirements of the US Securities Act and of the securities laws of any state or other jurisdiction of the United States. Such Takeover Offer would be made by the Company (or its affiliate) and no one else. In addition to any such Takeover Offer, the Company, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in UKCM outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and will comply with applicable law, including the US Exchange Act. Any information about such purchases would be disclosed as required in the United Kingdom and Guernsey, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: www.londonstockexchange.com/.

The New BBOX Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New BBOX Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into or from the United States absent registration under the US Securities Act or an exemption therefrom and in compliance with the securities laws of any state or other jurisdiction of the United States. The New BBOX Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. The New BBOX Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and UKCM Shareholders who receive securities under the Scheme (other than "affiliates" as described in the paragraph below) may generally resell them without restriction under the US Securities Act.

Under US securities laws, persons (whether or not US Persons) who are or will be deemed to be "affiliates" (as defined under the US Securities Act) of the Company within 90 days prior to, or of the Company after, the Scheme Effective Date may be subject to timing, manner of sale and volume restrictions on the resale in the United States of New BBOX Shares received pursuant to the Combination. Whether a person is an "affiliate" of a company for such purposes depends upon the circumstances, but an "affiliate" of a company includes a person that directly, or indirectly, through one or more intermediaries, controls, is controlled by,

or is under common control with, that company, and may include certain officers and directors and significant shareholders of the Company. UKCM Shareholders who believe they may be or will be affiliates of the Company for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New BBOX Shares received under the Combination.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, UKCM will advise the Guernsey Court that the Guernsey Court's sanctioning of the Scheme will be relied on by the Company as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to UKCM Shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the fairness or merits of such securities or the Combination or upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of UKCM Shares to enforce their rights and claims arising out of the US federal securities laws, since the Company and UKCM are organised in countries other than the United States, and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. US holders of UKCM Shares may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. US holders of UKCM Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

The receipt of New BBOX Shares pursuant to the Combination by a US UKCM Shareholder may be a taxable transaction for US federal income tax purposes, and may also be a taxable transaction under applicable state and local tax laws, as well as foreign and other tax laws. Each UKCM Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of the Combination.

4. US TAX WITHHOLDING AND REPORTING UNDER THE FATCA

The FATCA provisions of the US Tax Code may impose a 30 per cent. withholding tax on payments of US source interest and dividends made on or after 1 July 2014 and of gross proceeds from the sale of certain US assets made on or after 1 January 2017 to a foreign financial institution (or **"FFI"**) that, unless exempted or deemed compliant, does not enter into, and comply with, an agreement with the US Internal Revenue Service (**"IRS"**) to provide certain information on its US shareholders. Beginning no earlier than 1 January 2017, a portion of income that is otherwise non-US-source may be treated as US-source for this purpose.

The Company may be treated as an FFI for these purposes. If the Company is treated as an FFI, to avoid the withholding tax described above, the Company may need to enter into an agreement (an **"IRS Agreement"**) with the IRS or alternatively, comply with the requirements of the intergovernmental agreement (an **"IGA"**) between the United States and the United Kingdom in respect of FATCA (including any legislation enacted by the United Kingdom in furtherance of the IGA). An FFI that fails to comply with the applicable IGA or, if required, does not enter into IRS Agreement or whose agreement is voided by the IRS will be treated as a **"non-Participating FFI"**.

In general, an IRS Agreement will require an FFI to obtain and report information about its **"US accounts"**, which include equity interests in a non-US entity other than interests regularly traded on an established securities market. The following assumes that the Company will be an FFI and that its Ordinary Shares will not be considered regularly traded on an established securities market for purposes of FATCA. The Company's reporting obligations under FATCA would generally be less extensive if its Ordinary Shares were considered regularly traded on an established securities market for purposes of FATCA. An IRS Agreement would require the Company (or an intermediary financial institution, broker or agent (each, an **"Intermediary"**) through which a beneficial owner holds its interest in Ordinary Shares) to agree to: (i) obtain certain identifying information regarding the holder of such Ordinary Shares to determine whether the holder is a US Person or a US owned foreign entity and to periodically provide identifying information about the holder to the IRS; and (ii) comply with withholding and other requirements. In order

to comply with its information reporting obligation under the IRS Agreement, the Company will be obliged to obtain information from all Shareholders. To the extent that any payments in respect of the Ordinary Shares are made to a BBOX Shareholder by an Intermediary, such BBOX Shareholder may be required to comply with the Intermediary's requests for identifying information that would permit the Intermediary to comply with its own IRS Agreement. Any BBOX Shareholder that fails to properly comply with the Company's or an Intermediary's requests for certifications and identifying information or, if applicable, a waiver of non-US law prohibiting the release of such information to a taxing authority, will be treated as a **"Recalcitrant Holder"**. The Company will not be required to enter into an IRS Agreement provided that it complies with legislation enacted by the UK that generally requires similar information to be collected and reported to the UK authorities.

Under the UK IGA (including any legislation enacted in furtherance of the IGA) or an IRS Agreement, an Intermediary (and possibly the Company) may be required to deduct a withholding tax of up to 30 per cent. on payments (including gross proceeds and redemptions) made on or after 1 January 2017 to a Recalcitrant Holder or a BBOX Shareholder that itself is an FFI and, unless exempted or otherwise deemed to be compliant, does not have in place an effective IRS Agreement (i.e. the BBOX Shareholder is a non-Participating FFI). Neither the Company nor an Intermediary will make any additional payments to compensate a BBOX Shareholder of the Company or beneficial owner for any amounts deducted pursuant to FATCA. It is also possible that the Company may be required to cause the disposition or transfer of Ordinary Shares held by Shareholders that fail to comply with the relevant requirements of FATCA and the proceeds from any such disposition or transfer may be an amount less than the then current fair market value of the Ordinary Shares transferred.

If the Company (or any Intermediary) is treated as a non-Participating FFI, the Company may be subject to a 30 per cent. withholding tax on certain payments to it.

Further, even if the Company is not characterised under FATCA as an FFI, it nevertheless may become subject to such 30 per cent. withholding tax on certain US source payments to it unless it either provides information to withholding agents with respect to its "substantial US owners" or certifies that it has no such "substantial US owners." As a result, BBOX Shareholders may be required to provide any information that the Company determines necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy such obligations.

The foregoing is only a general summary of certain provisions of FATCA. Prospective investors should consult with their own tax advisors regarding the application of FATCA to their investment in the Company. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of New BBOX Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

5. FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "targets", "aims", "may", "will", "should" or "could" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document, and include statements regarding the intentions, beliefs or current expectations of the BBOX Group concerning, amongst other things, the Investment Objectives and Investment Policy, investment performance, results of operations, financial condition, prospects, and dividend policy of the BBOX Group and the Combined Group and the markets in which they are involved and potential synergies resulting from the Combination. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The BBOX Group's and the Combined Group's actual investment performance, results of operations, financial condition and dividend policy may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations and financial condition of the BBOX Group and the Combined Group are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- changes in economic conditions generally and the Company's ability to achieve its Investment Objective and returns on equity for investors;
- the ability of the BBOX Manager and the Investment Team to execute successfully the Investment Policy of the Company;
- reductions in the value of investments by the BBOX Group and the Combined Group;
- the availability and cost of capital for future investments;
- competition within the industries in which the BBOX Group and the Combined Group operates;
- the termination of, or failure of the BBOX Manager to perform its obligations under the Investment Management Agreement and the Service Level Agreement;
- the departure of members of the Investment Team;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the BBOX Group and the Combined Group; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. You should carefully review the section of this document entitled "*Risk Factors*" for a discussion of additional factors that could cause the BBOX Group's and the Combined Group's actual results to differ materially. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur. Forward-looking statements speak only as at the date of this document.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and UK MAR), neither the Company nor the Joint Financial Advisers undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Nothing in this document constitutes a qualification to the opinion of the Company as to working capital set out in paragraph 12 of Part 9 (*Additional Information*) of this document.

6. PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the BBOX Group as at and for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the report thereon and notes thereto are incorporated by reference into this document as further detailed in Part 10 (*Documents Incorporated by Reference*) of this document.

The audited consolidated financial statements of the UKCM Group as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the reports thereon and notes thereto are included in the Appendix to this document. The unaudited consolidated financial statements of the UKCM Group for the six months ended 30 June 2023 and the notes thereon are included in the Appendix to this document.

Unless otherwise stated, financial information for the BBOX Group has been extracted without material adjustment from the BBOX 2021 Annual Report, the BBOX 2022 Annual Report and the BBOX 2023 Annual Report. Where information has been extracted from the audited consolidated financial statements of the BBOX Group, the information is audited unless otherwise stated.

Unless otherwise indicated, financial information for the BBOX Group in this document and the information incorporated by reference into this document has been prepared in accordance with UK IFRS and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act and should be read in conjunction with the independent auditor's report thereon.

Unless otherwise stated, financial information for the UKCM Group has been extracted without material adjustment from the UKCM 2020 Financial Information, UKCM 2021 Financial Information, the UKCM 2022 Financial Information and the UKCM 2023 Interim Financial Information. Where information has been extracted from the audited consolidated financial statements of the UKCM Group, the information is audited unless otherwise stated. Where information has been extracted from the unaudited consolidated financial statements of the UKCM Group, the information is unaudited unless otherwise stated. Unless otherwise indicated, annual financial information for the UKCM Group in this document has been prepared

in accordance with EU IFRS and applicable legal and regulatory requirements of Guernsey law, and interim financial information for the UKCM Group in this document has been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

Recipients of this document should ensure that they read the whole of this document and do not rely on financial information summarised within it.

7. EPRA AND OTHER KEY PERFORMANCE INDICATORS

This document contains certain EPRA and other performance indicators that are not defined or recognised under UK IFRS or EU IFRS, including EPRA earnings, EPRA NTA, EPRA loan to value ratio and EPRA cost ratio. These performance indicators are not measures of financial performance under UK IFRS or EU IFRS and should not be considered as alternatives to other indicators of the BBOX Group's or the UKCM Group's performance derived in accordance with UK IFRS or EU IFRS.

Reconciliations of the EPRA and other key performance indicators used by the BBOX Group to the nearest UK IFRS line item can be found in the BBOX 2021 Annual Report, the BBOX 2022 Annual Report and the BBOX 2023 Annual Report, which are incorporated by reference into this document as set out in Part 10 (*Documents Incorporated by Reference*) of this document.

Reconciliations of non-IFRS measures used by the UKCM Group to the nearest EU IFRS line item can be found in the UKCM 2021 Financial Information, UKCM 2022 Financial Information and the UKCM 2023 Financial Information, which are set out in the Appendix to this document.

8. PRESENTATION OF INDUSTRY, MARKET AND OTHER DATA

This document includes certain market, economic and industry data, which were obtained by the Company from industry publications, data and reports compiled by professional organisations, analysts and data from other external sources. Where information has been referenced in this document, the source of that third party information has been disclosed. The Company has not independently verified these industry publications, data and reports and cannot guarantee their accuracy or completeness. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates and the BBOX Directors' knowledge of the UK property market. Such information, data and statistics include certain projections and estimates of future events. Such projections and estimates are by their nature uncertain and are not statements of fact. The Company expressly disclaims liability for the occurrence of events or circumstances implied by such projections and estimates. See also the paragraph entitled "*Forward-Looking Statements*" above.

The Company confirms that all information contained in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. IMPORTANT NOTE REGARDING PERFORMANCE DATA

This document includes information regarding the track record and performance data of the Tritax Group and the BBOX Group (the **"Track Record"**). Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the BBOX Group, the Combined Group or any investment opportunity to which this document relates. The past performance of the BBOX Manager is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the BBOX Group, the Combined Group and/or the BBOX Manager.

Investors should not consider the Track Record information (particularly the past returns) contained in this document to be indicative of the BBOX Group's and/or the Combined Group's future performance. Past performance is not a reliable indicator of future results and the BBOX Group and the Combined Group will not make the same investments reflected in the Track Record information included herein. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the BBOX Group, the Combined Group or the BBOX Manager which may be different in many respects from those that prevail at present or in the future, with the result that the performance of investment portfolios originated now may be significantly different from those originated in the past. Prospective investors should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment.

No representation is being made by the inclusion of the investment examples and strategies presented herein that the BBOX Group and/or the Combined Group will achieve performance similar to the investment examples and strategies herein or avoid losses. There can be no assurance that the investment examples and strategies described herein will meet their objectives generally, or avoid losses. Performance is shown gross of management fees and performance fees unless stated otherwise. An investment in the Company involves a significant degree of risk.

10. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "GBP", "Sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom.

11. NO PROFIT FORECAST OR ESTIMATE

No statement in this document (including any statement of estimated cost savings or synergies) is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that income, earnings per share or income or cash flow from operating activities for the BBOX Group or the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the BBOX Group or the Combined Group, as appropriate.

12. QUANTIFIED FINANCIAL BENEFITS STATEMENT

The statements in the Quantified Financial Benefits Statement are unaudited. Statements of identified synergies and estimated costs savings relate to future actions and circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated cost savings referred to in this document may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. No statement in the Quantified Financial Benefits Statement should be construed as a profit forecast or profit estimate.

Further information on the Quantified Financial Benefits Statement and the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is contained in paragraph 10 of Part 9 (*Additional Information*) of this document.

13. POST-OFFER UNDERTAKINGS

No statements in this document constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

14. NO INCORPORATION OF WEBSITE

The contents of the Company's website (www.tritaxbigbox.co.uk), UKCM's website and the contents of any website accessible from hyperlinks on such websites or any other website referred to in this document (other than the information as set out in Part 10 (*Documents Incorporated by Reference*) of this document) do not form part of this document and should not be relied on.

15. ROUNDING

Percentages and certain amounts included in this document have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may vary from the actual arithmetic totals of the figures that precede them. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers, and may not add up to 100 per cent.

16. REFERENCES TO DEFINED TERMS

Certain terms used in this document, including capitalised terms and certain technical and other terms are explained in Part 11 (*Defined Terms*) of this document.

17. TIMES AND DATES

References to times and dates in this document are, unless otherwise stated, to London times and dates.

18. HELPLINE

If you have any questions about this document or the BBOX General Meeting, or are in any doubt as to how to complete the Form of Proxy, please contact the Company's Registrar, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0370 702 0147 from within the UK or on +44(0) 370 702 0147 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and the Registrar cannot provide legal, tax or financial advice or advice on the merits of the Combination.

INDICATIVE STATISTICS

Number of Ordinary Shares in issue as at the Latest Practicable Date	1,903,738,325
Number of New BBOX Shares to be issued pursuant to the Combination[1]	Up to 576,939,135
New BBOX Shares as a percentage of the issued share capital of the Company immediately following completion of the Combination[1]	23.3 per cent.
Number of Ordinary Shares in issue immediately following Admission[1]	Up to 2,480,677,460
Estimated expenses of the Combination payable by the Company (exclusive of VAT)	Approximately £30.8 million

Note:

(1) These figures are calculated on the assumption that the number of Ordinary Shares and UKCM Shares in issue and to be issued at the close of business on the Latest Practicable Date do not change and that no issues of Ordinary Shares other than the New BBOX Shares occur between the Latest Practicable Date and Admission.

DEALING CODES

Ticker	BBOX
ISIN number for the Ordinary Shares and the New BBOX Shares	GB00BG49KP99
SEDOL number for the Ordinary Shares and the New BBOX Shares	BG49KP9

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Aubrey Adams (*Non-executive Chairman*) Karen Whitworth (*Senior Independent Director*) Elizabeth Brown (*Non-executive Director*) Alastair Hughes (*Non-executive Director*) Richard Laing (*Non-executive Director*) Wu Gang (*Non-executive Director*)
Registered Office	72 Broadwick Street London W1F 9QZ
Manager	Tritax Management LLP 280 Bishopsgate London EC2M 4AG
Joint Lead Financial Adviser and Sole Sponsor	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
Joint Lead Financial Adviser	J.P. Morgan Securities Plc 25 Bank Street Canary Wharf London E14 5JP
Joint Financial Adviser	Akur Limited 66 St James's Street London SW1A 1NE
Legal Advisers to the Company as to English law and US law	Ashurst LLP London Fruit & Wool Exchange 1 Duval Square London E1 6PW
Legal Advisers to the Sole Sponsor and Joint Financial Advisers as to English and US law	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Company Secretary	Tritax Management LLP c/o 72 Broadwick Street London W1F 9QZ
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

Administrator	Link Asset Services Beaufort house 51 New North Road Exeter EX4 4EP
BBOX External Valuers	CBRE Limited Henrietta House Henrietta Place London W1G 0NB
	Colliers International Property Consultants Limited 95 Wigmore Street London W1U 1FF
UKCM External Valuer	CBRE Limited Henrietta House Henrietta Place London W1G 0NB

PART 1 – LETTER FROM THE CHAIRMAN

TRITAX BIG BOX REIT PLC

(*Incorporated in England and Wales with registered number 08215888 and registered as an investment company under section 833 of the Companies Act 2006*)

Directors:
Aubrey Adams, *Non-executive Chairman*
Karen Whitworth, *Senior Independent Director*
Elizabeth Brown, *Non-executive Director*
Alastair Hughes, *Non-executive Director*
Richard Laing, *Non-executive Director*
Wu Gang, *Non-executive Director*

Registered Office:
72 Broadwick Street
London
W1F 9QZ

9 April 2024

To: the BBOX Shareholders and, for information only, to persons with information rights

Recommended all-share combination of Tritax Big Box REIT plc and UK Commercial Property REIT Limited

Proposed issue of up to 576,939,135 New BBOX Shares in connection with the Combination

Admission of the New BBOX Shares to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange

Notice of General Meeting

1. INTRODUCTION

On 21 March 2024, the boards of Tritax Big Box REIT plc (**"BBOX"** or the **"Company"**) and UK Commercial Property REIT Limited (**"UKCM"**) jointly announced that they had reached agreement on the terms of a recommended all-share combination of BBOX and UKCM pursuant to which BBOX will acquire the entire issued and to be issued share capital of UKCM (the **"Combination"**). The Combination is intended to be effected by means of a court-sanctioned scheme of arrangement between UKCM and the Scheme Shareholders under Part VIII of the Guernsey Companies Law (the **"Scheme"**). The Scheme is subject to a number of Conditions summarised in paragraph 9.2 of this Part 1 (*Letter from the Chairman*). The full terms and conditions of the Scheme are set out in the Scheme Document.

The Combination constitutes a Class 1 transaction pursuant to the Listing Rules and is therefore conditional on, amongst other things, the approval of BBOX Shareholders. Accordingly, the BBOX General Meeting has been convened for 10.30 a.m. on 1 May 2024 at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW.

At the BBOX General Meeting, BBOX Shareholders will be asked to approve the Combination which will be put to BBOX Shareholders as an ordinary resolution (the **"Resolution"**). An explanation of the Resolution is set out below in paragraph 13 of this Part 1 (*Letter from the Chairman*) and the full text of the Resolution is set out in the Notice of General Meeting.

The BBOX Board unanimously recommends that BBOX Shareholders vote in favour of the Resolution to be proposed at the BBOX General Meeting, as those BBOX Directors who hold Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 390,170 Ordinary Shares, representing approximately 0.02 per cent. of the Company's issued ordinary share capital as at the Latest Practicable Date.

The purpose of this letter is to give you further details of the Combination, including the background to the Combination, the strategic rationale and benefits of it, to explain why the BBOX Board considers the Combination and the Resolution to be in the best interests of the Company and BBOX Shareholders as a whole, and to seek your approval of the Resolution.

2. SUMMARY OF THE TERMS OF THE COMBINATION

Under the terms of the Combination, Scheme Shareholders will be entitled to receive:

0.444 New BBOX Shares for each Scheme Share,

(the **"Exchange Ratio"**).

The Exchange Ratio is on an EPRA NTA for EPRA NTA basis with reference to BBOX's 31 December 2023 EPRA NTA of 177.2 pence per share (audited) and UKCM's 31 December 2023 EPRA NTA of 78.7 pence per share (unaudited).

Following Completion, UKCM Shareholders will own approximately 23.3 per cent. and existing BBOX Shareholders will own approximately 76.7 per cent. of the issued ordinary share capital of the Combined Group.

Based on BBOX's Closing Price of 160.2 pence per Ordinary Share on 9 February 2024 (being the day of the commencement of the Offer Period), the Combination implies a value of 71.1 pence per UKCM Share and approximately £924 million for the entire issued and to be issued ordinary share capital of UKCM, which represents:

(a) a premium of 10.8 per cent. to the UKCM undisturbed Closing Price of 64.2 pence per UKCM Share on 9 February 2024 (being the day of the commencement of the Offer Period); and

(b) a premium of 23.0 per cent. to the volume weighted average price of 57.8 pence per UKCM Share for the six-month period ended 9 February 2024 (being the day of the commencement of the Offer Period).

The New BBOX Shares will be issued credited as fully paid-up and will rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive and retain dividends and other distributions (if any) announced, declared, made or paid by reference to a record date on or after the Scheme Effective Date (save, for the avoidance of doubt, for any BBOX Permitted Dividend). Applications will be made to the FCA for the New BBOX Shares to be admitted to the Official List and to the London Stock Exchange for the New BBOX Shares to be admitted to trading on the Main Market.

The UKCM Shares which will be acquired under the Combination will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made or paid on or after the date of the Combination Announcement, save for any UKCM Permitted Dividend.

The Combination is subject to the Conditions set out in the Scheme Document, as summarised in paragraph 9.2 of this Part 1 (*Letter from the Chairman*). It is currently expected that the UKCM Court Meeting and the UKCM General Meeting will be held on 2 May 2024 and that the Scheme will become Effective on 16 May 2024.

BBOX has received support for the Combination from UKCM Shareholders as follows:

- the UKCM Recommending Directors have irrevocably undertaken to vote in favour of the Combination if it is implemented by way of the Scheme and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer, in respect of their own beneficial holdings totalling 427,666 UKCM Shares, representing in aggregate approximately 0.03 per cent. of UKCM's issued ordinary share capital as at the Latest Practicable Date;
- Phoenix Life Limited (**"Phoenix"**) has irrevocably undertaken to vote in favour of the Combination if it is implemented by way of the Scheme and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer, in respect of its shareholding of 563,773,465 UKCM Shares, representing approximately 43.4 per cent. of UKCM's total issued ordinary share capital as at the Latest Practicable Date; and
- Investec Wealth & Investment UK (**"Investec"**) has provided a non-binding letter of intent to vote in favour of the Combination if it is implemented by way of the Scheme and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer, in respect of its shareholding of 170,000,000 UKCM Shares, representing approximately 13.1 per cent. of UKCM's total issued ordinary share capital as at the Latest Practicable Date.

Following the Scheme becoming Effective, BBOX intends to retain a premium listing on the Official List and to continue to be traded on the Main Market. Please refer to paragraph 11 of this Part 1 (*Letter from the Chairman*) for further information.

3. BACKGROUND TO AND REASONS FOR THE COMBINATION

BBOX is the largest listed investor in UK high-quality logistics warehouse assets and controls the UK's largest logistics-focused development land platform, with a portfolio valued at approximately £5.1 billion (including development assets and adjusted for a post-period end acquisition). BBOX focuses on acquiring, developing and actively managing well-located, modern logistics assets to deliver attractive and sustainable returns for its shareholders.

BBOX owns and manages a portfolio of high-quality "Big Box" (very large) logistics warehouses which have delivered a 100 per cent. rent collection record since its IPO over 10 years ago. With the objective of broadening its "end to end" customer offering in terms of building size and location, BBOX has more recently developed and acquired last mile and urban logistics assets which have the potential to enhance returns by providing significant scope for near term rental growth. In line with this, during 2023 BBOX successfully completed the acquisition of approximately £110 million of urban logistics assets and will continue to selectively acquire similar attractive assets.

BBOX also continues to invest in its development pipeline, whereby Shareholders benefit from the attractive financial returns from development activities targeting a 6 to 8 per cent. yield on cost as well as enhancing BBOX's overall portfolio quality from the development of new, best-in-class logistics assets across a variety of size bands, from "Small Box" to "Big Box". For the financial year ending 31 December 2024, BBOX is targeting a yield on cost of 7.0 per cent. for its development activity.[1]

Over the last 18 months, BBOX has funded its acquisitions and investments in its pipeline of development opportunities substantially through portfolio recycling, with £327 million of disposals completed in 2023 (in aggregate above book value). A continuation of this successful strategy would require BBOX to sell further core logistics real estate assets, which it may ideally prefer to retain.

BBOX recognises the quality of the UKCM portfolio and sees a Combination with UKCM as being highly complementary to its current strategy through simultaneously:

(a) acquiring a c.£740 million portfolio of high-quality logistics assets, across a range of sizes and locations which benefit from substantial near-term rental reversionary potential, in line with BBOX's objective of increasing its range of building sizes. The UKCM portfolio has a strong weighting towards the key logistics markets of the Midlands and South East (including London) where the BBOX Manager believes supply is particularly constrained and occupational demand remains robust and where the BBOX Manager has extensive experience; and

(b) providing BBOX with an attractive portfolio of approximately £475 million of non-logistics assets including retail parks, supermarkets, student accommodation and offices which can further drive returns for shareholders through a combination of active asset management and recycling of capital through disposals to provide the potential for accelerated investment into BBOX's accretive development pipeline and other accretive investment opportunities. The phasing of such disposals will be based upon the completion of individual asset specific optimisation plans, prevailing market conditions and the timing of its development commitments, however BBOX's current expectation is that it will have substantially exited this non-logistics portfolio within approximately 24 months from Completion.

[1] These are targets only and not a profit forecast. There can be no assurance that these targets will be met and it should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not these reasonable or achievable.

The boards of BBOX and UKCM believe the Combination has compelling strategic and financial rationale, building on BBOX's existing strategy and proven track record of delivering attractive and sustainable returns for shareholders, further details of which are set out below:

(a) ***High-quality, logistics-focused portfolio with significant rental reversion potential***: the Combination creates a c.£6.3 billion portfolio focused on high-quality logistics assets, with a diverse customer base generating over £293 million of rental income per annum with significant embedded and growing rental reversion potential. BBOX believes that this is a unique opportunity to acquire a high-quality logistics-focused portfolio of scale, which otherwise is unavailable to acquire in the open market, and, as a specialist in UK logistics, to utilise its extensive experience to deliver further value from these assets;

(b) ***Significant near-term rental growth potential***: UKCM's portfolio provides significant near term rental growth potential, with a portfolio ERV of £80 million, 24 per cent. ahead of current contracted rent and 79 per cent. of the logistics portfolio rental reversion subject to lease events occurring by 2026:

(i) 85 per cent. of the portfolio rental reversion is within UKCM's £740 million logistics portfolio, which comprises 19 assets with a total gross lettable area of 4.4 million square feet, with identified asset management providing value enhancement potential, and is weighted towards the Midlands and South East (including London);

(ii) BBOX's exclusive focus on UK logistics, and active approach to asset management, better enables it to secure the capture of rental reversion in respect of logistics assets, in addition to identifying further asset management opportunities to drive value; and

(iii) while BBOX's intention is not to be a long-term owner of UKCM's remaining portfolio of non-logistics assets, it is high-quality and diversified across a mix of commercial property sectors, in core locations across the UK, with a diverse customer base and provides an attractive net initial yield of 6.4 per cent. It also has the potential for value creation through identified asset management opportunities to sale;

(c) ***Enhanced BBOX customer offering***: the Combination represents a compelling opportunity for BBOX to immediately enhance its overall offering to customers by further diversifying its portfolio across a broader range of logistics property sizes, locations and tenant uses, from "Mega-Boxes" to smaller, strategically located, logistics assets within key urban locations, in an efficient and cost-effective manner;

(d) ***Non-logistics assets to fund attractive investment and development opportunities through capital recycling***: the Combined Group will adopt a disciplined approach to substantially exiting the non-logistics assets (expected to be approximately 8 per cent. of the Combined Group's GAV on Completion) within approximately 24 months from Completion. The capital recycling will provide approximately two years of development capex funding. This builds on BBOX's successful track record of targeted disposals to recycle capital into development opportunities for new, "triple net" leased, best-in-class logistics assets at a 6 to 8 per cent. yield on cost, with 2024 development activity targeting a yield on cost of 7.0 per cent.[2] This will result in a Combined Group portfolio that comprises best-in-class logistics assets capable of delivering superior total returns to Shareholders;

(e) ***Attractive and liquid non-logistics portfolio with proven value***: UKCM's non-logistics assets are typically modern, in strong locations which are expected to be both appealing to occupiers and attractive to the investment market if offered for sale, reflected by the disposal of two office assets following the 2023 year end, both of which were in line with prevailing book values. BBOX also believes that an improving macro-economic environment could impact favourably on investment values in the commercial property investment market, thus improving liquidity and enhancing value;

(f) ***Immediately identifiable cost savings***: the Combined Group will benefit from savings in recurring costs of approximately £4.0 million per annum, the majority of which are expected to be effective immediately on Completion arising from the unification of investment management services under the BBOX Manager and operational cost savings, as outlined in the Quantified Financial Benefits Statement, with additional anticipated medium-term costs savings from rotation into "triple net" leases and financing synergies;

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[2] These are targets only and not a profit forecast. There can be no assurance that these targets will be met and it should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not they are reasonable or achievable.

(g) ***Enhanced earnings***: the Combination is expected to be immediately accretive to adjusted earnings per share for both sets of shareholders, enhancing the Combined Group's ability to target sustainable earnings and dividend progression, with the potential for future synergies resulting from enhanced scale and operational efficiencies;

(h) ***Compelling excess returns over cost of capital***: BBOX expects UKCM's logistics assets to deliver unlevered returns materially above BBOX's cost of capital over the medium-term. BBOX also believes the market has opportunities for value growth in line with the macro-economic environment. BBOX expects the capital allocation to the non-logistics assets to be temporary, until the capital is recycled into BBOX's logistics development pipeline and/or other accretive investment opportunities;

(i) ***Value creation from capital recycling***: taking into account the financial effects of recycling capital by disposing of UKCM's approximately £475 million of non-logistics assets and funding accelerated investments into BBOX's logistics development platform, and excluding the impact of future rental growth and yield movements, such development activity would be expected to generate upon stabilisation mid-single digit growth in EPRA NTA per share, adjusted earnings per share and dividends per share;

(j) ***Active asset management and sector leading environmental, social and governance (ESG) credentials unlocking value***: BBOX has a strong history of active asset management, coupled with sector leading ESG credentials. A skillset which can add additional value to UKCM's c.£1.2 billion portfolio and provide significant scope for increased earnings efficiency following Completion. The BBOX team has the sector knowledge which has identified opportunities to add value through asset management prior to disposal of UKCM's non-logistics assets;

(k) ***Significant opportunity to unlock value from specialised, experienced, and entrepreneurial manager***: the BBOX Manager will act as sole investment manager to the Combined Group enabling it to benefit from the BBOX Manager's in-house team of experts who have a proven track record of successfully managing funds across a diverse range of asset classes. The BBOX Manager's entrepreneurial culture and direct proactive approach to asset management, undertaken in-house will help to drive value creation in the combined portfolio by creating unique insight, stronger customer relationships, and ensuring opportunities to add value are rigorously pursued;

(l) ***Robust balance sheet with potential financing synergies***: the Combined Group will seek to preserve a robust and conservatively leveraged balance sheet with a reduced loan-to-value ratio of approximately 29 per cent., significant available liquidity, no near-term debt maturities, expected cost of capital benefits and greater financial flexibility around net investment activity, while BBOX's investment grade credit rating provides the potential for a lower cost of capital for the Combined Group; and

(m) ***Greater share liquidity with more diversified shareholder base***: the Combination would create the fourth largest UK REIT, with a combined EPRA NTA of approximately £4.4 billion, and a more diversified, broader shareholder base with shareholders benefitting from increased share liquidity from enlarged scale and index weightings.

4. QUANTIFIED FINANCIAL BENEFITS STATEMENT

The BBOX Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately £4.0 million of pre-tax recurring cost synergies. The cost synergies are expected to be realised principally from:

(a) **Investment management fees**: unification of investment management services under the BBOX Manager, delivering an expected £2.6 million of cost synergies per annum derived from lower investment management fees charged on the UKCM EPRA NTA; and

(b) **Corporate and administrative costs**: de-duplication and rationalisation of duplicated listing, administration and operational expenses delivering an estimated £1.4 million of cost synergies per annum.

The identified cost savings are contingent on the completion of the Combination and would not be achieved independently. The estimated cost synergies referred to above reflect both the beneficial elements and the relevant costs.

The UKCM Manager has agreed to waive the early termination payment of £6.7 million which would be contractually payable by UKCM on completion of the Combination as a result of the UKCM IMA being

agreed to be terminated at such time under the UKCM IMA Termination Agreement. The BBOX Directors have considered other recurring or one-off costs in connection with realising the expected cost synergies and have reflected these in the expected recurring cost synergy figure.

Potential areas of dis-synergy have been considered by the BBOX Directors and are reflected in the analysis.

These statements relating to estimated investment management fee savings and other identified cost savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in paragraph 10 of Part 9 (*Additional Information*) of this document.

These estimated synergies have been reported on by BDO LLP and by BBOX's lead financial adviser, Jefferies, at the time of the Combination Announcement.

5. SUMMARY INFORMATION ON BBOX

Tritax Big Box REIT plc is a FTSE 250 UK REIT listed on the premium listing segment of the Official List. BBOX is the largest listed UK REIT that invests primarily in UK high-quality logistics warehouse assets, and controls the largest logistics-focused development land platform in the UK. BBOX is committed to delivering attractive and sustainable returns for shareholders by investing in and actively managing existing built investments and land suitable for logistics development. BBOX focuses on well-located, modern logistics assets, typically let to institutional-grade tenants on long-term leases with upward-only rent reviews and geographic and tenant diversification throughout the UK. BBOX's portfolio is valued at £5.1 billion (including development assets and adjusted for a post-period end acquisition) with an EPRA NTA per share of 177.2 pence as at 31 December 2023. As at the Latest Practicable Date, BBOX had a market capitalisation of £2.9 billion.

In the period from its IPO in December 2013 to 20 March 2024 (being the last Business Day prior to the release of the Combination Announcement), BBOX has delivered on a total accounting return basis, a return of approximately 145.8 per cent., a total shareholder return of approximately 139.6 per cent. and has grown its market capitalisation to £2,858 million. This has resulted in outperformance versus the FTSE 350 Real Estate index.

6. SUMMARY INFORMATION ON UKCM

6.1 Background Information on UKCM

UK Commercial Property REIT Limited is a FTSE 250 UK REIT listed on the premium listing segment of the Official List. UKCM aims to provide its shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of high-quality UK commercial properties, weighted towards sectors that benefit from strong underlying structural and societal drivers.

UKCM's portfolio of 37 properties is valued at £1.21 billion with a net initial yield of 5.1 per cent., reversionary yield of 6.3 per cent. and EPRA NTA of £1.0 billion as at 31 December 2023 (unaudited and adjusted for post-period end disposals). UKCM has a conservatively leveraged balance sheet with a loan-to-value ratio of 15 per cent. and a weighted cost of drawn debt of 3.0 per cent. (following disposals after 31 December 2023). As at the Latest Practicable Date, UKCM had a market capitalisation of £884.9 million.

UKCM's portfolio comprises assets across a diverse mix of sectors:

(a) **Industrial logistics** (*c.61 per cent. of total GAV; 4.3 per cent. net initial yield and 6.0 per cent. reversionary yield*): diverse logistics portfolio comprising mix of multi-let industrial estates and single-let "Big Box" distribution units in strategic locations predominantly throughout the South East and the Midlands;

(b) **Alternatives (Leisure, Hotel and Student Accommodation)** (*c.16 per cent. of total GAV; 6.4 per cent. net initial yield and 6.2 per cent. reversionary yield*): portfolio of diverse alternative assets including three cinema-anchored leisure schemes, two purpose built student accommodation assets in

Edinburgh and Exeter, and two hotel assets including a Hyatt development scheduled for completion in Q3 2024;

(c) **Retail** (*c.14 per cent. of total GAV; 6.3 per cent. net initial yield and 6.1 per cent. reversionary yield*): portfolio comprising two supermarkets and four retail parks dominated by either bulky goods retailers or convenience and discount operators; and

(d) **Offices** (*c.9 per cent. of total GAV; 6.7 per cent. net initial yield and 9.0 per cent. reversionary yield*): portfolio of five well-located regional and South East focused office assets.

Further information relating to the UKCM Group is set out in Part 3 (*Information on the UKCM Group*) of this document. The UKCM portfolio to be acquired by the Company pursuant to the Combination consists of assets aligned with the Company's Investment Policy.

6.2 Recommendation of the UKCM Recommending Directors

The UKCM Recommending Directors have confirmed they consider the terms of the Combination to be fair and reasonable. The UKCM Recommending Directors have unanimously recommended that UKCM Shareholders vote in favour of the Scheme at the UKCM Court Meeting and in favour of the UKCM Resolution to be proposed at the UKCM General Meeting (or, in the event that the Combination is implemented by a Takeover Offer, to accept or procure acceptance of such Takeover Offer), as the UKCM Recommending Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 427,666 UKCM Shares, representing approximately 0.03 per cent. of the issued ordinary share capital of UKCM as at the Latest Practicable Date.

Further details on the factors taken into account by the UKCM Recommending Directors in making their recommendation are summarised in the Combination Announcement and are set out in the Scheme Document.

6.3 Dissenting Director

Mr Pereira Gray, the chairman of the board of UKCM, is not recommending the Combination to UKCM Shareholders, though given the support of UKCM's two largest shareholders, he accepts that the proposed Combination should be put to UKCM Shareholders. He has indicated that he will abstain from voting at the UKCM Court Meeting and the UKCM General Meeting. Further details on the factors taken into account by Mr Pereira Gray in forming his opinion are summarised in the Combination Announcement and are set out in the Scheme Document.

7. INTENTIONS FOR THE COMBINED GROUP

7.1 Property Strategy

With effect from Completion, the BBOX Manager will provide investment management, administrative and advisory services to the Combined Group. BBOX expects to continue BBOX's stated strategy and invest in high-quality industrial and logistics assets. As part of this strategy, the BBOX Manager will, over the short to medium term, actively manage the non-logistics assets including retail parks, supermarkets, student accommodation and offices, and seek to recycle capital through disposals, with the recycled capital being invested in BBOX's high-quality and accretive development pipeline. The timing and phasing of such disposals will be based upon prevailing market conditions and the required asset optimisation (which will necessarily be individual asset specific) of any such disposals, however BBOX's current expectation is that it will have substantially exited this entire portfolio within approximately 24 months of Completion.

7.2 Board composition and governance arrangements

BBOX intends to delist UKCM immediately following the Scheme Effective Date. Consequently, UKCM will not require listed company governance structures and accordingly, it is intended that each of the UKCM Directors will step down from the board of UKCM and its subsidiaries (as applicable) upon the Scheme Effective Date.

7.3 Employees, fixed assets, research and development

As UKCM is an externally-managed UK REIT, UKCM does not have any employees and therefore does not operate any pension schemes, nor does it have any arrangements in place for any employee involvement in its capital.

UKCM has no place of business, fixed assets (other than its property portfolio), research and development function or headquarters.

7.4 Investment management arrangements

The BBOX Manager, which provides investment management services to BBOX, will provide such services to the Combined Group. Accordingly, on Completion, the UKCM IMA between UKCM and the UKCM Manager will be terminated. The UKCM Manager has agreed to waive the early termination payment of £6.7 million which would be contractually payable by UKCM on Completion as a result of the UKCM IMA being agreed to be terminated at such time.

As a result of the termination of the UKCM IMA, upon Completion, certain persons employed by the UKCM Manager (or one of its group companies), who are wholly or mainly assigned to provide services to UKCM (the **"Employees"**), would, under TUPE, transfer their employment to the BBOX Manager. The BBOX Manager and UKCM Manager intend to cooperate on the employee consultation process required in relation to the Employees.

The arrangements relating to the termination of the UKCM IMA and certain provisions relating to the Employees are provided for in the UKCM IMA Termination Agreement, a summary of the which is set out in paragraph 8.2(a) of Part 9 (*Additional Information*) of this document.

7.5 Investment management fees

With effect from the Completion, the fee payable to the BBOX Manager for the provision of investment management services to the Combined Group is set out in the Investment Management Agreement. Such fee will be payable in cash by the Combined Group each quarter and is calculated based on a percentage of the Combined Group's EPRA NTA disregarding cash or cash equivalents held. The fee is payable quarterly in arrears and the BBOX Manager is obliged to apply 25 per cent. of the fee in the subscription or acquisition (as applicable) of shares of BBOX. If the Combined Group buys or sells any assets after the date at which the relevant EPRA NTA is calculated, the EPRA NTA is adjusted *pro rata* for the net purchase or sale price, less any third-party debt drawn or repaid whilst remaining capped at EPRA NTA.

The relevant advisory fee percentage for the Combined Group (in each instance applied to EPRA NTA disregarding cash and cash equivalents) will be 0.7 per cent. up to and including £2 billion, 0.6 per cent. above £2 billion and up to and including £3 billion, 0.5 per cent. above £3 billion and up to and including £3.5 billion and 0.4 per cent. above £3.5 billion. The basis and calculation of the advisory fee is in line with the existing BBOX fee structure.

7.6 Listing and registered office

Following the Scheme Effective Date, BBOX will remain listed on the Official List and admitted to trading on the Main Market. The registered office of BBOX will remain in London.

7.7 UK REIT status

Both BBOX and UKCM fall within the UK REIT regime and benefit from the tax efficiencies provided by that regime. The Combined Group is expected to fall within the UK REIT regime and the relevant tax measures will continue to apply to the Combined Group.

7.8 Trading facilities

It is intended that dealings in, and registration of transfers of, UKCM Shares (other than the registration of the transfer of the Scheme Shares to BBOX pursuant to the Scheme) will be suspended shortly before the Scheme Effective Date at the time set out in the Scheme Document. It is further intended that applications will be made to the London Stock Exchange to cancel trading in the UKCM Shares on the Main Market, and to the FCA to cancel the listing of the UKCM Shares on the Official List, in each case with effect from or shortly following the Scheme Effective Date. Further details about the de-listing and cancellation of trading of the UKCM Shares can be found in paragraph 12 of this Part 1 (*Letter from the Chairman*).

No statements in this paragraph 7 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

8. DIVIDENDS

8.1 UKCM Dividends

UKCM Shareholders will be entitled to receive, to the extent the Scheme Record Time occurs after the record date in respect of, any UKCM dividend in respect of each of the successive quarterly periods ending after 31 December 2023, provided in each case that such dividend is payable in accordance with UKCM's existing dividend policy, consistent with past practice in relation to the payment of dividends, including as to time and quantum, and UKCM and BBOX have agreed the record date for such dividend (each such dividend a **"UKCM Quarterly Permitted Dividend"**).

If, on or after the date of the Combination Announcement and on or prior to the Scheme Effective Date, UKCM announces, declares, makes or pays: (i) a UKCM Quarterly Permitted Dividend or a UKCM Equalising Dividend (as defined below), and the quantum of such dividend is in excess of the amount which UKCM is entitled to pay to UKCM Shareholders in accordance with the Scheme Document; or (ii) any other dividend, distribution or form of capital return, BBOX shall be entitled to either:

(a) adjust the Exchange Ratio by an amount equivalent to all or any part of such excess (in the case of a UKCM Quarterly Permitted Dividend or a UKCM Equalising Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or form of capital return, in which case references to the Exchange Ratio will be deemed to be a reference to the Exchange Ratio as so adjusted; or

(b) pay an equalising dividend to BBOX Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of a UKCM Quarterly Permitted Dividend or a UKCM Equalising Dividend (as relevant)) or the amount of all or part of any such other dividend, distribution or form of capital return (a **"BBOX Equalising Dividend"**), without any consequential change to the Exchange Ratio.

8.2 BBOX Dividends

BBOX Shareholders will be entitled to receive, to the extent the Scheme Record Time occurs after the record date in respect of, any BBOX dividend in respect of each of the successive quarterly periods ending after 31 December 2023, provided in each case that such dividend is payable in accordance with BBOX's existing dividend policy, consistent with past practice in relation to the payment of dividends, including as to time and quantum, and BBOX and UKCM have agreed the record date for such dividend (each such dividend a **"BBOX Quarterly Permitted Dividend"**).

If, on or after the date of the Combination Announcement and on or prior to the Scheme Effective Date, BBOX announces, declares, makes or pays: (i) a BBOX Quarterly Permitted Dividend or a BBOX Equalising Dividend, and the quantum of such dividend is in excess of the amount which BBOX is entitled to pay to BBOX Shareholders in accordance with the Scheme Document; or (ii) any other dividend, distribution or form of capital return, UKCM shall be entitled to either:

(a) adjust the Exchange Ratio by an amount equivalent to all or any part of such excess (in the case of a BBOX Quarterly Permitted Dividend or a BBOX Equalising Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or form of capital return, in which case references to the Exchange Ratio will be deemed to be a reference to the Exchange Ratio as so adjusted; or

(b) pay an equalising dividend to UKCM Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of a BBOX Quarterly Permitted Dividend or a BBOX Equalising Dividend (as relevant)) or the amount of all or part of any such other dividend, distribution or form of capital return (a **"UKCM Equalising Dividend"**), without any consequential change to the Exchange Ratio.

Any exercise of rights referred to in paragraph 8.1 and this paragraph 8.2 of this Part 1 (*Letter from the Chairman*) will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the terms of the Combination.

8.3 Combined Group

Following Completion, the Combined Group would continue to pursue BBOX's strategy of delivering sustainable income and capital growth, expected to result in attractive performance through the economic cycle that underpins a predictable and progressive dividend. BBOX's dividend policy is for the three quarterly dividends to each represent 25 per cent. of the previous full year dividend. BBOX then uses the

fourth quarter dividend to determine any progression and achieve an overall pay-out ratio in excess of 90 per cent. of Adjusted Earnings (being the metric consistently used by BBOX).

In line with this policy, BBOX expects that for the financial year ending 31 December 2024 and based on the Exchange Ratio, UKCM Shareholders should receive following Completion at least the same income from aggregate dividends in respect of the Combined Group as they received in aggregate dividends for UKCM's financial year ended 31 December 2023, being not less than 3.40 pence per UKCM Share, provided that there are sufficient Adjusted Earnings generated during this period by the Combined Group for dividends to be covered at this level.[3]

The New BBOX Shares will be issued credited as fully paid-up and will rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive and retain dividends and other distributions (if any) announced, declared, made or paid by reference to a record date on or after the Scheme Effective Date (save, for the avoidance of doubt, for any BBOX Quarterly Permitted Dividend and any BBOX Equalising Dividend). Accordingly, based on the expected timetable for the Scheme to become Effective, Scheme Shareholders who retain their New BBOX Shares following Completion would receive the BBOX first quarterly interim dividend in respect of the Combined Group for the quarterly period January to March 2024, which is expected to be paid in May/June 2024.

9. STRUCTURE OF THE COMBINATION

9.1 Scheme of Arrangement

It is intended that the Combination will be implemented by means of a court-sanctioned scheme of arrangement between UKCM and the Scheme Shareholders under Part VIII of the Guernsey Companies Law, full details of which are set out in the Scheme Document. However, BBOX reserves the right, with the consent of the Panel and UKCM or, in certain circumstances, without the consent of UKCM, to implement the Combination by way of a Takeover Offer.

To become Effective, the Scheme requires, among other things, the approval of the Scheme Shareholders at the UKCM Court Meeting. In addition, the Scheme involves an application by UKCM to the Guernsey Court to sanction the Scheme and requires the sanction of the Guernsey Court to become Effective.

The purpose of the Scheme is to enable BBOX to become the owner of the entire issued ordinary share capital of UKCM. To achieve this, all Scheme Shares will be transferred to BBOX in consideration for which the Scheme Shareholders whose names appear on the register of members of UKCM at the Scheme Record Time will be entitled to receive the New BBOX Shares on the basis set out in paragraph 2 of this Part 1 (*Letter from the Chairman*).

Any Scheme Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The UKCM Resolution is being proposed at the UKCM General Meeting to, amongst other matters, seek approval for an amendment to the articles of association of UKCM to incorporate provisions requiring any UKCM Shares issued after the Scheme Record Time (other than to BBOX or its nominee(s)) to be automatically transferred to BBOX (or its nominee(s)) on the same terms as the Scheme (other than terms as to timings and formalities).

The implementation of the Scheme is subject to the Conditions and certain further terms set out in the Scheme Document. In particular, if the Scheme does not become Effective on or before 11.59 p.m. on the Long Stop Date (or such later time and date as BBOX and UKCM may agree, with the consent of the Panel and, if required, the permission of the Guernsey Court), it will lapse and the Combination will not proceed.

The Scheme shall become Effective on the date prescribed in the Guernsey Court Order. Upon the Scheme becoming Effective, it will be binding on UKCM and all Scheme Shareholders, including those Scheme Shareholders who did not attend or vote (or procure a vote) at the UKCM Meetings or who voted (or procured a vote) against the Scheme and/or the UKCM Resolution at the UKCM Meetings, and share certificates in respect of Scheme Shares will cease to be valid and entitlements to UKCM Shares held within the CREST system will be cancelled.

The Scheme Document will include full details of the Scheme, together with notices of the UKCM Meetings, the expected timetable and will specify the action to be taken by Scheme Shareholders. The

[3] This is a target only and not a profit forecast. There can be no assurance that this target will be met and it should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend is reasonable or achievable.

Scheme will be governed by Guernsey law and will be subject to the jurisdiction of the Guernsey Court. The Scheme will be subject to, among other things, the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Companies Law of Guernsey and the FCA.

BBOX has reserved the right to elect, subject to the consent of the Panel, for the Combination to be implemented by way of a Takeover Offer. If the Combination is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, BBOX intends to: (a) request the London Stock Exchange and the FCA cancel trading in UKCM Shares on the Main Market and the listing of the UKCM Shares from the Official List; and (b) exercise its rights to apply the provisions of section 337 of the Guernsey Companies Law to acquire compulsorily the remaining UKCM Shares in respect of which the Takeover Offer has not been accepted.

9.2 Conditions

The Combination is subject to the Conditions and certain further terms set out in the Scheme Document. To become Effective, the Combination will require, among other things, the following events to occur:

(a) the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date;

(b) the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, whether in person or by proxy, at the UKCM Court Meeting (or any adjournment thereof);

(c) the passing of the UKCM Resolution by UKCM Shareholders representing at least 75 per cent. of the votes cast by eligible UKCM Shareholders, whether in person or by proxy, at the UKCM General Meeting (or any adjournment thereof);

(d) the passing of the Resolution by the requisite majority of BBOX Shareholder at the BBOX General Meeting (or any adjournment thereof);

(e) the Scheme being sanctioned by the Guernsey Court without modification or with modification (but subject to any such modification being on terms acceptable to BBOX and UKCM) and the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing as set out in the Scheme Document (or such later date, if any, as BBOX may determine with the agreement of UKCM or with the consent of the Panel and (if required) as the Guernsey Court may allow); and

(f) the FCA having acknowledged that the application for admission of the New BBOX Shares to the Official List and the London Stock Exchange having acknowledged that the New BBOX Shares will be admitted to trading on the Main Market.

If the Scheme does not become Effective on or before 11.59 p.m. on the Long Stop Date (or such later date (if any) as may be agreed in writing by BBOX and UKCM (with the Panel's consent and (if required) as the Guernsey Court may allow), it will lapse and the Combination will not proceed.

10. THE NEW BBOX SHARES

The New BBOX Shares will be issued in registered form, credited as fully paid up and will rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive and retain dividends and other distributions (if any) announced, declared, made or paid by the Company by reference to a record date on or after the Scheme Effective Date (save, for the avoidance of doubt, for any BBOX Quarterly Permitted Dividend and any BBOX Equalising Dividend), and will be capable of b, and will be capable of being held in both certificated and uncertificated form. The New BBOX Shares will be issued free from all liens, charges, encumbrances and other third-party rights and/or interests of any nature whatsoever.

Fractions of New BBOX Shares will not be allotted or issued pursuant to the Combination and entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New BBOX Shares. All fractional entitlements to New BBOX Shares will be aggregated and sold in the market as soon as practicable after the Scheme Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed by the Company in due proportions to Scheme Shareholders who would otherwise have been entitled to such fractions provided that individual entitlements to amounts of less than £5.00 will not be paid to Scheme Shareholders but will be retained for the benefit of the Combined Group.

11. LISTING, DEALING AND SETTLEMENT OF THE NEW BBOX SHARES

Applications will be made to the FCA and to the London Stock Exchange for the New BBOX Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Admission will become effective, and dealings in the New BBOX Shares will commence at or shortly after 8.00 a.m. on 17 May 2024. No application has been, or is currently intended to be, made for the New BBOX Shares to be admitted to listing or trading on any other exchange.

12. DEALINGS, CANCELLATION OF ADMISSION TO TRADING ON LSE OF UKCM SHARES

The last day of dealings in, and for registration of transfers of, UKCM Shares is expected to be the last Business Day prior to the date of the Sanction Hearing (currently expected to be 15 May 2024). UKCM Shares will be disabled in CREST from 6.00 p.m. on such date. It is intended that an application will be made to the London Stock Exchange for the cancellation of the trading of the UKCM Shares on the Main Market and the FCA will be requested to cancel the listing of UKCM Shares on the Official List to take effect, in each case, by no later than 8.00 a.m. on the first Business Day following the Scheme Effective Date.

On the Scheme Effective Date, UKCM will become a wholly-owned subsidiary of BBOX and share certificates in respect of the UKCM Shares will cease to be valid and should be destroyed. In addition, entitlements held within the CREST system to the UKCM Shares will be cancelled.

13. BBOX GENERAL MEETING

As described above in paragraph 9.2 of this Part 1 (*Letter from the Chairman*), the Scheme is conditional on, among other things, the BBOX Shareholders passing the Resolution at the BBOX General Meeting. A notice convening the BBOX General Meeting to be held on 1 May 2024 at 10.30 a.m. (or as soon thereafter as the preceding annual general meeting is concluded) at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW is set out at Part 12 (*Notice of General Meeting*) of this document.

The Resolution to be proposed at the BBOX General Meeting is as follows:

(a) to approve the Combination as a "Class 1 transaction" under the Listing Rules and authorise the BBOX Directors to take all steps and enter all agreements and arrangements as necessary or appropriate to implement the Combination; and

(b) to authorise the BBOX Directors to allot the new Ordinary Shares up to an aggregate nominal value of £5,769,391.35 in connection with the Combination. This represents approximately 30.3 per cent. of the Company's issued share capital as at the Latest Practicable Date. This will provide the BBOX Directors with the necessary authority and power under the Companies Act to proceed with the issue of the New BBOX Shares. The authority will expire at the close of business on 21 September 2024 (unless previously renewed, revoked or varied by the Company in general meeting).

The full text of the Resolution is set out in the Notice of General Meeting.

The Resolution will be proposed as an ordinary resolution and, to be passed, will require a simple majority of Shareholders entitled to vote and present in person or by proxy to vote in favour. If the Resolution is not passed, the Scheme will not proceed.

14. IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

14.1 BBOX

The Company has received irrevocable undertakings from each of the BBOX Directors to vote in favour of the Resolution at the BBOX General Meeting in respect of their own beneficial holdings totalling 390,170 Ordinary Shares, representing, in aggregate, approximately 0.02 per cent. of the Company's issued ordinary share capital as at the Latest Practicable Date.

14.2 **UKCM**

As described above in paragraph 2 of this Part 1 (*Letter from the Chairman*):

- the UKCM Recommending Directors have irrevocably undertaken to vote in favour of the Combination if it is implemented by way of the Scheme and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer, in respect of their own beneficial holdings totalling 427,666 UKCM Shares, representing, in aggregate, approximately 0.03 per cent. of UKCM's total issued ordinary share capital as at the Latest Practicable Date;
- Phoenix has irrevocably undertaken to vote in favour of the Combination if it is implemented by way of the Scheme (and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer) in respect of 563,773,465 UKCM Shares, representing approximately 43.4 per cent. of UKCM's total issued ordinary share capital as at the Latest Practicable Date; and
- Investec has provided a non-binding letter of intent to vote in favour of the Combination if it is implemented by way of the Scheme (and, if the Combination is implemented by way of a Takeover Offer, to accept such Takeover Offer) in respect of 170,000,000 UKCM Shares, representing approximately 13.1 per cent. of UKCM's total issued ordinary share capital as at the Latest Practicable Date.

In total, therefore, BBOX has received from UKCM Shareholders (including the UKCM Recommending Directors) irrevocable undertakings and a letter of intent representing, in aggregate, approximately 56.5 per cent. of the total issued ordinary share capital of UKCM as at the Latest Practicable Date.

15. OFFER-RELATED ARRANGEMENTS

15.1 **Confidentiality Agreements**

BBOX and UKCM have entered into a mutual non-disclosure agreement dated 22 November 2023 pursuant to which each of BBOX and UKCM has undertaken, among other things, to keep certain information relating to the Combination and the other party confidential and not to disclose it to third parties (other than to permitted parties) unless required by law or regulation.

BBOX and UKCM have also entered into a supplemental confidentiality agreement dated 29 February 2024 which sets out how any confidential information that is commercially sensitive can be disclosed, used or shared.

15.2 **UKCM IMA Termination Agreement**

BBOX, the BBOX Manager, UKCM and the UKCM Manager, amongst others, have entered into an agreement dated 21 March 2024 concerning the termination of the UKCM IMA and related matters (the **"UKCM IMA Termination Agreement"**).

Pursuant to the UKCM IMA Termination Agreement, the parties have agreed the following key terms:

- the UKCM IMA will terminate conditional upon and with effect from the Scheme becoming Effective;
- no compensation shall be payable to the UKCM Manager under the UKCM IMA in relation to such termination being earlier than the notice period to terminate required under the UKCM IMA; and
- following completion of the Combination, the UKCM Manager will provide all books of account, records, registers, correspondence and amounts and any necessary assistance and guidance to UKCM, BBOX (or to the BBOX Manager on its behalf) to facilitate an orderly transition process.

In addition, the UKCM IMA Termination Agreement includes a number of TUPE-related provisions which relate to the Employees. Further details of the UKCM IMA Termination Agreement is set out in paragraph 8.2(a) of Part 9 (*Additional Information*) of this document.

16. ACTION TO BE TAKEN IN RESPECT OF THE BBOX GENERAL MEETING

BBOX is seeking approval of the Combination at the BBOX General Meeting and your support is important to us. Whether or not you intend to attend the BBOX General Meeting in person, you are encouraged to vote via proxy as soon as possible using one of the methods below to ensure your vote is counted:

- by submitting your proxy vote online at www.investorcentre.co.uk/eproxy;
- by completing, signing and returning the Form of Proxy to the Company's Registrar, Computershare Investor Services PLC;

- if you hold your shares in CREST, through the CREST electronic proxy appointment service; and
- if you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

To be valid, proxy appointments or instructions must be received by no later than 10.30 a.m. on 29 April 2024 (or, if the BBOX General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting, excluding any part of a day that is not a working day). The appointment of a proxy will not preclude Shareholders from attending the BBOX General Meeting and voting in person if you wish.

Recipients of this document who are the beneficial owners of Ordinary Shares held through a nominee should follow the instructions provided by their nominee or their professional adviser if no instructions have been provided.

Voting on the Resolution will be conducted by way of a poll rather than a show of hands. This reflects current best practice and ensures Shareholders who are not able to attend the BBOX General Meeting have their votes fully taken into account. The results of the BBOX General Meeting will be announced via a Regulatory Information Service announcement and on the Company's website as soon as practicable following the BBOX General Meeting.

Further details are set out in the Notice of General Meeting set out in Part 12 (*Notice of General Meeting*) of this document.

17. FURTHER INFORMATION

Your attention is drawn to the further information set out in the section entitled "*Risk Factors*" and in Parts 2 to 10 of this document. BBOX Shareholders should read the whole of this document and not rely solely on the information summarised in this letter.

18. OVERSEAS SHAREHOLDERS

The availability of the New BBOX Shares under the Combination to UKCM Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. UKCM Shareholders who are not resident in the United Kingdom should inform themselves about and should observe any applicable legal or regulatory requirements and, in case of doubt, should consult their own legal and tax advisers with respect to the legal and tax consequences of the Combination in their particular circumstances.

19. TAXATION

Information regarding taxation in the UK in relation to the BBOX Shares is set out in Part 8 (*The UK-REIT Regime and Taxation Information*) of this document. BBOX Shareholders and prospective investors who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their appropriate professional adviser as soon as possible.

20. FINANCIAL ADVICE

The BBOX Board has received financial advice from Jefferies and J.P. Morgan Cazenove in relation to the Combination. In providing their advice to the BBOX Directors, Jefferies and J.P. Morgan Cazenove have relied upon the BBOX Directors' commercial assessment of the Combination.

21. BBOX BOARD RECOMMENDATION

The BBOX Board considers the Combination and the Resolution to be in the best interests of the Company and BBOX Shareholders as a whole.

Accordingly, the BBOX Board unanimously recommends that BBOX Shareholders vote in favour of the Resolution to be proposed at the BBOX General Meeting, as the BBOX Directors who hold Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate,

390,170 Ordinary Shares, representing approximately 0.02 per cent. of the Company's issued ordinary share capital as at the Latest Practicable Date.

Yours faithfully,

Aubrey Adams
Non-executive Chairman
For and on behalf of the BBOX Board

PART 2 – INFORMATION ON THE BBOX GROUP

1. INTRODUCTION

The Company was incorporated in England and Wales on 14 September 2012 as a closed-ended investment company. The Company focuses on acquiring, developing and actively managing well-located, modern logistics assets in the UK to deliver attractive and sustainable returns for shareholders.

The Company's Ordinary Shares are admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The Company is a constituent of the FTSE 250 Index, the FTSE EPRA/NAREIT Global Real Estate Index Series and the MSCI Europe Small Cap Index. Moody's Investors Services Limited has assigned the Company and its EMTN Programme an investment grade rating of Baa1 (stable outlook).

The Company had a market capitalisation of approximately £2.9 billion as at the Latest Practicable Date. As at 31 December 2023, the Company's audited IFRS Basic Net Asset Value was £3.33 billion (175.13 pence per Ordinary Share (diluted)) and audited EPRA NTA was £3.37 billion (177.2 pence per Ordinary Share (diluted)). This represented a decrease of approximately 2.3 per cent. and 1.8 per cent., respectively, as compared to the audited diluted IFRS Basic NAV per Ordinary Share of 179.25 pence and audited diluted EPRA NTA per Ordinary Share of 180.37 pence as at 31 December 2022.

As at 31 December 2023, the market value of the Portfolio was approximately £5.1 billion (including development assets and adjusted for a post-period end acquisition). As at 31 December 2023, contracted annual rent was £228.1 million (adjusted for a post-period end acquisition).

In respect of its financial year ended 31 December 2023, the Company has declared and paid four interim dividends, comprising three interim dividends of 1.75 pence each in respect of the 3-month periods ended 31 March 2023, 30 June 2023 and 30 September 2023, respectively, and an interim dividend of 2.05 pence in respect of the 3-month period ended 31 December 2023. The total dividend of 7.3 pence per share for the financial year ended 31 December 2023 represents a 4.3 per cent. increase to the total dividend of 7.0 pence per share for the financial year ended 31 December 2022. The Company aims to deliver an attractive and progressive dividend. The BBOX Board's policy is for the first three quarterly dividends to each represent 25 per cent. of the previous full-year dividend, with the fourth-quarter dividend determining any progression. The aim is to achieve an overall pay-out ratio in excess of 90 per cent. of the Adjusted Earnings. The Company expects that for the financial year ending 31 December 2024 and based on the Exchange Ratio, UKCM Shareholders should receive following Completion, at least the same income from aggregate dividends in respect of the Combined Group as they received in aggregate dividends for UKCM's financial year ended 31 December 2023, being 3.4 pence per UKCM Share, provided that there are sufficient Adjusted Earnings generated during this period by the Combined Group for dividends to be covered at this level.

The Company's Manager is Tritax Management LLP, which is the parent entity of the Tritax Group. The Tritax Group is one of the UK's most experienced niche real estate investment fund managers and it has particular expertise in the Big Box sector. The BBOX Manager has gross assets under management totalling £7.7 billion[4]. The assets under management by the BBOX Manager is spread across six investment vehicles (including the Company). The BBOX Manager became authorised by the FCA as an AIFM on 1 July 2014.

The Company, as the principal company of the BBOX Group, gave notice to HMRC (in accordance with section 523 of the CTA 2010) that the BBOX Group had become a UK REIT on the day of acquisition of the first asset following the IPO. As a UK REIT, it complies with certain ongoing regulations and conditions (including minimum distribution requirements). Further information on REITs is set out in paragraph 11 of this Part 2 (*Information on the BBOX Group*).

2. BACKGROUND ON THE COMPANY

The Company is focused on investment in, and development of, predominantly large scale logistics real estate assets in the UK. The BBOX Directors and the BBOX Manager consider that the Big Box asset class facilitates the delivery of economies of scale and efficiencies demanded both by the growth in online retail and the transformation of UK supply chains. Further, smaller logistics assets, and especially smaller urban or last-mile buildings, complement the Big Box assets, allowing the BBOX Group to meet a broader range of customer needs, as well as presenting regular opportunities to add value through active management. Further

[4] Includes the BBOX Group portfolio valued as at 31 December 2023, Tritax EuroBox plc and Metro Box valued as at 30 September 2023, Tritax Property Income Fund valued as at 31 January 2024, the Airport Industrial Property Unit Trust and Tritax Abrdn Supply Chain LP valued as at 31 December 2023.

information on logistics assets and, in particular, the market for Big Box assets in the UK is set out in paragraph 16 of this Part 2 (*Information on the BBOX Group*).

The BBOX Group owns and manages a portfolio of 78 predominantly large scale logistics investment assets, split between 'Foundation Assets', which provide core-long-term income for the BBOX Group and 'Value Add Assets', which offer opportunities for capital or income growth through asset management.

The BBOX Group also controls a land portfolio that has the potential to deliver (subject to planning) approximately 42.5 million sq. ft. of new logistics space, with the potential to more than double the size of its existing Investment Portfolio. Most of the land portfolio is held through long-term option agreements, which the BBOX Board believes are capital efficient and reduce risk.

While Big Box assets make up the majority of the Portfolio, the BBOX Directors and the BBOX Manager have sought to broaden the BBOX Group's offering in terms of the range of building sizes it targets for investment together with the development within a scheme, so as to meet customer needs for 'first mile' mission critical logistics assets through to 'last-mile' urban delivery units.

3. NON-MATERIAL AMENDMENTS TO THE INVESTMENT POLICY

The Company's Investment Objective and Investment Policy have not been amended since 2018. The Company has now made certain non-material amendments to its Investment Objective and Investment Policy. The Company's focus continues to be building and managing a portfolio of prime, large-scale logistics real estate assets, either through acquisition or development. These amendments, however, reflect the evolving strategy of the BBOX Group from an aggregator of standing assets which generate returns to a mature business that, in addition, creates value through the development of these assets and an active approach to asset management, offering end-to-end logistics real estate solutions to its customers.

The changes to the Investment Objective and Investment Policy include:

- amendments to certain references to "Big Box" assets to "logistics real estate" assets which better reflects the overall nature of the BBOX Group's portfolio which, for example, also includes its strategic land assets;
- clarification that reference to Total Return in the Investment Objective is to Total Accounting Return (a key metric reported on by the Company in its annual results);
- removal of references to forward funded developments since, following the TSHL acquisition in 2019, development activity is primarily undertaken directly by the BBOX Group;
- clarification of what "ancillary assets" might include and how ancillary assets acquired by the BBOX Group which do not fit within the Company's Investment Policy will form part of the Company's capital recycling policy (if not redeveloped or repositioned);
- clarification that the BBOX Group's medium-term target for aggregate borrowings is below 35 per cent. of gross assets (within the previously stated target of up to 40 per cent. of gross assets); and
- updates to the definition of "Big Box" assets, principally, to reflect the broader range of use for such assets in an evolving macro-economic environment.

The amended Investment Objective and Investment Policy are set out below.

4. INVESTMENT OBJECTIVE

The Company's investment objective is to acquire UK logistics real estate assets benefiting from long-term leases, to deliver, on a fully invested and geared basis:

- an attractive annual dividend, with the potential for growth through upward-only rent reviews which are either fixed, inflation-linked, linked to market rents or a combination of market rents and inflation; and
- a targeted Total Accounting Return of at least 9 per cent. per annum over the medium term[5].

[5] These are targets only and not profit forecasts. There can be no assurance that these targets will be met and it should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend or the target Total Return (as the case may be) is reasonable or achievable.

The BBOX Manager and Directors consider that logistics real estate assets represent attractive assets, as a result of the upward-only rent reviews contained in the tenant leases, coupled with favourable supply/ demand dynamics.

Furthermore, buildings owned by the Company typically benefit from "full repairing and insuring" leases, otherwise known as "triple net leases", being a lease agreement where the tenant agrees to pay all taxes, building insurance and maintenance costs on the property, in addition to all fees that are expected under the lease, such as rent and service charge.

Under such a lease, the tenant is responsible for all costs associated with the repair and maintenance of the building and consequently the risk profile for the Company (apart from uninsurable risks) is essentially limited to the creditworthiness of the tenant.

5. INVESTMENT POLICY

The Company invests primarily in well-located logistics real estate assets in the UK, let to tenants of sufficient size and stature that they merit attention from large national or international investors (**"Institutional-Grade Tenants"**) typically on long-term leases and with regular upward-only rent reviews. The Company invests in these assets directly or through holdings in special purpose vehicles. It invests in high-quality assets, taking into account several factors, including:

- the strength of the tenant's financial covenant;
- the terms of the lease, focusing on duration (typically with an unexpired lease term remaining of at least 12 years, however shorter terms will be considered on a case-by-case basis as part of an integrated value driven strategy) and basis of rent review and potential for growth in passing rent; and
- the property characteristics, including location, building quality, scale, transportation links, workforce availability and operational efficiencies.

The Company seeks to deliver potential additional income and capital growth from the asset management services provided by the BBOX Manager. Rental income profiles, the condition of properties and their relative attractiveness to tenants can potentially be enhanced by the BBOX Manager. This further supports the BBOX Directors' belief that the Company delivers a high-quality and growing rental income, which contributes to capital appreciation.

Save for investments in land, and options over land and speculative developments as described below, the Company typically invests in assets that, when let, have leases containing regular upward-only rental reviews. These reviews typically either link the growth in rents to an inflation index such as RPI (potentially with a minimum and maximum level) or, alternatively, may have a fixed annual growth rate or be linked to market rate (which is in turn influenced by economic inflation) or a combination of market and inflation linkage. Such rental reviews typically take place every five years, with the rent review delivering an increase in the rent at the growth rate, compounded over the period. Some leases, however, can provide for annual rental increases. In this way, the income delivered to Shareholders exhibits a degree of inflation linkage.

Furthermore, the Company also invests in land and options over land with the objective of securing planning permission and undertaking works to ready the site for development of a new logistics or data centre building with the intention of subsequently entering into a construction contract for the construction of a logistics or data centre real estate asset, typically pre-let to an acceptable counterparty as described above.

The Company may make limited investments in speculative development activity, subject to the restrictions below, comprising the commencement of construction of an asset without a pre-let in place. The BBOX Directors believe that this gives the Company additional flexibility with regards to its broader development strategy with the potential to deliver enhanced returns for Shareholders.

Whilst the Company's primary focus is investment in Big Box assets, it may from time to time develop and/ or acquire other ancillary assets, including but not limited to smaller distribution warehouses, urban distribution or 'last-mile' hubs and/or data centres.

The BBOX Manager utilises its extensive contacts in the UK real estate market to source investment opportunities, in particular, through access to contacts such as banks, institutions, property companies, REITs, developers, tenant occupiers and historical relationships in addition to an existing network of investment agency contacts.

The BBOX Directors are focused on delivering capital growth over the medium term and hence net proceeds from disposals of assets are reinvested in accordance with the Company's Investment Policy. From time to time, the BBOX Group may acquire portfolios of logistics real estate assets that contain certain assets that may not fit within the Company's overall investment criteria, including in respect of the strength of the tenant covenant. In this scenario, the BBOX Directors intend that such assets will either be redeveloped, repositioned or otherwise disposed of as soon as reasonably practicable, with the net proceeds reinvested in accordance with the Company's Investment Policy.

No material change will be made to the Investment Policy without the approval of Shareholders by ordinary resolution at any general meeting, which will also be notified by a RIS announcement.

5.1 Gearing

The Company uses gearing to enhance equity returns. The level of borrowing is on a prudent basis for the asset class and seeks to achieve a low cost of financing, whilst maintaining flexibility in the underlying security requirements and the structure of both the Portfolio and the BBOX Group.

The BBOX Directors intend that the BBOX Group will maintain a conservative level of aggregate borrowings with a medium-term target of below 35 per cent. of the BBOX Group's gross assets. The aggregate borrowings are always subject to an absolute maximum, calculated at the time of drawdown for a property purchase, of 50 per cent. of the BBOX Group's gross assets.

Debt is secured at the asset level and potentially at the Company level with or without a charge over some or all of the Company's assets, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. The Company may borrow against both built and forward funded assets.

Notwithstanding the above, it should be noted that the Articles do not contain a limit to the Company's ability to borrow funds.

5.2 Use of derivatives

The Company utilises derivatives for efficient portfolio management. In particular, the Company engages in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the gearing paragraph above as part of the Company's portfolio management.

5.3 Investment Restrictions

The Company invests and manages its assets with the objective of delivering a high-quality, diversified portfolio, subject to the following investment restrictions:

- the maximum limit for any single asset will be 20 per cent. of gross assets calculated at the time of investment (by reference to the latest published interim or annual financial statements);
- the maximum exposure to any tenant or developer will be limited to 20 per cent. of gross assets once fully invested and geared in accordance with the gearing paragraph above. However, from time to time, the Company may have a greater exposure to a particular tenant in the Portfolio where such tenant is, or whose parent company is, at the time of investment, included in the FTSE 350 or within the top 350 companies included in any non-UK index which is, in the reasonable opinion of the BBOX Board, comparable to the FTSE 350 (**"FTSE Tenant"**). The maximum exposure to any such FTSE Tenant, which is limited to two FTSE Tenants in the Portfolio at any time, is 30 per cent. of gross assets once fully invested and geared in accordance with the gearing paragraph above;
- the maximum exposure to land and options over land is limited to 15 per cent. of gross assets calculated at the time of investment, of which up to 5 per cent. of gross assets may be invested in speculative development activity;
- save for investments in land, options over land and speculative developments, the Company typically invests in leased or preleased assets;
- the Company does not invest in closed-ended investment companies;
- save for investments in land, options over land and speculative developments, the Company typically invests in assets with Institutional-Grade Tenants;

- save for investments in land, and options over land and speculative developments, the Company typically invests in assets with leases with regular upward-only rent reviews; and
- all property assets are located in the UK.

5.4 **Other**

Cash held for working capital purposes or received by the BBOX Group pending reinvestment or distribution is held in Sterling only and invested in cash, cash equivalents, near cash instruments and money market instruments. The BBOX Board determines the cash management policy in consultation with the BBOX Manager.

The BBOX Directors at all times conduct the affairs of the Company so as to enable it to remain qualified as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

In the event of a breach of the Investment Policy and restrictions set out above, the BBOX Manager shall inform the BBOX Directors upon becoming aware of the same and, if the BBOX Directors consider the breach to be material, notification will be made to a Regulatory Information Service.

For the avoidance of doubt, the investment restrictions set out above do not, and are not intended to, restrict the Company's ability to acquire assets which meet the Company's Investment Policy, notwithstanding the structuring of such acquisitions.

6. DIVIDEND POLICY

The BBOX Directors have adopted, and expect to continue to maintain an attractive and progressive dividend policy, with the first three quarterly dividends to each represent 25 per cent. of the previous full-year dividend, and the fourth quarter dividend determining any progression. The aim is to achieve an overall pay-out ratio in excess of 90 per cent. of Adjusted Earnings.

As a REIT, the Company is required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute a minimum of 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.

7. COMPETITIVE ADVANTAGES[6]

The BBOX Directors consider that the Company has a number of competitive advantages including:

- ***Unique portfolio***: the Company has a Portfolio of 78 predominantly large scale industrial logistics investment assets that are income producing and let or pre-let to institutional grade tenants, and control of the UK's largest land portfolio targeted for logistics development held through long-term option agreements, that has the potential to deliver (subject to planning) approximately 42.5 million sq. ft. of new logistics space;
- ***Tenant quality***: the Company's Portfolio is let or pre-let to some of the most well-known companies in the UK including Amazon, B&Q, Kellogg's, L'Oréal, Marks & Spencer, Rolls-Royce Motor Cars, Sainsbury's and Tesco. As at 31 December 2023, by contracted rent, 73 per cent. of the Company's tenants or their parent companies are constituents of major stock market indices, such as the DAX 30, FTSE All Share, SBF 120, NYSE and S&P 500;
- ***Long leases***: the Company's Portfolio benefits from a weighted average unexpired lease term (**"WAULT"**) of 11.4 years as at 31 December 2023 (adjusted for a post-period end acquisition), with Foundation Assets having a WAULT of 15.0 years. 33.7 per cent. of the Company's rent roll does not expire for more than 15 years. The Portfolio is well positioned to offer strong and reliable income growth through upward-only rent reviews. 8.7 per cent. of the leases in the Portfolio have rent reviews that are fixed, 48.9 per cent. are linked to RPI/CPI, 12.4 per cent. are hybrid (the higher of upward-only open market or inflation-linked, subject to a cap) and 29.9 per cent. are reviewed to open market typically every five years;
- ***Attractive income growth potential***: open market rent reviews, lease renewals at expiry, new leases or lease regears provide opportunities for the BBOX Group to capture the reversionary potential resulting from the difference between the contracted rent and the estimated rental value (**"ERV"**) of the Portfolio, as determined by the valuer at each valuation date. At 31 December 2023, the Portfolio's

[6] All information provided as at 31 December 2023 unless otherwise stated.

ERV was £277.0 million, which was £51.7 million or 23.0 per cent. above the contracted rent. The Portfolio like-for-like ERV increased by 6.9 per cent. during the year;

- ***Industry leading ESG credentials***: the Company was awarded a GRESB score of 85/100 for the Company's standing portfolio (2022: 83/100) and maintained its overall four out of five Green Star Rating for the third year. The Company has retained its EPRA BPR Gold Level Certification for the third year, which rewards companies' ESG disclosures. The development arm of BBOX has also been awarded the GRESB 2023 Leader for Development in the UK Industrial Sector for the third consecutive year, as well as Regional Listed Sector Leader and Regional Sector Leader for Europe, as well as Global Listed Sector Leader and Global Sector Leader, all for the Industrial sector. Furthermore, the Company was awarded a full score in the Management criteria, highlighting a strong focus on embedding ESG practices in the Company's strategic thinking;
- ***Access to financing***: as at 31 December 2023, the Company had £2.16 billion of committed debt financing in place of which approximately £1.63 billion was drawn. The loan-to-value ratio of the BBOX Group was 32.3 per cent. as at 31 December 2023 (adjusted for a post-period end acquisition). As at 31 December 2023, the BBOX Group's drawn debt was 96 per cent. fixed or hedged (typically in the form of interest cap arrangements);
- ***Favourable demand/supply dynamic***: the imbalance of occupational supply and demand remains favourable for landlords, pointing to the potential for further future rental growth;
- ***Asset management***: the Company is progressing a number of opportunities to create capital value enhancement through re-gearing of leases, maximising rent reviews and capturing expansion plans to support tenant operations;
- ***Fully covered, progressive dividend policy***: the Company's dividend policy is underpinned by a growing rental stream with inflation protection, a low cost base and all leases typically providing for upward-only rent reviews, positioning the Company to capture market rental growth;
- ***Low cost management fee arrangements***: management fees are based on EPRA NTA excluding uncommitted cash balances and reduce as EPRA NTA grows. Furthermore, 25 per cent. of total fees (net of any applicable tax) is applied to the purchase of Ordinary Shares, helping to align the interests of the BBOX Manager with Shareholders. There are no additional performance, acquisition, exit or property management fees payable by the Company to the BBOX Manager;
- ***Low EPRA cost ratio***: the Company's EPRA cost ratio as at 31 December 2023 was 13.1 per cent.

8. CURRENT PORTFOLIO

8.1 Introduction

The Company's Portfolio comprises standing investments, assets under development and development land (primarily held under long dated options). These assets are situated in strategically important logistics locations across the UK, with easy access to transport infrastructure, skilled workforces and suitable power and data connectivity.

As at 31 December 2023, the Company's Portfolio had a market value of approximately £5.1 billion (including development assets and adjusted for a post-period end acquisition) and comprised 78 standing assets let to 61 customers and a strategic land portfolio comprising development sites across the UK which between them have the potential to deliver approximately 42.5 million sq ft of new logistics space over the long term, of which 2.1 million sq ft of development is currently under construction.

As at 31 December 2023 (adjusted for a post-period end acquisition), the Investment Portfolio had a weighted average unexpired lease term of 11.4 years.

The Investment Portfolio generated contracted annual rent of £228.1 million as at 31 December 2023 (adjusted for a post-period end acquisition). As at 31 December 2023, all leases provided for upward-only rent reviews of which 8.7 per cent. have rent reviews that are fixed, 48.9 per cent. are linked to RPI/CPI, 12.4 per cent. are hybrid (the higher of upward-only open market or inflation-linked, subject to a cap) and 29.9 per cent. are reviewed to open market typically every five years. The Portfolio had a rent reversion of 23.0 per cent. as at 31 December 2023.[7]

As at 31 December 2023, 97.3 per cent. of the Investment Portfolio had an EPC rating of C or above, and all assets certified by BREEAM (50.7 per cent.) had a rating of Very Good or above. For new

[7] Reversion is the difference (increase) between the contracted annual rent and the estimated rental value.

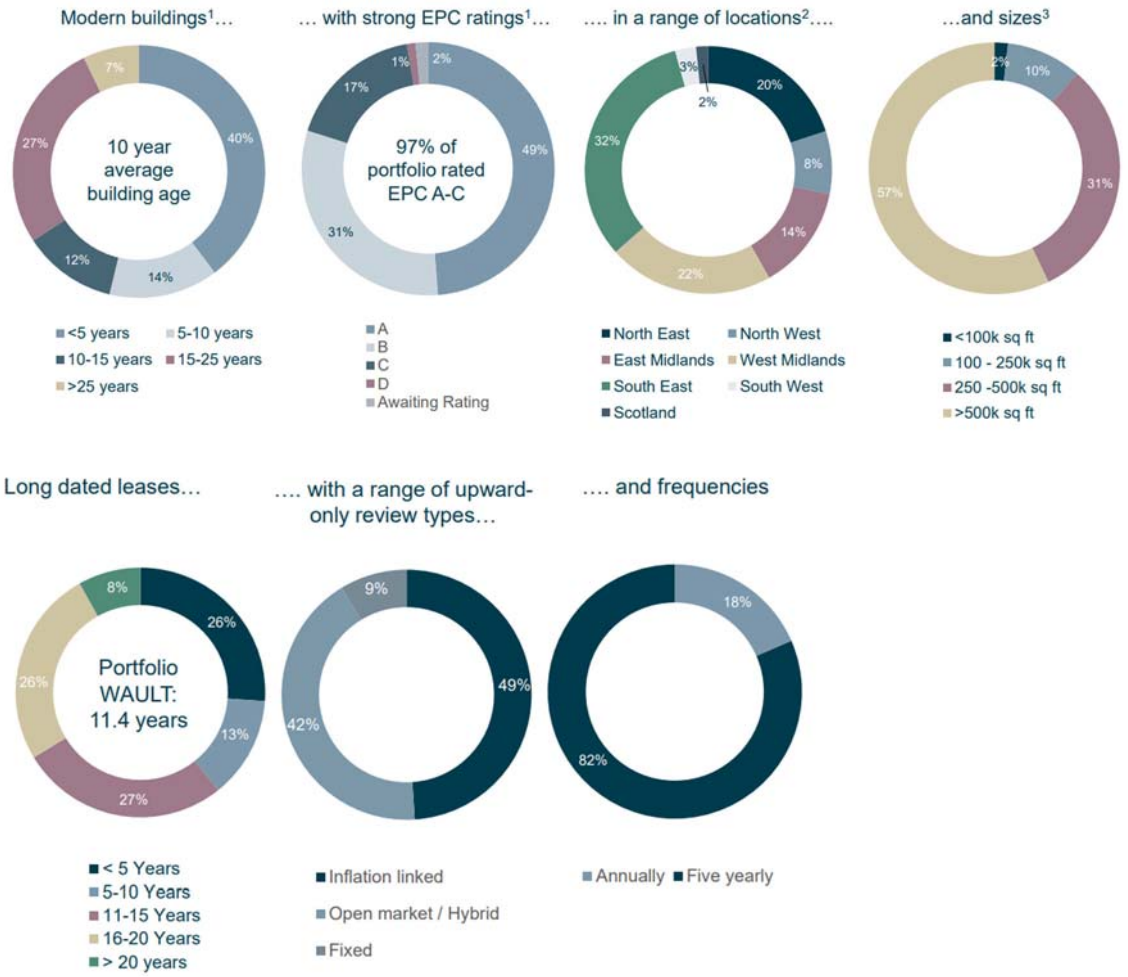
developments completed in 2023, 100 per cent. were built to EPC A and to BREEAM Very Good or Excellent standard. All new developments commenced in 2023 will be constructed to a minimum standard of EPC A and BREEAM Excellent standards.

The Company categorises its Portfolio across three investment pillars as follows:

- ***Foundation assets***: buildings are usually modern, in prime locations let with long leases to tenants with excellent covenant strength providing core low-risk income (**"Foundation Assets"**);
- ***Value-add assets***: assets let to tenants with strong covenants but offering asset management opportunities to enhance capital value or income or let to tenants which are currently perceived to be undervalued and which the BBOX Manager considers have opportunity for improving their financial strength; and
- ***Strategic land***: through long-dated, capital efficient options, the BBOX Group controls the largest land portfolio targeted for logistics development in the UK, enabling it to deliver high-quality new logistics space that could more than double the size of its existing Investment Portfolio, at an attractive yield on cost of 6 – 8 per cent., delivering enhanced returns but controlling risk.

8.2 Overview of the Portfolio

The Portfolio (based on the properties owned by the BBOX Group as of 31 December 2023) was broadly diversified by tenant, geography, size, age and investment category as shown in the charts below:



Notes:
(1) Based on building size.
(2) Based on market value.
(3) Based on contracted rent.

The table below summaries each of the BBOX Group's top ten tenants (by percentage of contracted annual rent) as at 31 December 2023:

Tenant	% of contracted annual rent
Amazon	14.6%
Morrisons	5.4%
Iron Mountain	4.8%
B&Q	3.9%
Tesco	3.8%
The Co-Operative Group	3.7%
Argos	3.6%
Ocado	3.4%
Marks & Spencer	3.3%
DSG Retail	2.4%

Further information on the Company's Portfolio as at 31 December 2023 is set out in the CBRE BBOX Valuation Report and the Colliers Valuation Report in Sections A and B, respectively, of Part 7 (*Property Valuation Reports*) of this document. CBRE, in its capacity as external valuer, has valued the Company's Portfolio (excluding the assets covered by the Colliers BBOX Valuation Report) at £4.84 billion[8]. Colliers International, in its capacity as external valuer, has valued the Development Portfolio at £134.23 million. The Company confirms that no material changes have occurred between the date of the respective valuations in the CBRE BBOX Valuation Report and the Colliers BBOX Valuation Report and the date of this document.

The figures contained in this paragraph 8 of this Part 2 (*Information on the BBOX Group*) are unaudited.

9. INVESTMENT PROCESS

The investment process undertaken by the BBOX Manager is broadly as follows:

9.1 Sourcing opportunities

The partners of the BBOX Manager have a long background of acting as principals, advisers, and developers in UK real estate and particularly logistics and Big Box assets. The BBOX Group and the Investment Team have established close relationships with many of the key participants in the UK Big Box asset market over many years. The BBOX Manager uses its extensive contacts in the sector to source opportunities for the Company and secure attractive pricing upon disposal of an asset.

9.2 Review and approval

The BBOX Manager performs an initial review of all investment opportunities taking into account the following considerations:

- ***Location***: focus is on locations which give a low penetration time to deliver to key population areas of the UK and with proximity to sea/rail freight for taking large volume product delivery. Proximity to an available workforce can also be a consideration;
- ***Quality of lease***: each asset must benefit from a long term lease (with an unexpired term remaining at the time of acquisition typically of at least 12 years, although shorter terms and vacant assets are considered on a case-by-case basis as part of an integrated value driven strategy). Where a lease is in place, the lease must be with an Institutional-Grade Tenant and, in the view of the BBOX Manager, there would typically be required to have upward-only rental review clauses in the lease;
- ***Off market transactions or pre-let assets preferable***: the BBOX Manager focuses on off market transactions where possible, either of existing or in development assets (provided, in the case of asset acquisitions, they are pre-let to an acceptable tenant), to reduce competition;

[8] This represents the market value of the assets not accounting for any deduction in respect of the assets where the BBOX Group does not hold a 100 per cent. interest. The market value of the same assets accounting for deductions where the BBOX Group does not hold a 100 per cent. interest is £4.72 billion.

- ***Financing***: gearing levels are analysed and must be consistent with the Company's gearing policy;
- ***Fit within portfolio shape and balance***: taking into account tenant covenant, sector exposure, building size, key lease provisions;
- ***ESG***: a full review of the ESG credentials of the building are taken into account, including a financial assessment of the cost of bringing the asset up to necessary ESG standards; and
- ***Financial returns***: an assessment of the total property return along with any portfolio synergies and impact on dividend yield and medium-term total accounting return target is also fully analysed and considered. This includes an assessment around risk via the attribution of a property score to arrive in a view around the risk adjusted return available.

Once a potential property opportunity has been identified as a result of the application of the research and advice provided by the BBOX Manager, initial due diligence on the potential property investment is undertaken.

In the case of asset acquisitions or asset divestments, after the initial due diligence phase, the BBOX Manager makes a detailed report to the BBOX Board of the Company for its consideration.

The BBOX Manager's report analyses, where appropriate: (a) tenant covenant; (b) form of lease; (c) loan and hedging options; (d) rental streams; (e) exit strategies; (f) asset management opportunities; and (g) external factors, such as market conditions, ancillary income growth and risk controlled redevelopment, in each case, in order to determine the nature and extent of the risks associated with, and the potential to add value in relation to, such opportunity.

Where the Company invests in joint ventures, or assets held in a corporate structure, the BBOX Manager also conducts appropriate initial due diligence on such structures and counterparties to seek to ensure that they are competent, stable, and appropriate.

Based on initial due diligence and the investment opportunity report, the BBOX Manager determines whether detailed financial, legal and technical due diligence should be carried out.

In addition to potential investments, the BBOX Manager's analysis and reporting is conducted whether the potential transaction is an investment, a divestment, a refinancing of existing assets, or any other material event.

9.3 Investment execution

The BBOX Manager performs the appropriate and full due diligence required on any proposed transaction, utilising third party professional advisers where needed. Any material findings from the third party due diligence reports are submitted to the BBOX Directors for review as part of the investment reporting, detailing the fit of a particular transaction to the Investment Objective and Investment Policy of the Company and the potential risks and benefits of proceeding or not with any particular opportunity.

If the Investment Team decides to proceed with a proposed transaction, the BBOX Manager conducts the following roles and provision of services to enable the execution of the transaction, to include:

- providing project management, and overall control of the transaction, to include co-ordinating the work of other professional advisers and service providers, including agents, surveyors, valuers, lawyers, accountants, and tax advisers;
- leading in the negotiation with any third party (whether buying, selling, refinancing, or otherwise) and the third party's agent (if any);
- leading in the negotiation and structuring of the transaction to ensure it meets the Investment Policy of the Company and does not detrimentally impact its status as a REIT;
- leading in the negotiation and structuring of any borrowings on the transaction;
- leading in the preparation and negotiation of any new lease, or reviewing the implications of any existing lease; and
- leading the preparation of final documentation (in conjunction with legal and accounting advisers).

9.4 Key requirements for forward funded assets

In the case of forward funded assets where the Company acquires the land, it only proceeds with funding the development subject to an agreement with a third party developer who is responsible for delivering the completed building. In addition, the key requirements for forward funded assets are as follows:

- the developer has signed up a tenant on an agreement for lease such that, upon completion and delivery of the building, the tenant takes up the building and occupies on the basis of the pre-agreed lease;
- although Big Box assets are typically constructed in approximately nine months, the development agreement with the tenant provides for significant tolerance to cover for any potential delays. For example, if there were delays due to a force majeure event, then there would be an extension of time granted equivalent to the delay incurred. In addition, there is an ultimate long stop date which is negotiated to represent a significant period of time from the target practical completion date, typically equivalent to the original build programme. Both agreements look to ensure there is sufficient latitude in timing of delivery to the tenant;
- the developer places a contract with a building contractor which has the responsibility of constructing the building. The contractor is of significant financial standing and agreed by the BBOX Manager as suitable. The design and process of the build is planned and overseen by a team of highly experienced professionals including engineers, an independent architect, quantity surveyors and a monitoring building surveyor (appointed solely to report to the BBOX Manager and/or its lender);
- all relevant professionals are required to have professional indemnity insurance assessed at a suitable level for the project. The main building contractor and any significant sub-contractors are required to provide warranties of a minimum of 10 years to repair/replace as necessary following practical completion. At all times, the building under construction is fully insured; and
- the BBOX Manager seeks to agree a form of income to be paid to the Company by the developer during the construction phase, typically at a similar level to the rent under the lease with the tenant, to ensure that the investment is income producing from the outset; this income would be in the form of a non-occupational licence fee.

9.5 Development management strategy for in-house development

Under the terms of the Development Management Agreement, TSML is responsible for managing the development process and advising TSHL in relation to certain of the BBOX Group's assets held through TSHL and its subsidiaries, including:

- strategic planning in connection with the development opportunity;
- providing input into the design process;
- securing planning permission;
- appointing the professional team and construction contractors including associated due diligence;
- negotiation over the land purchase price;
- overseeing the construction process;
- promoting the site or buildings;
- marketing of units and identifying and securing tenants on leases; and
- the sourcing of new land opportunities.

The development of Big Box assets will, where possible, primarily target being undertaken on a pre-let basis although it does conduct an element of speculative development.

The services to be provided by TSML under the Development Management Agreement will also include identification and due diligence in respect of the potential acquisition of new sites and management of the administrative, tax, accounting, company secretarial functions of TSHL's group. TSHL may terminate the Development Management Agreement at any time by giving at least 12 months' prior written notice, such notice not to expire before the eighth anniversary of the Development Management Agreement.

TSML will report to TSHL and to the BBOX Manager, and key decisions in respect of the Development Portfolio including all capital expenditure and the agreement of key contracts such as option agreements,

land draw-downs, contractor appointment and other key supplier appointments will be subject to the BBOX Manager and TSHL's approval. The BBOX Manager will take responsibility for the management of the Development Portfolio (and any other assets the development of which has been managed by TSML) once they have reached practical completion and have been let.

Overall development exposure is governed by the limits specified within the Company's Investment Policy. Pursuant to the Company's Investment Policy, the Company may commit up to a maximum of 15 per cent. of its Gross Assets to expenditure on land or options over land, of which up to 5 per cent. of the BBOX Group's Gross Assets may be invested in speculative development activity.

9.6 Asset management strategy

The BBOX Manager provides a proactive asset and property management service, utilising its specialist in-house team and adopting the following techniques:

(1) Creating and developing individual asset business plans, through application and analysis of multiple data points and sector influences; forming a key component of wider portfolio performance modelling and decision making.

(2) Progressing an active customer engagement programme, including regular property inspections, meetings with key customer contacts within the customer's property, logistics and ESG teams and procuring specialist supply chain analysis, to identify and unlock value enhancing initiatives.

(3) Directly negotiating lease events, such as rent reviews, break options and lease expiries to increase and improve income and value. Utilising these negotiations to vary wider lease terms, such as improvements to assignation or reinstatement provisions, or the inclusion of "green" lease terms, to both modernise and improve value and liquidity.

(4) Identifying the potential for property extensions or additional asset requirements, to meet current or future customer's space requirements, whilst achieving an attractive return on capital investment.

(5) Monitoring customer covenant levels, through a combination of publicly available information and direct intelligence gathered through inspections and meetings, to proactively identify the potential for property opportunities or potential risks.

(6) Utilising the expertise of its specialist in-house power, supply chain, ESG and development team, assets are reviewed and managed to ensure resilience for both existing and future customer requirements. For example, assessing the opportunity for provision of full automation or inclusion of hydrogen fuelling or EV charging points.

(7) Identifying the potential for funding of customer fit out or enhancements to the property to enhance income and potentially improve the property specification.

(8) Researching customers' ESG goals, to incorporate initiatives within Asset Management proposals to assist them in achieving those goals, through improving EPCs, removal of reliance on gas and provision of renewable energy, with the installation of roof mounted solar PV panels and EV charging points.

(9) Identifying and introducing biodiversity projects such as improving landscaping and planting mix and creation of habitats for wildlife, together with inclusion of amenities, such as "trim trails" and outside seating areas, thereby enhancing the local environment for our customers and assisting with recruitment and retention of employees.

(10) Supporting BBOX's customers and the communities within the vicinity of the assets, through partnerships with education focussed charities, enabling development of skills and awareness of the range of employment opportunities within the assets.

(11) Protecting assets and limiting the potential for insurance claims or capital expenditure, as a result of climate related extreme events, such as flooding, high winds and storm through specification reviews, independent analysis and regular property inspections, with any necessary mitigation measures adopted.

9.7 Property management monitoring and reporting

The BBOX Manager continually monitors the progress of the Company's investments. This includes regular site visits and meetings with tenants on an asset-by-asset basis on an ad hoc basis, as required, and at a minimum, on a bi-annual basis. The BBOX Manager updates the BBOX Directors on the progress of the Company's investments on a quarterly basis with additional formal contact being made where significant

events have occurred which may impact the Company's income, expenditure, EPRA NTA or IFRS Basic NAV. The BBOX Manager oversees the preparation of valuation statements for the Portfolio in each 6-month period (working with the Administrator and professional valuers and assisting the Company in selecting appropriate valuers). The BBOX Manager also prepares the relevant sections of the interim and annual reports for the Company related to the Portfolio, the report of the BBOX Manager, any periodic disclosures required under the FCA rules in the BBOX Manager's capacity as an AIFM and the market outlook. Amongst other general roles, the BBOX Manager also works closely with the Company's advisers to assist in the preparation of relevant regulatory announcements and other ongoing regulatory obligations of the Company.

9.8 Holding and exit strategy

The Company's investment holding period and exit strategy for each property investment asset depends on the characteristics of the asset, transaction structure, asset management opportunities, potential exit price achievable, suitability and availability of alternative investments (capital recycling), balance of the portfolio and lot size of the asset as compared to the value of the Portfolio. While the BBOX Directors intend to hold the Company's investments on a medium to long term basis, the Company may dispose of investments in a shorter timeframe should an appropriate opportunity arise where, in the BBOX Manager's opinion and on the BBOX Manager's recommendation to the BBOX Board, the value that could be realised from such disposal would represent a satisfactory return on the investment and/or otherwise enhance the value of the Company as a whole, giving consideration to how any proceeds may be able to be redeployed, whilst also giving consideration to the Company's Investment Policy.

9.9 Conflict management

The Investment Management Agreement sets out the policy for managing any conflicts of interest that may arise in the course of the BBOX Manager performing its duties to the Company, specifically in relation to the fair allocation of logistics real estate assets that may be of interest to both the Company and another entity for which the BBOX Manager (or any of its affiliates) provides management services.

Details of this policy are summarised in paragraph 4.4 of Part 4 (*Directors, Management and Corporate Governance*) of this document.

10. DISCOUNT AND PREMIUM MANAGEMENT

The BBOX Board has the discretion to seek to manage, on an ongoing basis, any discount or premium at which the Ordinary Shares may trade to their Basic Net Asset Value through further issues or buy-backs of Ordinary Shares, as appropriate.

10.1 Discount control

The BBOX Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the Ordinary Shares.

A special resolution was passed at the Company's annual general meeting held on 3 May 2023 granting the BBOX Directors authority to repurchase up to approximately 10 per cent. of the Company's issued share capital (at the time the authority was granted). This authority is due to expire at the Company's upcoming 2024 annual general meeting, at which a renewal of this authority will be sought. Renewal of this buy-back authority is expected to be sought at each subsequent annual general meeting of the Company.

The BBOX Directors will give consideration to repurchasing Ordinary Shares under this authority, but are not bound to do so, where the market price of an Ordinary Share trades at more than 5 per cent. below the Basic Net Asset Value per Ordinary Share for more than 3 months, subject to available cash not otherwise required for working capital purposes or the payment of dividends in accordance with the Company's dividend policy.

The BBOX Directors will have regard to the Company's REIT status when making any repurchase and will only make such repurchase through the market at prices (after allowing for costs) below the relevant prevailing Basic Net Asset Value per Ordinary Share and otherwise in accordance with guidelines established from time to time by the BBOX Board. Purchases of Ordinary Shares may be made only in accordance with the Companies Act, the Listing Rules and the Disclosure Guidance and Transparency Rules. Under UK MAR, the Company must not purchase Ordinary Shares at a higher price than the higher of the price of the last independent trade and the highest current independent purchase bid. In addition, the

Company must not purchase more than 25 per cent. of the average daily volume of Ordinary Shares on any trading day. The minimum price will not be below the nominal value of one penny in respect of the Ordinary Shares.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the BBOX Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the BBOX Directors exercising such discretion on any one or more occasions.

10.2 **Premium management**

The BBOX Directors will consider issuing Ordinary Shares if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply of and demand for the Ordinary Shares.

10.3 **Treasury shares**

Any Ordinary Shares repurchased pursuant to the general authority referred to above at paragraph 10.1 this Part 2 (*Information on the BBOX Group*) may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

The BBOX Board currently intends only to authorise the sale of Ordinary Shares from treasury at prices at or above the prevailing Basic Net Asset Value per Ordinary Share (plus costs of the relevant sale). This should be accretive to Basic Net Asset Value in circumstances where Ordinary Shares are bought back at a discount and then sold at a price at or above the Basic Net Asset Value per Ordinary Share (plus costs of the relevant sale).

10.4 **New Ordinary Shares**

Subject to the provisions of the Companies Act and to any relevant authority of the Company required by the Companies Act, the BBOX Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the BBOX Board may decide, provided that, for as long as any Ordinary Shares are listed on the Official List, no new Ordinary Shares may be issued at a price per Ordinary Share which is less than the Basic Net Asset Value per Ordinary Share at the time of such issue unless authorised by an ordinary resolution of Shareholders or such new Ordinary Shares are first offered on a *pro rata* basis to Shareholders.

11. STRUCTURE AS A REIT

As a REIT, the BBOX Group has, and following Completion the Combined Group should have, a tax efficient corporate structure with the UK taxation consequences for UK-resident Shareholders summarised in Part 8 (*The UK-REIT Regime and Taxation Information*) of this document. Part 8 (*The UK-REIT Regime and Taxation Information*) of this document also contains high-level and non-exhaustive comments on aspects of the UK taxation consequences for non-UK resident Shareholders of holding Ordinary Shares. As a REIT:

- the BBOX Group and following Completion the Combined Group should not be liable to pay UK corporation tax on profits and gains from its Qualifying Property Rental Business; and
- the Company is required to distribute to Shareholders at least 90 per cent. of the income profits arising from the Tax-Exempt Business as calculated for tax purposes, by the filing date of the Company's corporation tax return for the accounting period in which the profits arise.

Under the REIT regime, a tax charge may currently be levied on the Company if it were to make a distribution to a Substantial Shareholder. The Articles contain provisions relating to Substantial Shareholders as set out in paragraph 5.9 of Part 9 (*Additional Information*) of this Prospectus.

12. NET ASSET VALUE VALUATION

The IFRS Basic Net Asset Value and the EPRA NTA (including per Ordinary Share) is calculated half-yearly by the Administrator and relevant professional advisers with support from the BBOX Manager and is

presented to the BBOX Board for its approval and adoption. Calculations are made in accordance with UK IFRS and EPRA's best practice recommendations or as otherwise determined by the BBOX Board. Details of each half-yearly valuation are announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant period. In addition, the calculations are reported to Shareholders in the Company's annual report and interim financial statements. EPRA NTA and IFRS Basic Net Asset Value (including per Ordinary Share) is calculated on the basis of the relevant half-yearly valuation of the Company's properties, conducted by an independent valuer.

The calculation of the IFRS Basic Net Asset Value and EPRA NTA will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs. In circumstances where the calculation of the IFRS Basic Net Asset Value and EPRA NTA is suspended, a suspension of the listing of the Ordinary Shares on the Official List will also occur and will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

The Company reports its EPRA NTA according to EPRA guidelines.

13. MEETINGS AND REPORTS

The audited accounts of the Company are prepared in Sterling under UK IFRS and in accordance with EPRA's best practice recommendations. The Company's accounting reference date is 31 December and the Company's annual report and accounts are prepared up to 31 December each year, with the next accounting period of the Company being the period ending on 31 December 2024. It is expected that copies of the report and accounts will continue to be provided to Shareholders by the end of April each year. The Company also publishes an unaudited half-yearly report covering the 6 months to the end of June each year. This document incorporates by reference audited financial information on the Company for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, as set out in Part 5 (*Financial Information on the BBOX Group*) and 10 (*Documents Incorporated by Reference*) of this document.

The Company held its most recent annual general meeting on 3 May 2023 and its next annual general meeting is scheduled for 1 May 2024. It will continue to hold an annual general meeting each year.

14. TYPICAL INVESTORS

An investment in Ordinary Shares is expected to be suitable for institutional investors, professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

15. LIFE OF THE COMPANY

The Company has been established with an indefinite life.

16. MARKET OVERVIEW AND TRENDS

16.1 Favourable market dynamics supplement long-term structural drivers

Long-term structural demand drivers continue to support the industrial logistics real estate sector. The growth of e-commerce, the need to evolve supply chains, and an increased focus on ESG remain long-term tailwinds to logistics real estate demand. In addition, the sector benefits from the following characteristics:

- ***Large logistics buildings tend to be mission critical***. Logistics assets are an important part of companies' supply chains, with long-term strategic decisions driven by occupational needs, notwithstanding shorter-term market volatility.
- ***The occupational market is diverse***. Many types of companies need warehouse space for different purposes, which creates demand for different size bands and locations, at different points in the economic cycle.

- ***There are notable barriers to new supply in prime markets***. There are significant constraints on delivering new space in prime locations. Suitable land is scarce and securing planning consent is a challenging and often multi-year process. Independent developers may not have ready access to finance and build costs remain elevated.

16.2 Further rental growth in 2023 as market fundamentals normalise post-Covid

UK lettings in the industrial logistics real estate sector in 2023 totalled 22.1 million sq. ft (2022: 38.0 million sq. ft), broadly in line with the 2013 to 2019 average of 23.3 million sq. ft.[9] There was a notable pickup in demand in Q4 2023, with 8.8 million sq. ft leased across 27 deals, including several large commitments. The East Midlands remained the top location, accounting for 43 per cent. of take up in 2023.[9]

Longer term, demand in the sector remains healthy. The BBOX Manager conducts an annual occupier survey and, in 2023, this showed 38 per cent. of respondents expected to increase their warehouse requirements in the next two years, with 7 per cent. looking to reduce their space. Savills reports a consistent level of enquiries across the year, while the BBOX Group's enquiries hub is, currently, close to record levels. Many of these enquiries are for large units, where companies continue to seek to consolidate fragmented networks into technology enabled and sustainable buildings which improve efficiencies. Network evolution remains a strategic priority for many organisations and the BBOX Board and the BBOX Manager believe that this remains a catalyst for future demand.

Demand remains diverse with third-party logistics operators (**"3PLs"**), retailers (both traditional companies building out omni-channel networks and online-only operators) and manufacturers being prominent. Manufacturers accounted for just over 6 million sq. ft of demand in 2023.[10] This reflects the ongoing evolution of supply chains, and in particular the need to increase resilience which includes a combination of re- or near-shoring, multi-sourcing, higher stock levels, and the use of 3PLs to provide supply-chain expertise.

New space accounted for 67 per cent. of take-up in 2023[11], highlighting the trend towards high-quality, technically capable buildings that can improve productivity and efficiency, for example through greater use of automation. The workplace environment and wider ESG goals are also factors, with 64 per cent. of respondents to the BBOX Manager's 2023 occupier survey[12] highlighting staff wellbeing as important or critical in their warehouse choice.

16.3 Supply and vacancy have similarly reset to keep market fundamentals in balance

Completions in 2023 were relatively high at 28.5 million sq. ft (2022: 33.0 million sq. ft), as projects that started in the buoyant market of 2022 reached completion. By the year end, space under construction had dropped back to pre-pandemic levels at 21.4 million sq. ft (Q4 2019: 21.6 million sq. ft). Both speculatively developed and built-to-suit projects declined through 2023 which the BBOX Board and the BBOX Manager believe reflects the challenging macro backdrop, higher cost of capital and normalised levels of demand.

Vacancy increased from 2.0 per cent. at Q4 2022 to 5.1 per cent. at Q4 2023. However, this underlying supply is unevenly spread across the UK and is significantly influenced by specific locations with prime locations remaining supply constrained, with resilient occupational interest.

With well-located supply constrained by factors such as land availability, planning, and power, and average vacancy rates hiding local market disparities, the BBOX Board and the BBOX Manager believe that market fundamentals remain healthy, with the potential for further rental growth. While the occupational market has reset from its all-time highs in 2021/22, the BBOX Board and the BBOX Manager believe that there is scope for market dynamics to improve if a pick-up in demand combines with lower levels of supply going forward.

16.4 Strong rental growth in 2023

UK prime headline rental growth averaged 9.4 per cent. in 2023 (2022: 14.6 per cent.) but regional and local disparities were increasingly evident.

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[9] *Source*: CBRE Global Research, ERIX Market Data.

[10] *Source*: CBRE Research, UK Logistics Q4 2023

[11] *Source*: CBRE Global Research.

[12] *Source*: Tritax and Savills 2023 Future Space Occupier Survey.

In the North West and Outer South East markets, prime headline rents increased by at least 10 per cent. Across the Midlands, rents increased by 8 per cent. Inner London urban rents remained significantly higher, with prime rents at £27.50 psf, up 4 per cent. from the previous year.

MSCI data indicated that UK distribution warehouse ERVs grew by 7.2 per cent. in 2023 (2022: 10.6 per cent.),[13] which the BBOX Board and Manager believe highlights the wider market's resilience through this cycle.

16.5 Logistics real estate transaction markets remain open but subdued

Transaction activity in the logistics real estate sector totalled £4.7 billion in 2023, down 40 per cent. on 2022.[14] The lower volume in 2023 reflected the trend across the real estate industry, which has been impacted by central banks raising rates, a higher cost of capital and increased return requirements. There has been a steady flow of transactions which continue to evidence market pricing, but the BBOX Board and the BBOX Manager believe that many buildings have reversionary potential, given the healthy rental growth which leases often fail to capture fully. Pricing for individual assets may not, therefore, directly reflect market values, which are a best estimate for a prime, rack-rented building.

Q4 2023 saw a significant improvement in wider capital markets, however, this was not reflected in real estate pricing. Having moved out rapidly in 2022, prime yields remained stable across H2 2023 at 5.25 per cent. As a result, the BBOX Board and the BBOX Manager believe that logistics pricing looks increasingly favourable against other asset classes, particularly when factoring in the potential for future rental growth. If current market expectations are sustained, the BBOX Board and the BBOX Manager would expect to see an improvement in logistics real estate investment market sentiment and for activity to pick up in 2024. They believe that capital flows to the sector are likely to be driven by the attractive absolute and relative returns, as well as resilient income streams which have the potential to capture future growth.

[13] *Source*: MSCI
[14] *Source*: DTRE

PART 3 – INFORMATION ON THE UKCM GROUP

1. INTRODUCTION

UKCM is a diversified UK-REIT that focuses on identifying and acquiring income-producing assets and holds a portfolio weighted towards sectors that benefit from strong underlying structural and societal drivers.

UKCM's ordinary shares of 25 pence each are admitted to the premium segment of the Official List and to trading on the Main Market. With a market capitalisation of approximately £884.9 million as at the Latest Practicable Date, UKCM is one of the largest diversified UK-REITs and is a constituent of the FTSE 250 index. Its portfolio of 37 properties (following certain disposals post 31 December 2023), is valued at £1.21 billion, with a net initial yield of 5.1 per cent., a reversionary yield of 6.3 per cent. and EPRA NTA of £1.0 billion, representing an EPRA NTA per share of 78.7 pence per share (each as at 31 December 2023 and unaudited). As announced by UKCM on 7 February 2024 and 1 March 2024, UKCM agreed to dispose of its assets at Craven House (for £22 million in line with the December 2023 valuation) and 2 Rivergate in Temple Quay (at £14.5 million in line with the December 2023 valuation).

Since its IPO in 2007, UKCM's portfolio has marginally outperformed the MSCI Balanced Portfolios Quarterly Property Index against which it reports (the **"Benchmark Index"**), with an annualised total property return of 4.7 per cent. compared to an annualised total property return of 3.9 per cent. for the Benchmark Index over the same period. On a total accounting return basis (defined as EPRA NTA per share growth plus cumulative dividends per share), UKCM has delivered a return of 4.0 per cent., 3.0 per cent. and 56.0 per cent. over the 3, 5 and 10 year periods to 31 December 2023, respectively. In 2023 UKCM delivered 3.0 per cent. EPRA NTA total return and 6.3 per cent. growth in EPRA earnings per share to 3.35 pence per share[15]. The total dividends paid by UKCM in 2023 was 3.40 pence per share, representing a 5 per cent. increase to the total dividends paid in 2022.

UKCM's property valuations as at 31 March 2024, supported by a valuation report from its independent valuer, have been published in Section C of Part 7 (*Property Valuation Reports*) of this document.

UKCM is a company limited by shares incorporated in Guernsey and is authorised as a closed-ended collective investment scheme by the GFSC.

2. INVESTMENT POLICY AND INVESTMENT STRATEGY

2.1 Investment Objective and Policy

The UKCM Group's investment objective is to provide ordinary shareholders with an attractive level of income, together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Investment risks to the UKCM Group are managed by investing in a diversified portfolio of freehold and long leasehold UK commercial properties. The UKCM Group invests in income producing assets across the commercial property sectors including industrial, offices, retail and other alternative commercial property sector assets. The UKCM Group has not set any maximum geographic exposures within the UK nor any maximum weighting limits in any of the principal property sectors. No single property shall, however, exceed at the time of acquisition 15 per cent. of the gross assets of the UKCM Group.

The UKCM Group is currently permitted to invest up to 15 per cent. of its total assets in indirect property funds including in other listed investment companies. The UKCM Group is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

2.2 Summary of Investment Strategy

The UKCM Manager seeks to achieve the UKCM investment objective through:

- constructing a portfolio that is diversified within the four main commercial property sectors – industrial, offices, retail and alternatives;
- investing in a portfolio with a strong earnings and income focus;
- delivering value through a proactive approach to acquisitions, sales and asset management;
- selectively developing or funding developments, mostly pre-let; and
- considering ESG factors as integral parts of the investment process.

[15] Unaudited. Excludes Cineworld non cash adjustment previously announced by UKCM.

UKCM focuses on identifying and acquiring income-producing assets and looks to identify assets that benefit from wider infrastructure improvements delivered by others where possible. UKCM also recognises that the experience of tenants is paramount and hence the UKCM Manager works closely with tenants to understand their needs through regular communication and visits to properties. Where required, and in consultation with tenants, UKCM refurbishes and manages the owned assets to improve the tenants' experience with the aim being to generate greater tenant retention and hence lower voids, higher rental values and stronger returns.

3. UKCM INVESTMENT MANAGER

UKCM appointed abrdn Fund Managers Limited (the **"UKCM Manager"**) as its alternative investment fund manager with effect from 10 December 2018. Pursuant to the UKCM IMA, the UKCM Manager agreed to provide investment management services to the UKCM Group. The UKCM Manager is authorised and regulated by the FCA as an alternative investment fund manager. The UKCM IMA will be terminated upon the Scheme becoming Effective. The arrangements relating to the termination of the UKCM IMA are provided for in the UKCM IMA Termination Agreement, a summary of the which is set out in paragraph 8.2(a) of Part 9 (*Additional Information*) of this document.

4. UKCM PORTFOLIO

UKCM holds a diversified portfolio of property, weighted towards industrial and logistics (61 per cent. of the portfolio value as at 31 December 2023, adjusted for post-period end disposals), retail warehouse and supermarkets (14 per cent.), offices (9 per cent.), leisure and hotels (11 per cent.) and student halls (5 per cent.). Whilst sector activity has been impacted by recent economic uncertainty, UKCM believes that industrial and logistics, retail warehousing and student halls are sectors that are supported by macroeconomic or demographic trends.

UKCM's portfolio comprises assets across a diverse mix of sectors (all as at 31 December 2023 taking account of disposals after 31 December 2023):

(a) **Industrial logistics** (*c.61 per cent. of total GAV; 4.3 per cent. net initial yield and 6.0 per cent. reversionary yield*): diverse logistics portfolio comprising mix of multi-let industrial estates and single-let "Big Box" distribution units in strategic locations predominantly throughout the South East and the Midlands;

(b) **Alternatives (Leisure, Hotel and Student Accommodation)** (*c.16 per cent. of total GAV; 6.4 per cent. net initial yield and 6.2 per cent. reversionary yield*): portfolio of diverse alternative assets including: three cinema-anchored leisure schemes; two purpose built student accommodation assets in Edinburgh and Exeter; and two hotel assets including a Hyatt development scheduled for completion in Q3 2024;

(c) **Retail** (*c. 14 per cent. of total GAV; 6.3 per cent. net initial yield and 6.1 per cent. reversionary yield*) portfolio comprising two supermarkets and four retail parks dominated by either bulky goods retailers or convenience and discount operators; and

(d) **Offices** (*c.9 per cent. of total GAV; 6.7 per cent. net initial yield and 9.0 per cent. reversionary yield*): portfolio of five well-located regional and South East focused office assets.

5. DEBT ARRANGEMENTS

Following disposals post 31 December 2023, UKCM has a loan-to-value ratio of 15.2 per cent., weighted average cost of drawn debt of 3 per cent. 98 per cent. of UKCM's debt are at a fixed rate. All covenants are fully covered. Following disposals post 31 December 2023, the UKCM Group had net debt of £185 million.

In particular, the UKCM Group currently has three external debt facilities in place with an aggregate principal value of £350 million split across a revolving credit facility with Barclays of £150 million and two £100 million term loan facilities with Barings (both currently drawn in full) which are repayable in April 2027 and February 2031 respectively. The Barclays RCF and the Barings Facilities are each secured by means of fixed charges over specific properties in the UKCM property portfolio.

6. OTHER ARRANGEMENTS

As noted in the Scheme Document, abrdn plc and its subsidiaries (the "**abrdn Group**") has arrangements in place between it and certain Phoenix group companies for a partial rebate of fees incurred by Phoenix in

respect of its investments in certain abrdn-managed vehicles, including UKCM. These arrangements are solely between the abrdn Group and such Phoenix group companies. Should the Combination be implemented, the abrdn Group has confirmed that such rebate arrangements would continue to apply in respect of Phoenix's investment in the Combined Group.

7. MARKET OVERVIEW, TRENDS AND COMPETITION

As both the BBOX Group and the UKCM Group operate in the property sector, please refer to paragraph 16 of Part 2 (*Information on the BBOX Group*) of this document for an overview of the market in which the UKCM Group operates.

8. SHARE CAPITAL OF UKCM

As at the Latest Practicable Date, the issued share capital of UKCM was £324,853,116.25, comprising 1,299,412,465 ordinary shares of 25 pence each, all of which were fully paid or credited as fully paid.

PART 4 – DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS

The BBOX Directors are responsible for the determination of the Company's Investment Objective and Investment Policy and have overall responsibility for the Company's activities, including the review of investment activity and performance and compliance with the AIC Code. The BBOX Directors are also responsible for the control and supervision of the BBOX Manager.

1.1 BBOX Directors

A list of the BBOX Directors, all of whom are non-executive, is set out on page 41 of this document. Summary biographical details of each of the BBOX Directors are described on pages 78 to 79 of the BBOX 2023 Annual Report, as described in Part 10 (*Documents Incorporated by Reference*) of this document. The business address of each of the BBOX Directors is the Company's registered address at 72 Broadwick Street, London, United Kingdom, W1F 9QZ.

1.2 Directorships and partnerships

Set out below are details of those companies and partnerships (other than members of the BBOX Group) of which the BBOX Directors have been a member of the administrative, management or supervisory bodies or partner in the five years prior to the date of this document:

Name	Current directorship/ partnership	Former directorship/ partnership
Aubrey Adams	London & Quadrant Housing Trust Nameco (No. 522) Limited The Wigmore Hall Trust	London String Quartet Foundation (*dissolved*)
Elizabeth Brown	Inchcape JLR Europe Limited	Diageo DV Limited Seedlip Ltd
Alastair Hughes	Abercromby Investments Ltd The British Land Company Public Limited Company Goodwood Hill Investment Limited Quadreal LP Schroder Real Estate Investment Trust Limited	None
Richard Laing	3i Infrastructure plc Gresham House Solar Distribution LLP Leeds Castle Retirement Benefit Scheme(1)	Development Works Ltd JPMorgan Emerging Markets Investment Trust plc Leeds Castle Foundation Liontrust ESG Trust plc Miro Forestry Developments Limited Murray Income Trust plc Perpetual Income and Growth Investment Trust plc Plan International UK
Karen Whitworth	Nuffield Health The Rank Group plc Tesco PLC	Pets at Home Group plc Whitworth Corporate Holdings Limited
Wu Gang	Ashurst LLP IG Group Holdings plc IG Index Limited IG Markets Limited IG Trading and Investments Limited	None

Note:

(1) Richard Laing is a trustee of the Leeds Castle Retirement Benefit Scheme.

1.3 **Interests in the Company**

Each of the BBOX Directors' interests in the share capital of the Company as at the Latest Practicable Date and immediately following Admission will be as follows:

	As at the Latest Practicable Date		Immediately following Admission[1]	
Director	**Number of Ordinary Shares**	**Percentage of issued share capital (%)**	**Number of Ordinary Shares**	**Percentage of issued shares capital (%)**
Aubrey Adams	240,000	0.0126%	240,000	0.0097%
Elizabeth Brown	20,382	0.0011%	20,382	0.0008%
Alastair Hughes	46,483	0.0024%	46,483	0.0019%
Richard Laing	50,000	0.0026%	78,611	0.0032%
Karen Whitworth	30,705	0.0016%	30,705	0.0012%
Wu Gang	2,600	0.0001%	2,600	0.0001%

Note:

(1) Assuming that (a) the shareholdings of such directors in the Company do not change between the Latest Practicable Date and Admission; (b) the maximum number of New BBOX Shares are issued in connection with the Combination; and (c) no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission.

1.4 **Conflicts of interest**

Save for their capacities as persons legally and beneficially interested in Ordinary Shares, none of the BBOX Directors have any actual or potential conflicts of interest between any duties they owe to the Company and any private interests or other duties they may also have.

All of the BBOX Directors are independent of the BBOX Manager.

1.5 **Confirmations**

As at the date of this document, none of the BBOX Directors has, at any time in the five years prior to the date of this document:

(a) had any convictions in relation to fraudulent offences;

(b) been a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company which has entered into any bankruptcy, receivership, liquidation proceedings or which has been put into administration; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

2. THE BBOX MANAGER

2.1 **Overview**

The BBOX Manager became authorised by the FCA as an AIFM on 1 July 2014. Pursuant to the Investment Management Agreement and the Service Level Agreement, the Company is provided with all management and advisory services by the BBOX Manager.

The BBOX Manager was incorporated as a limited liability partnership in the United Kingdom on 2 March 2007, with registered number OC326500. The registered office and the principal operational place of business of the BBOX Manager is 72 Broadwick Street, London, United Kingdom, W1F 9QZ. The BBOX Manager is domiciled in England and Wales.

abrdn Holdings Limited holds a 60 per cent. ownership interest in Tritax Management LLP.

2.2 Key personnel

The key personnel of the BBOX Manager who are involved in the provision of investment management services to the Company, and summary biographical details of each of them are described on page 81 of the BBOX 2023 Annual Report, as described in Part 10 (*Documents Incorporated by Reference*) of this document. Between them, this team of property, legal and finance professionals has over 140 years of combined experience in the real estate sector. They have a track record of successfully creating value for their clients by procuring the right type of asset while utilising an active asset management policy.

2.3 Interests in the Company

The interests in the share capital of the Company of each of the BBOX Manager and each of the members of the BBOX Manager as at the Latest Practicable Date and immediately following Admission will be as follows:

	As at the Latest Practicable Date		Immediately following Admission[1]	
Name	**Number of Ordinary Shares**	**Percentage of issued share capital (%)**	**Number of Ordinary Shares**	**Percentage of issued shares capital (%)**
abrdn Holdings Limited	5,377,474[2]	0.2825%	6,732,966	0.2714%
Colin Godfrey	2,903,252	0.1525%	2,903,252	0.1170%
James Dunlop	2,840,891	0.1492%	2,840,891	0.1145%
Henry Franklin	2,100,181	0.1103%	2,100,181	0.0847%
Bjorn Hobart	438,731	0.0230%	438,731	0.0177%
Petrina Porter (née Austin)	384,133	0.0202%	384,133	0.0155%
Frankie Whitehead	219,491	0.0115%	219,491	0.0088%
Tritax Management LLP	95,275	0.0050%	95,275	0.0038%

Notes:

(1) Assuming that (a) the shareholdings of such persons in the Company do not change between the Latest Practicable Date and Admission; (b) the maximum number of New BBOX Shares are issued in connection with the Combination; and (c) no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission.

(2) In respect of abrdn Holdings Limited, this figure only includes Ordinary Shares issued or purchased pursuant to the management fee arrangements pursuant to the Investment Management Agreement and not holdings of abrdn plc and its affiliates.

3. THE TRITAX GROUP BACKGROUND

The Tritax Group started in 1995 where it focused on originating, syndicating and managing commercial property investments for private equity capital. The Tritax Group started by offering property investments structured to make use of available tax reliefs (such as Enterprise Zones) so as to enhance investors' returns.

The Company's Manager is Tritax Management LLP, which is part of the Tritax Group. The BBOX Group has gross assets under management totalling £7.7 billion.[16] The assets under management by the BBOX Manager is spread across six investment vehicles (including the Company).

4. INVESTMENT MANAGEMENT AGREEMENT

4.1 Services

The BBOX Board is responsible for the determination of the Company's Investment Objective and Investment Policy and has overall responsibility for the Company's activities. However, the BBOX Manager provides property management services and advises the Company on property matters (management, administration and investment) pursuant to the Investment Management Agreement in its capacity as an FCA authorised AIFM.

Pursuant to the Investment Management Agreement, the BBOX Manager is responsible for identifying, structuring and monitoring investments and specifically has responsibility for general property management of the properties held by the Company, including:

(a) ensuring the Company receives necessary advice to comply with its lease and headlease obligations;

[16] Includes the BBOX Group portfolio valued as at 31 December 2023, Tritax EuroBox plc and Metro Box valued as at 30 September 2023, Tritax Property Income Fund valued as at 31 January 2024; the Airport Industrial Property Unit Trust and Tritax Abrdn Supply Chain LP valued as at 31 December 2023.

(b) managing tenant applications and supervising tenants;

(c) preparing budgets for the properties;

(d) sourcing and assisting with the acquisition of properties that fall within the Company's Investment Policy;

(e) advising the Company in circumstances where the interests in real estate in contemplation are securitised in such a way that advice in relation to their acquisition or disposal is regulated under FSMA;

(f) implementing a comprehensive and focused active and entrepreneurial asset management strategy to deliver added value;

(g) arranging senior and subordinated debt (if required) to optimise the capital structure and support the acquisition process; and

(h) co-ordinating with third parties providing services to the Company.

In addition, the Administrator calculates the EPRA NTA and IFRS Basic NAV of the Ordinary Shares on a semi-annual basis using third-party valuers to provide independent valuation reports on a 6-monthly basis, such valuers to be appropriately qualified and internationally recognised. These calculations are reported to Shareholders in the Company's interim financial statements and annual accounts.

4.2 **Manager's fees**

In consideration of the performance by the BBOX Manager of the various property management and other services under the Investment Management Agreement, the BBOX Manager receives an annual management fee which is calculated quarterly in arrears based upon a percentage of the most recently announced EPRA NTA of the Company on the following basis:

Current EPRA NTA value	Annual management fee (percentage of EPRA NTA)
Up to and including £2 billion	0.7 per cent.
Above £2 billion and up to and including £3 billion	0.6 per cent.
Above £3 billion and up to and including £3.5 billion	0.5 per cent.
Above £3.5 billion	0.4 per cent.

The total annual management fee due is payable in cash in arrears on a quarterly basis. On a semi-annual basis, after the Company's EPRA NTA has been announced, 25 per cent of the management fee (net of any applicable tax) for the relevant 6-month period is applied by the BBOX Manager in subscribing for Ordinary Shares. If, however, the Ordinary Shares are trading at a discount to the prevailing EPRA NTA at the relevant time, no new Ordinary Shares will be issued and instead the BBOX Manager shall direct the Company to instruct its broker to acquire Ordinary Shares to the value as near as possible equal to 25 per cent. of the management fee payable to the BBOX Manager in the relevant period. Ordinary Shares issued or acquired pursuant to these arrangements are held by members or employees of the BBOX Managers or their related persons. Even though the management fee is payable on a quarterly basis, Ordinary Shares will only be issued to the BBOX Manager on a half-yearly basis, being within 60 Business Days following the release of the half-year EPRA NTA announcement or year-end EPRA NTA announcement (as applicable).

The BBOX Manager is also entitled to be reimbursed for all disbursements, fees and costs payable to third parties properly incurred by the BBOX Manager on behalf of the Company pursuant to provision of the services under the Investment Management Agreement.

There are no performance, acquisition, exit or property management fees payable by the Company to the BBOX Manager.

4.3 **Term and termination**

The term of the Investment Management Agreement was extended following shareholder approval granted on 4 May 2022 at the 2022 annual general meeting of the Company. The new initial term of the Investment Management Agreement is now from 4 May 2022 up to and including 3 May 2027. Either party may by written notice to the other terminate the Investment Management Agreement by giving not less than 24 months' prior written notice to the other, which notice may not be given by the Company before 4 May 2025.

The Company may terminate the Investment Management Agreement with immediate effect at any time on or after 4 May 2025 by paying the BBOX Manager, in lieu of notice, the management fees that would otherwise have been due during the 24-month period following such termination, calculated on the basis of the most recently announced EPRA NTA prior to termination.

If the BBOX Manager and the Company agree to internalise the management of the Company, the Company may give notice to terminate the agreement with immediate effect.

The Investment Management Agreement may also be terminated on the occurrence of an insolvency event in relation to a party, if a party is fraudulent, grossly negligent or commits wilful default or misconduct which, if capable of remedy, is not remedied within 30 Business Days or on a force majeure event continuing for more than 90 days.

4.4 Conflict management

Pursuant to the Investment Management Agreement, the BBOX Manager may not manage another fund with an exclusive investment strategy focusing on distribution or logistics assets in excess of 300,000 sq. ft. of accommodation located within the UK.

The BBOX Manager may, however, acquire and manage, on behalf of itself or another fund it manages, distribution or logistics assets which provide less than 300,000 sq. ft. of accommodation subject to the below provisions:

(a) if the price asked for the asset is equal to or greater than £25,000,000 (**"REIT Investment Opportunity"**), then the REIT Investment Opportunity shall first be offered exclusively to the Company;

(b) if, in the BBOX Manager's reasonable opinion, an asset management opportunity exists that might enable an asset that at the time of investment provides less than 300,000 sq. ft. of accommodation to become an asset that equals or exceeds 300,000 sq. ft. of accommodation (a **"Potential Investment Opportunity"**), then the BBOX Manager shall first offer the Potential Investment Opportunity exclusively to the Company;

(c) if the Company confirms to the BBOX Manager in writing within 14 days that it wishes to pursue either a REIT Investment Opportunity or a Potential Investment Opportunity, the BBOX Manager and its affiliates shall not pursue these opportunities or offer them to any third party; and

(d) if the Company does not confirm to the BBOX Manager in writing within 14 days that it wishes to pursue either a REIT Investment Opportunity or a Potential Investment Opportunity or if the Company confirms to the BBOX Manager in writing within this period that it does not wish to pursue the REIT Investment Opportunity or the Potential Investment Opportunity, the BBOX Manager and its affiliates shall be free to offer either the REIT Investment Opportunity or the Potential Investment Opportunity to any third party or to pursue the REIT Investment Opportunity or Potential Investment Opportunity themselves.

4.5 Service Level Agreement

The Service Level Agreement imposes certain additional responsibilities on the BBOX Manager relating to Board meetings, research and analysis, investor relations and marketing, equity market intelligence and property reports.

The Service Level Agreement shall remain in force for the term of the Investment Management Agreement (and shall cease to have effect immediately upon the termination or expiry of the Investment Management Agreement in accordance with its terms). No fees beyond the fees paid under the Investment Management Agreement shall be paid to the BBOX Manager by the Company for the services provided under the Service Level Agreement.

5. CONFLICTS OF INTEREST

Notwithstanding the specific conflict management provisions contained within the Investment Management Agreement, the activities of the BBOX Manager or any of its associates, directors, partners, officers, employees, agents or professional advisers may, on occasion, give rise to conflicts of interest with the Company, for example in the event of a REIT Investment Opportunity or a Potential Investment Opportunity arising or where such party has an existing interest in an asset or transaction that is of interest to the

Company. Whenever such conflicts arise, the BBOX Manager endeavours to ensure that they are resolved and any relevant investment opportunities allocated fairly.

The BBOX Directors have noted that the BBOX Manager has other clients and have satisfied themselves that the BBOX Manager has procedures in place to address potential conflicts of interest with such other clients. In addition, the BBOX Manager has confirmed that it has due regard to its obligations under its agreements with the Company and otherwise acts in a manner that it considers fair, reasonable and equitable, having due and proper regard to its obligations to other clients, should any potential conflicts of interest arise. Furthermore, the activities of the BBOX Manager in relation to the Company are subject to the overall direction and review of the BBOX Board.

6. OTHER SERVICE PROVIDERS

Other normal market-based fees are payable to additional service providers to the BBOX Group and, where relevant, on a property-by-property basis. The main additional service providers to the BBOX Group are set out below.

6.1 Registrar

The Registrar is appointed as the Company's registrar. Under the terms of the Registrar Agreement, the Registrar is entitled to an annual fee of approximately £26,000 in respect of the provision of basic registration services. Further details of the Registrar Agreement are set out in paragraph 8.1(o) of Part 9 (*Additional Information*) of this document.

6.2 Company Secretary

The Company Secretary provides company secretarial services to the Company under the terms of the Company Secretarial Agreement. In such capacity, the Company Secretary is responsible for general administrative and company secretarial functions required by the Companies Act.

Under the terms of the Company Secretarial Agreement, the Company Secretary is entitled to a fee of £50,000 per annum (exclusive of VAT). The Company may terminate the Company Secretarial Agreement upon the service of 3 months prior written notice. Further details of the Company Secretarial Agreement are set out in paragraph 8.1(p) of Part 9 (*Additional Information*) of this document.

6.3 Administrator

Link Asset Services is appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as maintenance of the Company's accounting and statutory records.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of approximately £28,000 per month (exclusive of VAT). The Administration Agreement shall continue until terminated by either party giving 3 months' notice. Further details of the Administration Agreement are set out in paragraph 8.1(n) of Part 9 (*Additional Information*) of this document.

6.4 Auditor

BDO LLP provides audit services to the Company. The annual report and accounts are prepared in accordance with the accounting standards set out under UK IFRS and with EPRA's best practice recommendations. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

6.5 AIFMD Depositary

The BBOX Manager entered into a framework depositary agreement with Langham Hall UK Depositary LLP pursuant to a novation agreement dated 6 May 2015. The original agreement was entered into between the Company and Langham Hall UK LLP on 20 May 2014. The BBOX Manager is authorised by the FCA as a manager of AIFs for the purposes of the AIFMD and is required, in accordance with the AIFMD and the UK AIFMD Rules, to ensure that a single appropriately authorised depositary is appointed to perform certain activities such as monitoring the Company's cash flow, safeguarding certain assets of the Company and performing general oversight in relation to the issuance of Ordinary Shares. The

costs of such services are borne by the Company. Further details of the Depositary Agreement are set out in paragraph 8.1(m) of Part 9 (*Additional Information*) of this document

7. EPRA COST RATIO

The EPRA Cost Ratio of the BBOX Group for the period ended 31 December 2023 was 13.1 per cent.

8. INTERNAL CONTROLS

The BBOX Board acknowledges it is responsible for maintaining the Company's system of internal control and risk management in order to safeguard the assets of the Company. Certain of these responsibilities have been delegated to the BBOX Manager under the Investment Management Agreement and Service Level Agreement. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

PART 5 – FINANCIAL INFORMATION ON THE BBOX GROUP

1. HISTORICAL FINANCIAL INFORMATION

The Company's annual report and accounts for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, which have been filed with, or notified to, the FCA and are available for inspection in accordance with paragraph 15 of Part 9 (*Additional Information*) of this document, contains financial information about the BBOX Group.

The audited consolidated financial statements for the BBOX Group as at and for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, prepared in accordance with UK IFRS, together with the audit report thereon and notes thereto, are contained in the BBOX 2021 Annual Report, the BBOX 2022 Annual Report and the BBOX 2023 Annual Report, respectively, and are incorporated by reference into this document as described in Part 10 (*Documents Incorporated by Reference*) of this document.

2. CAPITALISATION AND INDEBTEDNESS

2.1 Statement of capitalisation

The following table shows the consolidated capitalisation of the BBOX Group as at 29 February 2024. The figures have been extracted without material adjustment from the unaudited management accounts of the BBOX Group as at 29 February 2024.

	As at 29 February 2024 (*Unaudited*)
	£'000
Total current debt (including current portion of long-term debt):	
Guaranteed	—
Secured	—
Unguaranteed/ unsecured	—
Total non-current debt (excluding current portion of long-term debt):	
Guaranteed	—
Secured[(1)(2)]	212,866
Unguaranteed/ unsecured	1,468,795
Shareholder equity[(3)]:	
Share capital	19,037
Share premium	49,225
Other reserve[(4)]	1,463,822
Total	**3,213,745**

Notes:

(1) Debt is shown net of unamortised issue costs.

(2) Secured debt relates to the PGIM Facility, Canada Life Facility and the Heleba Facility that are secured by fixed charges over properties owned by BBOX.

(3) Shareholder equity does not include the profit and loss reserve in accordance with Primary Market Technical Note 619.1: *Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers* published by the FCA in May 2022.

(4) Other reserves comprise the capital reduction reserve.

2.2 Statement of indebtedness

The following table shows the consolidated net indebtedness of the BBOX Group as at 29 February 2024. The figures have been extracted without material adjustment from the unaudited management accounts of the BBOX Group as at 29 February 2024.

	As at 29 February 2024 (*Unaudited*)
	£'000
Cash[1]	23,833
Cash equivalents	—
Other current financial assets[2]	—
Liquidity	**23,833**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	—
Current portion of non-current financial debt	—
Current financial indebtedness	**—**
Net current financial liquidity	**23,833**
Non-current financial debt (excluding current portion and debt instruments)[3][4]	(1,681,661)
Debt instruments	—
Non-current trade and other payables	—
Non-current financial indebtedness	**(1,681,661)**
Total financial indebtedness	**(1,657,828)**

Notes:

(1) Cash includes amounts retained in rent and other restricted accounts which are not readily available to the BBOX Group for day to day commercial purposes of £244,606.

(2) The BBOX Group has derivative financial instruments that hedge its exposure to floating rate borrowings. As at 29 February 2024, the market valuation of this was an asset of £11.1 million. This sum is not reflected in the statement of indebtedness.

(3) Debt is shown net of unamortised issue costs.

(4) Non-current financial debt includes lease liabilities of £nil million.

As at 29 February 2024, the BBOX Group had no material indirect or contingent indebtedness.

Subsequent to 29 February 2024, the BBOX Group drew down £42 million under the 2023 Revolving Credit Facility Agreement and paid a dividend of £39 million.

PART 6 – HISTORICAL FINANCIAL INFORMATION ON THE UKCM GROUP

1. HISTORICAL FINANCIAL INFORMATION

The following historical financial information on the UKCM Group is included in the Appendix to this document:

- the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2020, together with the independent audit report and notes thereto (the **"UKCM 2020 Financial Information"**);
- the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2021, together with the independent audit report and notes thereto (the **"UKCM 2021 Financial Information"**);
- the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2022, together with the independent audit report and notes thereto (the **"UKCM 2022 Financial Information"**); and
- the unaudited consolidated financial statements of the UKCM Group for the six months ended 30 June 2023, together with the notes thereto (the **"UKCM 2023 Interim Financial Information"**).

The UKCM 2020 Financial Information, UKCM 2021 Financial Information and UKCM 2022 Financial Information have been extracted without material adjustment from the audited consolidated financial statements of the UKCM Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, as set out in its annual reports and accounts for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, respectively. The UKCM 2023 Interim Financial Information has been extracted without material adjustment from the unaudited consolidated financial statements of the UKCM Group for the six months ended 30 June 2023, as set out in its interim report and accounts for the six months ended 30 June 2023. Consequently, page numbers and other references may no longer be valid (in particular, there may be references to other parts of the annual reports and interim report not reproduced in the Appendix). The terms used in the UKCM 2020 Financial Information, UKCM 2021 Financial Information, UKCM 2022 Financial Information and UKCM 2023 Interim Financial Information have the meanings given to them in the relevant reports and accounts and not the meaning given to that term in this document.

2. ACCOUNTING POLICIES OF THE BBOX GROUP AND THE UKCM GROUP

The BBOX Directors confirm that no material adjustment needs to be made to the financial information of the UKCM Group for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the six months ended 30 June 2023 to achieve consistency with the BBOX Group's accounting policies for the year ended 31 December 2023. The UKCM Group's accounting policies under which this financial information was prepared are not materially different to the BBOX Group's accounting policies.

PART 7 – PROPERTY VALUATION REPORTS

Section A: CBRE Valuation Report in respect of the BBOX Group's Portfolio as at 31 December 2023

CBRE

Condensed Valuation Report

In respect of:

Portfolio of 84 properties held by Tritax Big Box REIT plc

On behalf of:

the Addressees as set out below

Date of valuation:

31 December 2023

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Valuation Report

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Condensed Valuation Report

Introduction

Report Date	9 April 2024
Valuation Date	31 December 2023
Addressees	Tritax Big Box REIT plc 72 Broadwick Street London W1F 9QZ (hereinafter referred to as “Tritax” or the “Company”) and Jefferies International Limited 100 Bishopsgate London EC2N 4JL (in their capacity as sponsor and lead financial adviser to the Company) and Akur Limited 66 St James’s Street London SW1A 1NE (in their capacity as joint financial adviser to the Company) and J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP (in their capacity as joint financial adviser to the Company)

	and UK Commercial Property REIT Limited PO Box 255 Trafalgar Court Les Banques St Peter Port Channel Islands GY1 3QL Guernsey (hereinafter referred to as “UK Commercial Property”) and N.M. Rothschild & Sons Limited New Court, St Swithin’s Lane London EC4N 8AL (in their capacity as lead financial adviser to UK Commercial Property) and Numis Securities Limited (trading as Deutsche Numis) 45 Gresham Street London EC2V 7BF (in their capacity as joint financial adviser to UK Commercial Property) (and all the above collectively referred to as “the Addressees”)
The Properties	84 properties held by Tritax and its group, as set out in the Schedule of Properties below in Appendix A (each a "Property" and together the "Properties").
Instruction	To value without re-inspecting the unencumbered freehold and leasehold interests (as applicable) of the Properties on the basis of Market Value as at the Valuation Date in accordance with Terms of Engagement entered into between CBRE Ltd ("CBRE") and the Addressees dated 20 March 2024 (the “Valuation”).
Status of Valuer	You have instructed us to act as an "external valuer" as defined in the current version of the RICS Valuation – Global Standards (2022). Please note that the Valuation may be investigated by the RICS for the purposes of the administration of the Institution’s conduct and disciplinary regulations in order to ensure compliance with the RICS Valuation – Global Standards (2022).

Purpose and Basis of Valuation	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2022) (incorporating the International Valuation Standards) and the UK national supplement current as at the Valuation Date (the "Red Book"). We understand that this valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in a combined class 1 circular and prospectus (the "Prospectus") to be published by the Company as offeror in connection with their recommended offer for the entire issued and to be issued ordinary share capital of UK Commercial Property (the "Transaction") , in accordance with the City Code on Takeovers and Mergers ("the Code"), the Financial Conduct Authority's ("FCA") Prospectus Regulation Rules and the FCA's Listing Rules, as a result of which new ordinary shares in the Company will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market ("Admission"). This Valuation has been prepared on the basis of Market Value as defined in the current edition of the RICS Valuation – Global Standards (2022) and in accordance with the Valuation Assumptions set out below. The effective date of our Valuation is 31 December 2023 (the "Valuation Date"). In accordance with the Red Book, we have made certain disclosures in connection with this valuation instruction and our relationship with the Addressees.
Market Value of the Properties as at 31 December 2023 (100%)	**£4,839,625,000 (FOUR BILLION, EIGHT HUNDRED AND THIRTY-NINE MILLION, SIX HUNDRED AND TWENTY-FIVE THOUSAND POUNDS)** exclusive of VAT, as shown in the Schedule of Capital Values set out below. For the avoidance of doubt, we have valued the Properties as real estate and the values reported above represent 100% of the market values of the assets. There are no negative values to report. Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms. The Properties are split by property type and tenure as follows.

Property Type	Freehold	Long Leasehold	Total
Market Value of Properties held for Investment	£4,179,445,000 (71 Properties)	£531,740,000 (6 Properties)	£4,711,185,000 (77 Properties)
Market Value of Properties in the Course of Development	£128,440,000 (7 Properties)	£0 (Nil Properties)	£128,440,000 (7 Properties)
Total	£4,307,885,000	£531,740,000	£4,839,625,000

Market Value of the Properties as at 31 December 2023 (at share)	The Company has advised us that three properties are held on minority (4%) interests; DHL Skelmersdale, Matalan Knowsley, and Cerealto Worksop. The total arithmetical apportionment of the value taking into account the relevant ownership share (as advised to us by the Company) on a pro-rata basis is as follows:

	£4,718,617,000 (FOUR BILLION, SEVEN HUNDRED AND EIGHTEEN MILLION, SIX HUNDRED AND SEVENTEEN THOUSAND POUNDS) exclusive of VAT. Where a Property is owned through an indirect investment structure or a joint tenancy in a trust for sale, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole Property, assuming full management control. Our Valuation therefore is unlikely to represent the value of the interests in the indirect investment structure through which the property is held.
Report Format	Appendix A of this Valuation Report contains the Schedule of Properties. Appendix B provides a split of the value of the Properties by use type. Appendix C provides a split of the value of the Properties by location. Appendix D provides relevant details of those Properties which have an individual Market Value in excess of 5% of the total aggregate Market Value of the Portfolio Appendix E provides a review of the assets in the course of development. The Company has expressly instructed us not to disclose certain information which is considered commercially sensitive, namely the individual values of the Properties.
Market Conditions	We draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term. While there is still liquidity in the market, ongoing geopolitical uncertainties, economic challenges and the cost and accessibility of debt finance could further impact pricing. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions. It is important to note that the conclusions set out in this Valuation Report are valid as at the Valuation Date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.
Portfolios and Aggregation	We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.
Valuation Approach for Properties in Course of Development	In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value.

	Consequently, in reference to the Market Conditions section above it is inevitable that there is even greater uncertainty in respect of development valuations, with site values being susceptible to much more variance than normal.
Building Contracts	Current supply issues associated with some building material shortages are impacting on construction costs and timing. Unexecuted construction / building contracts may be subject to price increases and executed contracts may contain conditions which allow the builder to pass on any increases to the instructing party. We recommend you obtain appropriate advice to confirm there are no adverse conditions within the final construction/building contract and/or ensure there are additional funds available to cover potential cost escalations. Rising building costs and shortages of labour and materials may also affect the builder`s viability and/or ability to meet construction timeframes. In this climate, we strongly recommend you verify the experience and financial capability of the builder to complete the project on time and on budget. Caution is advised in this regard. In the absence of any information to the contrary, we have assumed that the construction contract and any warranties will be assignable.
Construction Cost Volatility	Material costs, labour costs and supply chains are unusually volatile with the market experiencing price increases in some, or all of these areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates, which is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such, delivery risks are also heightened in this climate. Furthermore, the likelihood of ongoing cost escalations and sourcing delays is high. This may place additional pressure on both the developer's and builder's profit margins and development viability. These inherent risks should therefore be given careful consideration in lending and investment decisions. Caution is advised in this regard.
Compliance with Valuation Standards	The Valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (2022), incorporating the International Valuation Standards, and the UK national supplement (the “Red Book”) current as the Valuation Date. The valuations are compliant with the International Valuation Standards, the Financial Conduct Authority’s (FCA) Listing Rules, the Prospectus Regulation Rules, the FCA’s Primary Market Technical Note 619.1 (“TN 619.1”) paragraphs 128 to 130 (inclusive) of Part III.1 (Property companies), the London Stock Exchange requirements and Rule 29 of the Code.

	Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
	This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Properties. Other valuers may reach different conclusions as to the value of the subject Properties. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject Properties as at the Valuation Date.
TN 619.1 III.I 130 (vi)	TN 619.1 III.I 130 (vi) requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure included in the Company's latest published annual accounts, which were published as at 01 March 2024. We confirm there are no differences between the published valuation figure as at 01 March 2024 and the present valuation.
Sustainability Considerations	Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use. Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.
Climate Risk Legislation	From June 2019, the Climate Change Act 2008 (2050 Target Amendment) Order 2019 commits the UK Government to reducing greenhouse gas emissions by 100% from 1990 levels (i.e. a Net Zero position) by 2050. In 2021 an interim target was set, to reduce emissions by 78% by 2035, by decarbonising electricity generation. This means that fossil fuels used in building, such as natural gas for heating, are incompatible with this commitment. The proposal to update the Minimum Energy Efficiency Standards, to require all non-domestic properties to a minimum EPC rating of B in 2030 has not been ratified and in the absence of any commentary from the current administration, we assume landlords will continue to work towards this target. We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD)), including the assessment of so-called physical and transition climate risks, will potentially have an

	impact on how the market views such risks and incorporates them into the sale of letting of assets. The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK asset values due to the requirements in reporting to European investors.
Assumptions	The Property details on which each Valuation is based are as set out in this Valuation Report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.
Variations and/or Departures from Standard Assumptions	None.
Independence	The total annual fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from Tritax Big Box REIT plc (or other companies forming part of the same group of companies) is less than 5.0% of the CBRE group's total annual UK revenues. It is not anticipated this situation will vary in the financial year to 31 December 2024. We confirm that neither the valuers concerned nor CBRE have any personal interest in the Company, UK Commercial Property, any of the Properties or in the outcome of the Valuation.
Previous Involvement and Conflicts of Interest	We confirm that we have valued the Properties on behalf of the Company on a six monthly basis for financial reporting purposes for in excess of 10 years, the most recent valuation being 31 December 2023. From time to time, CBRE provides agency or professional services to the Company. We do not consider that this previous involvement represents a conflict of interest and you have confirmed to us that it also considers this to be the case. CBRE are also instructed to value the UK Commercial Property portfolio for UK Commercial Property on a quarterly basis for financial reporting purposes, and have been in excess of ten years, the most recent valuation being 31 December 2023. CBRE have also been engaged by the Addressees to value the UK Commercial Property portfolio for the purposes of the present transaction. We have put in place information barriers between the valuers of the Tritax Properties and the valuers of the UK Commercial Property portfolio. The Panel have confirmed to you that CBRE acting with these barriers in place is acceptable for the purpose of this Valuation. You have confirmed to us the same.

	We confirm that we are not aware of any further conflicts of interest that would prevent us from exercising the required levels of independency and objectivity in undertaking the Valuation. Copies of our conflict of interest checks have been retained within the working papers.
Disclosure	The principal signatory of this Valuation Report has not been the signatory of valuations for the Company prior to this instruction. The secondary signatory of this Valuation Report has continuously been the signatory of valuations for the Company since December 2022. CBRE has continuously been carrying out valuation instructions for the Company for in excess of 10 years. CBRE has carried out valuation, agency and professional services on behalf of the Company for in excess of 10 years.
Responsibility	For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge the information contained in this Valuation Report is in accordance with the facts and the Valuation Report makes no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of Part III.1 (Property companies) of TN 619.1. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with item 1.2 of Annex 3 and Annex 12 of the UK Version of Commission Delegated Regulation (EU) 2019/980, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.
Reliance	Save as set out in “Responsibility” above, the contents of this Valuation Report may only be relied upon by: i) Addressees of the Valuation Report; and ii) Parties who have received prior written consent from CBRE in the form of a reliance letter; and iii) the shareholders of the Company; for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of the Valuation.

Publication	Neither the whole nor any part of our Valuation Report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear. Such publication of, or reference to this Valuation Report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Nick Butler
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Yours faithfully

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Source of Information and Scope of Works

Sources of Information	We have carried out our work based upon information supplied to us by the Company and their professional advisors, as set out within this Valuation Report, which we have assumed to be correct and comprehensive, including; • Tenancy and asset management update document for the properties held for investment named TBBR AM – FY 2023 and received on 29 November 2023 • Information update pack for the assets in the course of development named CBRE Development Summary for Info dated November 2023 and received on 7 November 2023 • Detailed cost plans, build summaries, timescales and business plans for the assets in the course of development, downloaded from a Tritax Symmetry Share Point site on 01 December 2023 • For new acquisitions, we generally receive due diligence reports, including measured surveys, technical and environmental reports.
The Properties	Our Valuation Report contains a brief summary of the Property details on which our Valuation has been based. You have expressly instructed us not to disclose certain information which is considered by the Company to be commercially sensitive, namely the individual values of the Properties.
Inspection	As part of our Valuation instruction from the Company for financial reporting purposes, the majority of the Properties have been subject to internal inspections on a three year rolling basis. As instructed, we re-inspected 48 of the 84 Properties for the purpose of this Valuation. The most recent inspection dates can be found in Appendix A. With regard to those Properties which have not been subject to re-inspection, the Company has confirmed that they are not aware of any material changes to the physical attributes of the Properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct. Where Properties have not been re-inspected, the valuer will not carry out the usual range of enquiries performed during a full inspection of these Properties and will make the appropriate assumptions based on the information provided or available that, without a full inspection, cannot be verified. The instructing parties acknowledge and accept the heightened and inherent uncertainty and risks relying upon a valuation prepared on a desktop basis.
Areas	We have not measured the Properties but have relied upon the floor areas provided to us by you or your professional advisors, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the: Gross Internal Area (GIA), Net Internal Area (NIA) or International Property Measurement Standard (IPMS) 3 – Office, measurement methodology as set out in the latest edition of the RICS Property Measurement Standards.
Environmental Considerations	We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of

	other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out investigation into past uses, either of the property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.
Sustainability Considerations	In carrying out this Valuation, we have considered the impact of sustainability factors on the value of the Property. Based on our inspections and our review of the information that was available to us, we have not identified any risk factors which, in our opinion, would affect value. However, CBRE gives no warranty as to the absence of such risk factors in relation to sustainability.
Services and Amenities	We understand that the Properties are located in an area served by mains gas, electricity, water and drainage. None of the services have been tested by us. Enquiries regarding the availability of utilities/services to the development schemes are outside the scope of our Valuation Report.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.
Town Planning	We have not undertaken planning enquiries.
Titles, Tenures and Lettings	Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this Valuation Report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser. We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Valuation Assumptions

Introduction	An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation. The Company has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report. For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.
Capital Values	The Valuation has been prepared on the basis of “Market Value”, which is defined in the Red Book as: “The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal. No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants.
Taxation, Costs and Realisation Costs	As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Our valuations reflect purchasers' statutory and other normal acquisition costs.
VAT	We have not been advised whether the properties are elected for VAT. All rents and capital values stated in this Valuation Report are exclusive of VAT.
Net Annual Rent	Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer: (i) ignoring any special receipts or deduction arising from the property; (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".
Estimated Net Annual Rental Value	The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof,

	are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.
Rental Values	Unless stated otherwise rental values indicated in our Valuation Report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows: "The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
Fixtures, Fittings and Equipment	Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building. Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations. Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations. All measurements, areas and ages quoted in our Valuation Report are approximate.
Environmental Matters	In the absence of any information to the contrary, we have assumed that: a) the Property/Properties is/are not contaminated and is not adversely affected by any existing or proposed environmental law; b) any processes which are carried out on the Property/Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities; c) in England and Wales, the Property/Properties possesses current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. Under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out business or residential premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Property/Properties possesses current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. The Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 requires building owners to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions; d) In January 2021 the Government set out proposals in England and Wales for 'improving the energy performance of privately rented homes'. The key tenets of the proposals are to; reduce emissions; tackle fuel poverty; improve asset

quality; reduce energy bills; enhance energy security; and support associated employment. The proposals were wide ranging and included new demands on residential landlords through Energy Performance Certificates ('EPCs').

Existing PRS Regulations set a minimum standard of EPC Band E for residential units to be lettable. The Government proposals see this threshold being raised to EPC Band C for all new tenancies created from 01 April 2025 and for all existing tenancies by 01 April 2028.

The principle for relevant building works is to be 'fabric first' meaning maximisation of components and materials that make up the building fabric to enhance, for example, insulation, ventilation and air-tightness. The proposals also cite; compliance measures and penalties for landlords, letting agents and local authorities; and affordability support for carrying out necessary works. The implication was (as with the existing EPC Band E requirement) that private rented units may effectively be rendered unlettable if they failed to meet or exceed the minimum EPC requirement.

On 20 September 2023 the Prime Minister announced revisions to the PRS Regulations such that residential landlords will not be fined if they do not meet these requirements. It was not specified if this denotes a delay to the effective fates or the removal of the penalty.

In addition the Prime Minister announced that Boiler Upgrade Scheme subsidies will be increased from £5,000 to £7,500, and the timeframe for removal of gas fired boilers delayed until 2035.

The change in policy is more towards incentivising change as opposed to enforcement.

The UK's Net Zero 2050 pledge is still being upheld although future revisions are not out of the question, particularly in the event of a potential change in Government. It is likely that institutional landlords in particular will continue to target energy efficiency given policy change uncertainty and the ever increasing focus on ESG; we therefore expect EPC ratings to continue to be a focus for residential investors and occupiers in the UK

e) the Properties are either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and

f) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

b) the Properties are free from rot, infestation, structural or latent defect;

c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, Reinforced Autoclaved Aerated Concrete (Raac), have been used in the construction of, or subsequent alterations or additions to, the Properties; and

d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority Requirements

Unless stated otherwise within this Valuation Report, and in the absence of any information to the contrary, we have assumed that:

a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

c) the Properties are not adversely affected by town planning or road proposals;

d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;

e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

f) all rent reviews are upward only and are to be assessed by reference to full current market rents;

g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

j) where more than 50% of the floorspace of the Properties is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable.

In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable

Appendices

Appendix A: Schedule of Properties as at 31 December 2023

Address			Tenure	Ownership purpose	Inspection Dates
Marks & Spencer PLC	Castle Donnington	DE74 2HL	Freehold	Investment	27/02/24
Sainsbury's Distribution Warehouse	Sherburn-in-Elmet	LS25 6JH	Freehold	Investment	05/03/24
Tesco	Didcot	OX11 7PN	Freehold	Investment	20/02/24
Morrisons RDC	Sittingbourne	ME10 2TD	Long Leasehold	Investment	16/02/24
Rolls Royce	Bognor Regis	PO22 9NS	Freehold	Investment	15/03/24
The Range	Doncaster	DN8 4HT	Freehold	Investment	05/03/24
GXO Limited	Derby	DE65 5BY	Freehold	Investment	27/02/24
L'Oreal (UK) Ltd	Trafford Park, Manchester	M17 1ED	Freehold	Investment	23/02/24
Vacant	Stakehill	M24 2SJ	Freehold	Investment	23/02/24
Ocado	Erith	DA8 1HS	Freehold	Investment	29/02/24
B&Q Plc	Worksop	S80 2RZ	Freehold	Investment	06/03/24
Argos	Burton on Trent	DE13 8BX	Freehold	Investment	27/02/24
New Look Retailers Limited	Newcastle Under Lyme	ST5 9QD	Freehold	Investment	28/02/24
Brake Bros Ltd	Harlow	CM19 5TJ	Freehold	Investment	26/02/24
Dunelm (Soft Furnishings) Ltd	Stoke-on-Trent	ST4 4EY	Freehold	Investment	28/02/24
Nice Pak	Wigan	WN3 4HE	Freehold	Investment	22/02/24
TK Maxx	Wakefield	WF11 0AE	Freehold	Investment	05/03/24
Brake Bros	Portbury, Bristol	BS20 7XN	Freehold	Investment	01/03/24
Argos Limited	Burton on Trent	DE13 8BX	Freehold	Investment	27/02/24
DSG Retail Ltd	Newark	NG24 2NH	Long Leasehold	Investment	06/03/24
Gestamp Tallent Ltd	Four Ashes, Wolverhampton	WV10 7BU	Freehold	Investment	27/02/24
Amazon UK Services Ltd	Peterborough	PE2 9EN	Freehold	Investment	21/02/24
The Kellog Company of Great Britain Ltd	Trafford Park, Manchester	M32 0YG	Freehold	Investment	23/02/24
Co-Op	Thurrock	RM20 3EN	Freehold	Investment	29/02/24

Address			Tenure	Ownership purpose	Inspection Dates
Euro Car Parts	Birch Coppice	B78 1SE	Long Leasehold	Investment	28/02/24
Screwfix Direct Limited	Lichfield	WS13 8LH	Freehold	Investment	27/02/24
Hachette UK Limited	Didcot	OX11 7HH	Freehold	Investment	20/02/24
Unilever	Doncaster	DN4 5PD	Freehold	Investment	18/10/23
Morrisons/Ocado	Birch Coppice	B78 1SE	Long Leasehold	Investment	28/02/24
Royal Mail Group	Atherstone	CV9 1LP	Freehold	Investment	28/02/24
Royal Mail Group	DIRFT, Daventry	NN6 7DD	Freehold	Investment	04/03/24
Dunelm (Soft Furnishings) Ltd	Stoke-on-Trent	ST4 4EY	Freehold	Investment	28/02/24
Marks & Spencer PLC	Stoke-on-Trent	ST4 4EY	Freehold	Investment	28/02/24
Carlisle, Esken Limited (Guernsey)	Carlisle	CA6 4NW	Long Leasehold	Investment	30/01/24
ITS and Wincanton	Harlow	CM20 2GF	Freehold	Investment	26/02/24
Unilever	Cannock	WS11 8JH	Freehold	Investment	27/02/24
Unit 330 Howdens Joinery Group PLC	Raunds	NN9 6NY	Freehold	Investment	04/03/24
Unit 660 Howdens Joinery Group PLC	Raunds	NN9 6NY	Freehold	Investment	04/03/24
Expert Logistics plc	Crewe	CW1 6BW	Freehold	Investment	28/02/24
Amazon	Darlington	DL1 4BF	Freehold	Investment	19/10/23
Amazon	Haydock	WA11 9FS	Freehold	Investment	22/02/24
BHS Home Appliances	Corby	NN18 8ET	Freehold	Investment	04/03/24
Amazon	Durham	DH6 5FG	Freehold	Investment	19/10/23
Ocado	Bicester	OX26 6GF	Freehold	Investment	25/08/21
Co-Op	Biggleswade	SG18 8YY	Freehold	Investment	21/12/22
Dogmates Ltd t/a Butternet Box	Doncaster	S81 8HH	Freehold	Investment	29/09/23
Global Infusion Group Ltd	Aston Clinton	HP22 5WJ	Freehold	Investment	26/02/24
Apple Studios UK Ltd, Unit 1	Aston Clinton	HP22 5WJ	Freehold	Investment	26/02/24

Address			Tenure	Ownership purpose	Inspection Dates
Apple Studios UK Ltd, Unit 2	Aston Clinton	HP22 5WJ	Freehold	Investment	26/02/24
Amazon	Littlebrook	DA1 5PZ	Freehold	Investment	29/02/24
Tesco Distribution Limited	Nursling Southampton	SO16 0WB	Long Leasehold	Investment	16/03/24
DPD Group UK Limited	Bicester	OX26 6GF	Freehold	Investment	20/02/24
Encirc	Bristol	BS11 9FG	Freehold	Investment	01/03/24
Ikea Distribution Services Limited	Littlebrook	DA1 5XT	Freehold	Investment	29/02/24
Pangea Laboratories Limited	Aston Clinton	HP22 5WJ	Freehold	Investment	06/07/22
Rexel UK Limited	Aston Clinton	HP22 5WJ	Freehold	Investment	12/09/22
LWC Drinks Limited	Aston Clinton	HP22 5WJ	Freehold	Investment	15/12/22
Syncreon Technologies UK Limited	Bicester	OX26 6GF	Freehold	Investment	15/12/22
Jet 2	Middlewich	CW10 0TE	Freehold	Investment	17/04/23
Packaging One	Middlewich	CW10 0QJ	Freehold	Investment	09/06/23
BFS Group Limited	Biggleswade	SG18 9TE	Freehold	Investment	21/12/23
Bowman Ingredients Limited	Biggleswade	SG18 8QB	Freehold	Investment	21/12/23
Noatum Logistics Limited	Biggleswade	SG18 8UZ	Freehold	Investment	21/12/23
B&Q Ltd	Blythe	S81 8FH	Freehold	Investment	25/01/23
Iron Mountain	Kettering	NN14 1FQ	Freehold	Investment	13/12/22
Vacant	Littlebrook	DA1 5PT	Freehold	Investment	22/02/24
Harper Collins	Glasgow	G64 2QT	Freehold	Investment	03/07/23
Iron Mountain, Unit 1	Rugby	CV23 9JR	Freehold	Investment	28/09/23
Iron Mountain, Unit 2	Rugby	CV23 9JR	Freehold	Investment	28/09/23
Iron Mountain, Unit 3	Rugby	CV23 9JR	Freehold	Investment	11/1/24
Dogmates Ltd t/a Butternut Box	Doncaster (Blythe)	S81 8HH	Freehold	Investment	28/09/23
Bilton Way Industrial Estate	Enfield	EN3 7ER	Freehold	Investment	26/02/24

Address			Tenure	Ownership purpose	Inspection Dates
Yodel Delivery Network, Unit 1	Merseyside	L35 1QR	Freehold	Under Construction	22/02/24
Iron Mountain, Unit 4	Rugby	CV23 9JR	Freehold	Under Construction	28/09/23
Vacant, Unit 1	Kettering	NN14 1FQ	Freehold	Under Construction	
Vacant, Unit 5	Rugby	CV23 9JR	Freehold	Under Construction	28/09/23
Vacant, Unit 6	Rugby	CV23 9JR	Freehold	Under Construction	28/09/23
Vacant, Unit 7	Rugby	CV23 9JR	Freehold	Under Construction	28/09/23
Vacant, Unit 2	Merseyside	L35 1QR	Freehold	Under Construction	22/02/24
DHL Supply Chain Limited	Skelmersdale	WN8 8DY	Freehold	Investment (4%)	23/02/24
Matalan Retail Limited	Knowsley	L33 7UF	Freehold	Investment (4%)	19/07/22
Cerealto UK Ltd	Worksop	S81 7BQ	Freehold	Investment (4%)	06/03/24

Appendix B: Market Value of the Properties as at 31 December 2023 split by property type (100%)

Property Type	Market Value
Distribution	£4,596,985,000
Multi-Let Industrial	£114,200,000
In the Course of Development	£128,440,000
Portfolio Total	**£4,839,625,000**

Appendix C: Market Value of the Properties as at 31 December 2023 split by property location (100%)

Property Location	Market Value
London & South East	£1,815,920,000
Midlands	£1,367,525,000
North East including Yorkshire	£974,255,000
North West	£492,545,000
South West	£128,260,000
Scotland	£61,120,000
Portfolio Total	**£4,839,625,000**

Appendix D: Schedule of Properties as at 31 December 2023 with a Value in Excess of 5% of the Portfolio Value

Address	Description and Tenure	Tenancies	Market Value
Amazon LCY3, Littlebrook Power Station, Dartford, DA1 5PZ	Modern logistics building completed in 2021 totalling approximately 2.3 million sq ft over multiple floors. Freehold	Let to Amazon UK Stores Limited until 30/07/2041 with annual fixed rental increases. The details of the rent are confidential between the landlord and the tenant.	£299,770,000

Appendix E: Review of the Assets in the Course of Development (100%)

Property	Description, Development Status and Tenure	Combined Market Value
Yodel Delivery Network, Unit 1, Merseyside	The property comprises Unit 1 of the Symmetry Logistics Park Merseyside which is being developed in line with the approved planning consent granted in 2022 in conjunction with grant funding from Liverpool City Region Combined Authority to enable delivery of infrastructure works. On completion, the unit of 161,900 sq ft will be let to Yodel Delivery Network Limited on a 15 year term. The property is in final stages of development with assumed completion due at the end of January 2024. Freehold. We have reflected the planning conditions in arriving at our opinion of value.	
Iron Mountain, Unit 4, Rugby	The property comprises Unit 4 of the wider 111 acre Symmetry Park Rugby, and is being developed in accordance with the planning consent granted in 2021. Unit 4 forms part of a series of pre-let agreements with Iron Mountain to deliver a UK Campus for the tenant. On completion, the unit of 251,533 sq ft will be let to Iron Mountain on a 15 year term. The property is in final stages of development with assumed completion due at the end of January 2024. Freehold. We have reflected the planning conditions in arriving at our opinion of value.	
Vacant, Unit 1, Kettering	The property comprises Unit 1 of the wider 136 acre Symmetry Park Kettering, and is being developed in accordance with the planning consent granted in 2023. Unit 1is developed speculatively and has no pre-let agreement in place. On completion, the property will comprise a single unit with an expected gross internal area of 502,304 sq ft and will be to a BREEAM Excellent standard. Freehold. We have reflected the planning conditions in arriving at our opinion of value.	
Vacant, Unit 5, Rugby	The property comprises Unit 5 of the wider 111 acre Symmetry Park Rugby, and is being developed in accordance with the planning consent granted in 2023. Unit 5 is being developed speculatively. On completion, the property will comprise a single unit with an expected gross internal area of 390,694 sq ft and will deliver net zero carbon in its construction. Freehold. We have reflected the planning conditions on the consented site in arriving at our opinion of value.	

Vacant, Unit 6, Rugby	The property comprises Unit 6 of the wider 111 acre Symmetry Park Rugby, and is being developed in accordance with the planning consent granted in 2023. Unit 6 is being developed speculatively. On completion, the property will comprise a single unit with an expected gross internal area of 338,064 sq ft and will deliver net zero carbon in its construction. Freehold. We have reflected the planning conditions on the consented site in arriving at our opinion of value.	
Vacant, Unit 7, Rugby	The property comprises Unit 7 of the wider 111 acre Symmetry Park Rugby, and is being developed in accordance with the planning consent granted in 2023. Unit 7 is being developed speculatively. On completion, the property will comprise a single unit with an expected gross internal area of 170,473 sq ft and will deliver net zero carbon in its construction. Freehold. We have reflected the planning conditions on the consented site in arriving at our opinion of value.	
Vacant, Unit 2, Merseyside	The property comprises Unit 2 of Symmetry Logistics Park Merseyside which is being developed in line with the approved planning consent granted in 2022 in conjunction with grant funding from Liverpool City Region Combined Authority to enable delivery of infrastructure works. Unit 2 is being speculatively developed and on completion will comprise 272,091 sq ft to a BREEAM Excellent standard. Freehold. We have reflected the planning conditions in arriving at our opinion of value.	
Total		**£128,440,000**

Section B: Colliers Valuation Report in respect of the Development Portfolio as at 31 December 2023

Colliers

Accelerating success.

Report And Desktop Valuation

Portfolio of 10 Properties

Date Of Valuation:
31 December 2023

Date Of Report:
9 April 2024

Prepared For
Tritax Big Box REIT plc

Prepared By
Colliers International
Property Consultants Limited

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VALUATION

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Our Ref: **2024**

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9 April 2024

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EC2N 4JL

JP Morgan Securities plc
25 Bank Street
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Akur Limited
66 St James's Street
London
SW1A 1NE

UK Commercial Property REIT Limited
PO Box 255
Trafalgar Court Les Banques
St Peter Port
Channel Islands
GY1 3QL
Guernsey

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL

Numis Securities Limited
(trading as Deutsche Numis)
45 Gresham Street
London
EC2V 7BF

(together the "Addressees")

FAO: Bjorn Hobart, Partner

Dear Sirs

THE CLIENT:	**TRITAX BIG BOX REIT PLC (THE 'COMPANY')**
THE PORTFOLIO:	**10 PROPERTIES WITHIN THE 'TRITAX SYMMETRY' PORTFOLIO (THE 'PORTFOLIO')**
DATE OF VALUATION:	**31 DECEMBER 2023**

Introduction

Colliers International Property Consultants Limited (hereafter referred to as either 'Colliers' or 'we') have been instructed by Tritax Big Box REIT plc (hereafter referred to as either the 'Company' or 'you) to provide an indication of value for 10 properties held within the 'Tritax Symmetry' portfolio (the 'Properties') as at the valuation date (the 'Valuation').

Colliers International is the licensed trading name of Colliers International Property Consultants Limited which is a limited liability partnership registered in England and Wales with registered number 7556509. Our registered office is at 95 Wigmore Street, London, W1U 1FF

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Purpose Of Valuation

We understand that our Report (the 'Report') and Valuation will be required for inclusion in a combined class 1 circular and prospectus ('Prospectus') required in connection with the issue of ordinary shares by the Company which are proposed to be admitted to the premium listing segment of the Official List and to trading on London Stock Exchange plc's Main Market ('Admission').

Valuation Standards

The Valuation has been prepared in accordance with and complies with the current edition of the RICS Valuation – Global Standards (Incorporating the IVSC International Valuation Standards)' prepared by the Royal Institution of Chartered Surveyors and the UK national supplement current at the Valuation Date (the "Red Book").

The Properties have been valued by suitably qualified Registered Valuers who fall within the requirements as to competence and independence as set out in PS 2 of the Red Book.

We confirm that the Valuations have been prepared in accordance with the requirements of Rule 29 of the City Code on Takeovers and Mergers December 2023 (the 'Code'), the relevant provisions of the Listing Rules and Prospectus Regulation Rules issued by the UK Financial Conduct Authority, and paragraphs 128 to 130 (inclusive) of Part III.1 (Property companies) of TN 619.1 as applicable.

We confirm that Colliers complies with the competency and objectivity guidelines under PS 2 of the RICS 'Red Book', and that we have undertaken the valuations acting as 'external valuers' qualified for the purposes of this valuation.

In order to comply with these Valuation Standards our files may be subject to monitoring by the RICS.

Basis Of Value

The values stated in this Report represent our objective opinion of the definition of Market Value as defined in IVS 104 Paragraph 30.1:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

This is also set out in the General Assumptions and Definitions contained in the Appendix attached to this report.

Date of Valuation

31 December 2023.

Status Of Valuer & Conflicts Of Interest

The properties have been valued by H R B Flood MSc MRICS and J P Sutton BSc (Hons) MRICS who are both appropriately qualified and experienced to undertake the Valuations.

The signatories are members of Royal Institution of Chartered Surveyors (the "RICS") and our valuers registered in accordance with the RICS Valuer Registration Scheme (VRS).

We confirm that both signatories have sufficient current knowledge of each relevant market involved and have the necessary skills and understanding to prepare the Report.

As fully disclosed to you previously, and as set out in our Terms of Engagement, we confirm that we have valued the Portfolio for accounting purposes in both June and December of each year since December 2018. Furthermore, from time to time, Colliers provides agency or professional services to the Company.

We do not consider that this previous involvement represents a conflict of interest and you have confirmed to us that you also consider this to be the case. You have confirmed that all parties subject to the proposed Transaction have provided their informed consent to proceed with this instruction.

The total fees, including the fee for this assignment, earned by Colliers International Property Consultants Limited (or other companies forming part of the same group of companies within the UK) from the Company (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues for the financial year ending 31 December 2023. It is not anticipated this situation will vary in the financial year to 31 December 2024.

We have confirmed we act as External Valuer as defined by the Red Book. We further confirm that we comply with the requirements of independence and objectivity under PS2 of the Red Book and have no conflict of interest in respect of the Company or Properties to the best of our knowledge.

The Properties

The Portfolio comprises 10 freehold Properties across England all of which are development sites upon which logistics warehouses are envisaged to be developed in the future. There is currently no ongoing development/construction work at any of the sites within the Portfolio with each comprising 'development land'.

Assumptions, Extent Of Investigations And Sources Of Information

We have assumed that the information supplied to us by the Company and its professional advisors, in respect of all material pertaining to the properties, is both complete, accurate and up to date. It follows that we have made an assumption that details of all matters likely to affect value has been provided to us. We have not independently verified the information provided.

We have relied upon this information in preparing this Report and Valuation and do not accept responsibility or liability for any errors or omissions in that information or documentation

provided to us, nor for any consequences arising. Colliers also accepts no responsibility for subsequent changes in the information that we have not been made aware of.

We have not inspected the title deeds and apart from those disclosed to us, we have assumed that all the Properties in the Portfolio are free from outgoings and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

Furthermore, we have assumed any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

Our General Assumptions and Definitions are contained within the Appendix attached to this report.

Property Inspections & Measurements

All of the Properties were inspected externally during November 2018. We have not been instructed to reinspect the Properties as part of this instruction and have therefore made the assumption that there have been no material changes to the Properties or immediate surroundings since our last inspection. Where there have been material changes to the Properties, we have had regard to the information provided to us by the Company. We have then reflected this in the valuations.

As instructed, we have not measured any land areas and have in accordance with your instructions relied upon those land areas and measurements provided by the Company. We have also relied upon floor areas, with regard to the proposed buildings as provided by the Company.

We have assumed that the measurements and areas are correct and have been assessed and calculated in accordance with professional statement 'RICS Property Measurement, 2nd edition' (2018)' and with reference to the RICS guidance note, Code of Measuring Practice, 6th edition (2015).

Tenure

We understand that all the Properties are of freehold tenure.

Valuation Approach

We have approached the Valuation on the basis of assessing each of the Properties individually, having regard to what we believe each of the Properties would achieve should it be brought to the market in isolation at the date of Valuation. The Valuation makes no allowance for the disposal of the Portfolio in its entirety as a single transaction, or as a series of smaller portfolio lots. Our valuation additionally makes no allowance for any effect on values should all of the Properties be offered to market at the same time.

The Portfolio principally comprises sites upon which logistics warehouses either have planning consent to be constructed or are in the process of being bought forward for a planning application

for logistics warehouses. Some of the sites also incorporate areas where consent has been granted or will be sought in the future for development of residential or other commercial uses.

Where planning consent has not yet been granted, we have considered the planning advice obtained by the Company and their specialist advisors in arriving at our opinion of the likely chance of a successful planning consent being achieved in the future.

With regard to some of the Properties where they are of a long-term nature or planning consent has not yet been granted and/or the property allocated in the Local Plan for development, we have endeavoured to reflect the future potential of a material change in the planning status by adopting a suitably prudent discount.

The Properties have been mainly valued on the residual/development appraisal method. This is the generally accepted method of valuing development Properties. However, it is widely acknowledged that a comparative approach is the preferred method of valuation, where appropriate comparable evidence is available. This is because the residual approach suffers from a number of deviations, which derive from the large number of assumptions that are necessary, many of which are subjective. Where appropriate this approach has been considered as with the residual approach outlined above.

None of the Properties within the Portfolio produce any material amounts of income.

Valuation Summary

We are of the opinion that the aggregate Market Value, as at 31 December 2023, of the 10 freehold Properties within the Portfolio is:

£134,225,000

(One Hundred and Thirty-Four Million Two Hundred and Twenty-Five Thousand Pounds).

The aforementioned valuation figure represents the aggregate of the individual valuation of each Property and should not be regarded as the value of the Portfolio in the context of the sale of the single lot.

There are no negative values to report.

We can confirm that there are no differences between the Valuation of the properties stated within this Report and those valuations stated within our accounts valuation report which pertain to the same properties, dated 5 January 2024 with a valuation date of 31 December 2023. With reference to paragraph 130(vi) of FCA Technical Note 619.1, the Company's 31 December 2023 published accounts states that the total value of the investment properties owned by the Company was £4,843.7m. We are advised by the Company that the difference between the total that is reported in the published accounts and the valuation undertaken by Colliers in this Report in respect of £134.225m is because the total that is reported in the published accounts is a sum of the valuations undertaken by Colliers in respect of £134.225m and the valuation undertaken by CBRE as valuer in respect of £4,713.575m, and adjusted for a deduction for a JV Partnership interest in respect of £4.15m.

Reliance, Confidentiality & Disclosure

We are responsible for the Report and we accept responsibility for the information contained in the Report and confirm to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in the Report is in accordance with the facts and contains no omissions likely to affect its import. The Report complies with and has been prepared in accordance with, and on the basis of, the Code.

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), Colliers International Property Consultants Limited accepts responsibility for the information in this Report and declares that it has taken all reasonable care to ensure that the information contained in this Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This Report complies with Rule 5.4.5G of the Prospectus Regulation Rules, the Listing Rules and paragraphs 128 to 130 of Part III.1 (Property Companies) of the FCA's 'Primary Market Technical Note 619.1.

Colliers International Property Consultants Limited has given and has not withdrawn its consent to the inclusion of this Report in the Prospectus in the form and context in which it is included and references to its name in the Prospectus in the form and context in which they appear.

Neither the whole nor any part of this valuation, nor any reference thereto, may be included in any documents other than those listed above without our previous written approval to the form and context in which it will appear. We acknowledge that this Report will be made available for inspection and published on the website by the Company in accordance with the Code.

For the avoidance of doubt this Report and Valuation is provided by Colliers International Property Consultants Limited and no partner, or member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

Yours faithfully,

H R B Flood MSc MRICS
Director
RICS Registered Valuer
Colliers International Property Consultants Limited

J P Sutton BSc MRICS
Director
RICS Registered Valuer
Colliers International Property Consultants Limited

Schedule of Property Assets

APPENDIX

PROPERTY DETAILS

Property	Location and Description	Site Area	Ownership Status
Doncaster Blyth Road, S81 8HH	Development land situated immediately north of J34 of the A1(M) 9 miles from Doncaster/Sheffield Airport, 26 miles east of Sheffield City Centre and 43 miles south of Leeds City Centre. Part of logistics development site comprising land that forms an additional land area to the logistics development site.	1.31 acres	Owned freehold.
Hinckley Land at Burbage Common Road, Elmesthorpe, Leicestershire, LE9 7SE	Development land situated to the west of the M69 motorway, to the north east of Hinckley town centre between Junction 2 of the M69 and the B581. Farm House land is owned freehold.	5.00 acres	Owned freehold.
Kettering Kettering Road, Kettering, NN14	Development land situated to the south of Kettering town centre. Situated adjacent to Junction 9 of the A14 and bordered by the A509 to the west and a railway line to the east. Planning consent granted for up to 2.3m sq ft of B8 Use Class accommodation.	52.29 acres	Owned freehold.
Middlewich Phase 1B & 1C Pochin Way, CW10 0JB	Development land situated to the east of Middlewich town centre, adjacent to the A54 to the north, which then connects with Junction 18 of the M6 two miles to the east. The property comprises two separate parcels of land.	11.97 acres	Owned freehold.

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Property	Location and Description	Site Area	Ownership Status
Northampton Land at Hill Farm, Upper Heyford, Northants, NN7 4DY	Development land situated immediately to the north of Junction 16 of the M1 motorway and to the north of the A4500. Northampton town centre is about five miles to the east of the site. The 171 acres comprises 'North' land to the north west of the site which is currently in agricultural use although it is envisaged for future development, subject to planning.	171.00 acres	Owned freehold in 50:50 JV with Hampton Brook.
Oxford North Land at Grange Farm, Little Chesterton, Ardley, Bicester, OX25 3PD	Development land situated directly to the north of Junction 9 of the M40 Motorway and to the northwest of the A41. Bicester town centre is situated around 2.5 miles to the north east. Planning application recently granted for Unit 1. The development of Unit 1 will provide the access for the wider site which does not currently have a planning permission but is being promoted through the Local Plan review process.	88.88 acres	Owned freehold.
Merseyside – Phase 1 Land at Cronton Colliery, Huyton	Development land situated to the east of junction 6 of the M62 at the junction with the M57 to the east of Liverpool. The site is a formerly colliery known as Cronton Colliery. A hybrid planning application was submitted in Q3 2020 and was granted planning permission in June 2021.	11.71 acres	Owned freehold.

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Property	Location and Description	Site Area	Ownership Status
Littlebrook Rennie Drive, Dartford, Kent, DA1 5PT	The site lies almost adjacent to the River Thames on its northern boundary. Comprising a former power generation site, the eastern boundary runs adjacent to the A282, southern boundary to Rennie Drive and western boundary to Longreach Sewage Treatment Works. The former power station site is an irregular shape extending to 7.87 acres.	7.87 acres	Owned freehold.
Newark Land East of Newlink Business Park	Development land situated adjacent to the Newlink Business Park and close to the A1, A17 and A46 interchange. The site sits outside the Newark Urban Area. Planning permission for Unit 1 (16.64 acres) was granted in 2022.	16.64 acres	Owned freehold.
Parkside 'Parkside East'	Development land situated to the north of Junction 22 of the M6 Motorway and to the north of Winwick Lane. The site is bordered by a railway line to the north. The site has potential for of logistics accommodation as well as a Strategic Rail Freight Interchange. The site is allocated within the Local Plan for employment uses and a SRFI under 'The Parkside East Strategic Employment Allocation (Policy 7EA)'.	116.64	Owned freehold.

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CBRE

In respect of:

Portfolio of 37 properties held by UK Commercial Property REIT Limited

On behalf of:

the Addressees as set out below

Date of valuation:

31 March 2024

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CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Valuation Report

Introduction

Report Date	9 April 2024
Valuation Date	31 March 2024
Addressees	UK Commercial Property REIT Limited PO Box 255 Trafalgar Court Les Banques St Peter Port Channel Islands GY1 3QL Guernsey (hereinafter referred to as "UKCM" or the "Company") N.M. Rothschild & Sons Limited New Court, St Swithin's Lane London EC4N 8AL (in their capacity as lead financial adviser to the Company) Numis Securities Limited (trading as Deutsche Numis) 45 Gresham Street London EC2V 7BF (in their capacity as joint financial adviser to the Company) Tritax Big Box REIT plc 72 Broadwick Street London W1F 9QZ (hereinafter referred to as "Tritax Big Box") Jefferies International Limited 100 Bishopsgate London EC2N 4JL

	(in their capacity as sponsor and lead financial adviser to Tritax Big Box) Akur Limited 66 St James's St London SW1A 1NE (in their capacity as joint financial adviser to Tritax Big Box) J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP (in their capacity as joint financial adviser to Tritax Big Box) (and all the above collectively referred to as the "Addressees")
The Properties	37 properties held by UKCM and its group, as set out in the Schedule of Properties below in Appendix A (each a "Property" and together the "Properties").
Instruction	To value without re-inspecting the unencumbered freehold and leasehold interests (as applicable) of the Properties on the basis of Market Value as at the Valuation Date in accordance with Terms of Engagement entered into between CBRE Ltd ("CBRE") and the Addressees dated 5 April 2024 (the "Valuation").
Status of Valuer	You have instructed us to act as an "external valuer" as defined in the current version of the RICS Valuation – Global Standards (2022). Please note that the Valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations in order to ensure compliance with the RICS Valuation – Global Standards (2022).
Purpose and Basis of Valuation	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2022) (incorporating the International Valuation Standards) and the UK national supplement current as at the Valuation Date (the "Red Book"). We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in a combined class 1 circular and prospectus to be published by Tritax Big Box in connection with the proposed recommended all-share offer by Tritax Big Box for the entire issued and to be issued ordinary share capital of the Company in accordance with the Financial Conduct Authority's ("FCA") Prospectus Regulation Rules and the FCA's Listing Rules, as a result of which new ordinary shares in Tritax Big Box will be admitted to the premium listing segment of the Official List and to trading on London Stock Exchange plc's Main Market ("Admission") .

This Valuation has been prepared on the basis of Market Value as defined in the current edition of the RICS Valuation – Global Standards (2022) and in accordance with the Valuation Assumptions set out below.

The effective date of our Valuation is 31 March 2024 (the "Valuation Date").

In accordance with the Red Book, we have made certain disclosures in connection with this valuation instruction and our relationship with the Addressees.

Market Value of the Properties as at 31 March 2024 (100%)

£1,215,575,000 (ONE BILLION, TWO HUNDRED AND FIFTEEN MILLION, FIVE HUNDRED AND SEVENTY FIVE THOUSAND POUNDS) exclusive of VAT, as shown in the Schedule of Capital Values set out below.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported above represent 100% of the market values of the assets. There are no negative values to report.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

The Properties are split by property type and tenure as follows.

Property Type	Freehold	Long Leasehold	Total
Market Value of Properties held for Investment	£1,129,275,000 (35 Properties)	£ 86,300,000 (2 Properties)	£1,215,575,000 (37 Properties)

Report Format

Appendix A of this Valuation Report contains the Schedule of Properties.
Appendix B provides a split of the value of the Properties by use type.
Appendix C provides a split of the value of the Properties by location.
Appendix D provides a summary of the properties in the course of development.

The Company has expressly instructed us not to disclose certain information which is considered commercially sensitive, namely the individual values of the Properties.

Market Conditions

We draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term. While there is still liquidity in the market, ongoing geopolitical uncertainties, economic challenges and the cost and accessibility of debt finance could further impact pricing.

Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this Valuation Report are valid as at the Valuation Date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Portfolios and Aggregation	We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.
Valuation Approach for Properties in Course of Development	In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in reference to the Market Conditions section above it is inevitable that there is even greater uncertainty in respect of development valuations, with site values being susceptible to much more variance than normal.
Building Contracts	Current supply issues associated with some building material shortages are impacting on construction costs and timing. Unexecuted construction / building contracts may be subject to price increases and executed contracts may contain conditions which allow the builder to pass on any increases to the instructing party. We recommend you obtain appropriate advice to confirm there are no adverse conditions within the final construction/building contract and/or ensure there are additional funds available to cover potential cost escalations. Rising building costs and shortages of labour and materials may also affect the builder`s viability and/or ability to meet construction timeframes. In this climate, we strongly recommend you verify the experience and financial capability of the builder to complete the project on time and on budget. Caution is advised in this regard. In the absence of any information to the contrary, we have assumed that the construction contract and any warranties will be assignable.
Construction Cost Volatility	Material costs, labour costs and supply chains are unusually volatile with the market experiencing price increases in some, or all of these areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates, which is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such, delivery risks are also heightened in this climate. Furthermore, the likelihood of ongoing cost escalations and sourcing delays is high. This may place additional pressure on both the developer's and builder's profit margins and development viability. These inherent risks should therefore be given careful consideration in lending and investment decisions. Caution is advised in this regard.
	The Valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (2022), incorporating the International Valuation

Compliance with Valuation Standards	Standards, and the UK national supplement (the "Red Book") current as the Valuation Date.
	The valuations are compliant with the International Valuation Standards, the FCA's Listing Rules, the Prospectus Regulation Rules, the FCA's Primary Market Technical Note 619.1 ("TN 619.1") paragraphs 128 to 130 (inclusive) of Part III.1 (Property companies), and the London Stock Exchange requirements..
	Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
	This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Properties. Other valuers may reach different conclusions as to the value of the subject Properties. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject Properties as at the Valuation Date.
TN 619.1 III.I 130 (vi)	TN 619.1 III.I 130 (vi) requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure included in the Company's latest published annual accounts, which were published as at 31 December 2022. Differences between the published valuation figure as at 31 December 2022 and the present valuation are attributable to a number of factors, including but not limited to: • Disposal of three properties comprising two offices and one distribution unit. • Practical completion in June 2023 of two new distribution units adding 67,700 sq ft in aggregate to the portfolio. • Continued development of a 305 room hotel in Leeds, scheduled for practical completion in late summer 2024. • 46,500 sq ft of distribution accommodation was let in August 2023 and a further 132,209 sq ft, let in December 2022, was re-let between January and November 2023. Leases on three industrial units totalling 93,800 sq ft were renewed and 80,780 sq ft, previously let, is now vacant. • 2,578 sq ft of leisure accommodation and a 7,061 sq ft retail unit, both vacant in December 2022, are now let. • The lease on 10,000 sq ft of retail warehouse accommodation has been renewed and the rents on two units totalling 11,743 sq ft have been reviewed. • 2023 was characterised by reduced transaction levels across all sectors of the commercial property market. Over the period since December 2022 the prime distribution and non-London industrial estates yield moved from 5.0% to 5.25%. Rental levels over the same period have shown some growth, more so in multi-let industrial estates.

	• Over the same period retail warehouses moved out by a similar 0.25% to 6.25%, but recent sales activity is now ahead of this.
Sustainability Considerations	Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use. Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.
Climate Risk Legislation	From June 2019, the Climate Change Act 2008 (2050 Target Amendment) Order 2019 commits the UK Government to reducing greenhouse gas emissions by 100% from 1990 levels (i.e. a Net Zero position) by 2050. In 2021 an interim target was set, to reduce emissions by 78% by 2035, by decarbonising electricity generation. This means that fossil fuels used in building, such as natural gas for heating, are incompatible with this commitment. The proposal to update the Minimum Energy Efficiency Standards, to require all non-domestic properties to a minimum EPC rating of B in 2030 has not been ratified and in the absence of any commentary from the current administration, we assume landlords will continue to work towards this target. We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD)), including the assessment of so-called physical and transition climate risks, will potentially have an impact on how the market views such risks and incorporates them into the sale of letting of assets. The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK asset values due to the requirements in reporting to European investors.
Assumptions	The Property details on which each Valuation is based are as set out in this Valuation Report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.

Variations and/or Departures from Standard Assumptions	None.
Independence	The total annual fees, including the fee for this assignment, earned by CBRE (or other companies forming part of the same group of companies within the UK) from the Company (or other companies forming part of the same group of companies) is less than 5.0% of the CBRE group's total annual UK revenues. It is not anticipated this situation will vary in the financial year to 31 December 2024. We confirm that neither the valuers concerned nor CBRE have any personal interest in the Company, Tritax Big Box any of the Properties or in the outcome of the Valuation.
Previous Involvement and Conflicts of Interest	We confirm that we have valued the Properties on behalf of the Company on a quarterly basis for financial reporting purposes for in excess of 10 years, the most recent valuation being 31 March 2024. From time to time, CBRE provides agency or professional services to the Company. We do not consider that this previous involvement represents a conflict of interest and you have confirmed to us that it also considers this to be the case. CBRE are also instructed to value and have been doing so the Tritax Big Box portfolio for Tritax Big Box on a six monthly basis for financial reporting purposes for in excess of ten years, the most recent valuation being 31 December 2023. CBRE have also been engaged by the Addressees to value the certain properties in the Tritax Big Box portfolio for the purposes of the present transaction. We have put in place information barriers between the valuers of the Properties and the valuers of the Tritax Big Box portfolio. The Panel have confirmed to you that CBRE acting with these barriers in place is acceptable for the purpose of this Valuation and you have confirmed to us the same. We confirm that –we are not aware of any further conflicts of interest that would prevent us from exercising the required levels of independency and objectivity in undertaking the Valuation. Copies of our conflict of interest checks have been retained within the working papers.
Disclosure	The principal signatory of this Valuation Report has continuously been the signatory of valuations for the Company since March 2022. The secondary signatory of this Valuation Report has continuously been the signatory of valuations for the Company since March 2022. CBRE has continuously been carrying out valuation instructions for the Company for in excess of 10 years. CBRE has carried out valuation, agency and professional services on behalf of the Company for in excess of 10 years.

Responsibility	For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Valuation Report is in accordance with the facts and this Valuation Report makes no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and Paragraphs 128 to 130 of Part III.1 (Property companies) of TN 619.1. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement above, required by and given solely for the purposes of complying with item 1.2 of Annex 3 and Annex 12 of the UK Version of Commission Delegated Regulation (EU) 2019/980, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.
Reliance	Save as set out in "Responsibility" above, the contents of this Valuation Report may only be relied upon by: i) Addressees of the Valuation Report; and ii) Parties who have received prior written consent from CBRE in the form of a reliance letter; for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the purpose of the Valuation.
Publication	Neither the whole nor any part of our Valuation Report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear. Such publication of, or reference to this Valuation Report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

James Hughes

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RICS Registered Valuer
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Yours faithfully

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Source of Information and Scope of Works

Sources of Information	We have carried out our work based upon information supplied to us by the Company and their professional advisors, as set out within this Valuation Report, which we have assumed to be correct and comprehensive, including: • Tenancy Schedule named 28022024 Rent Receivable Tenancy Schedule - UKCM received on 28 February 2024 at 9:32; • For new acquisitions, we generally receive due diligence reports, including measured surveys, technical and environmental reports.
The Properties	Our Valuation Report contains a brief summary of the Property details on which our Valuation has been based. You have expressly instructed us not to disclose certain information which is considered by the Company to be commercially sensitive, namely the individual values of the Properties.
Inspection	As part of our Valuation instruction from the Company for financial reporting purposes, the majority of the Properties have been subject to internal inspections on a three year rolling basis. As instructed, we have not re-inspected all the Properties for the purpose of this Valuation. With regard to those Properties which have not been subject to re-inspection, the Company has confirmed that they are not aware of any material changes to the physical attributes of the Properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct. Where Properties have not been re-inspected, the valuer will not carry out the usual range of enquiries performed during a full inspection of these Properties and will make the appropriate assumptions based on the information provided or available that, without a full inspection, cannot be verified. The instructing parties acknowledge and accept the heightened and inherent uncertainty and risks relying upon a valuation prepared on a desktop basis.
Areas	We have not measured the Properties but have relied upon the floor areas provided to us by you or your professional advisors, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the: Gross Internal Area (GIA), Net Internal Area (NIA) or International Property Measurement Standard (IPMS) 3 – Office, measurement methodology as set out in the latest edition of the RICS Property Measurement Standards.
Environmental Considerations	We have not been instructed to make any investigations in relation to the presence or potential presence of contamination in land or buildings or the potential presence of other environmental risk factors and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out investigation into past uses, either of the property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.

Sustainability Considerations	In carrying out this Valuation, we have considered the impact of sustainability factors on the value of the Property. Based on our inspections and our review of the information that was available to us, we have not identified any risk factors which, in our opinion, would affect value. However, CBRE gives no warranty as to the absence of such risk factors in relation to sustainability.
Services and Amenities	We understand that the Properties are located in an area served by mains gas, electricity, water and drainage. None of the services have been tested by us. Enquiries regarding the availability of utilities/services to the development schemes are outside the scope of our Valuation Report.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.
Town Planning	We have not undertaken planning enquiries.
Titles, Tenures and Lettings	Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this Valuation Report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser. We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Valuation Assumptions

Introduction	An Assumption is defined in the Red Book Glossary and VPS 4 to be a "supposition taken to be true" (an "Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation. The Company has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report. For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.
Capital Values	The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as: "The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal. No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants.
Taxation, Costs and Realisation Costs	As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Our valuations reflect purchasers' statutory and other normal acquisition costs.
VAT	We have not been advised whether the properties are elected for VAT. All rents and capital values stated in this Valuation Report are exclusive of VAT.
Net Annual Rent	Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer: (i) ignoring any special receipts or deduction arising from the property; (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".
Estimated Net Annual Rental Value	The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof,

	are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.
Rental Values	Unless stated otherwise rental values indicated in our Valuation Report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows: "The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
Fixtures, Fittings and Equipment	Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building. Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations. Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations. All measurements, areas and ages quoted in our Valuation Report are approximate.
Environmental Matters	In the absence of any information to the contrary, we have assumed that: a) the Property/Properties is/are not contaminated and is not adversely affected by any existing or proposed environmental law; b) any processes which are carried out on the Property/Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities; c) in England and Wales, the Property/Properties possesses current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. Under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out business or residential premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Property/Properties possesses current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. The Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 requires building owners to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions; d) In January 2021 the Government set out proposals in England and Wales for 'improving the energy performance of privately rented homes'. The key tenets

of the proposals are to; reduce emissions; tackle fuel poverty; improve asset quality; reduce energy bills; enhance energy security; and support associated employment. The proposals were wide ranging and included new demands on residential landlords through Energy Performance Certificates ('EPCs').

Existing PRS Regulations set a minimum standard of EPC Band E for residential units to be lettable. The Government proposals see this threshold being raised to EPC Band C for all new tenancies created from 01 April 2025 and for all existing tenancies by 01 April 2028.

The principle for relevant building works is to be 'fabric first' meaning maximisation of components and materials that make up the building fabric to enhance, for example, insulation, ventilation and air-tightness. The proposals also cite; compliance measures and penalties for landlords, letting agents and local authorities; and affordability support for carrying out necessary works. The implication was (as with the existing EPC Band E requirement) that private rented units may effectively be rendered unlettable if they failed to meet or exceed the minimum EPC requirement.

On 20 September 2023 the Prime Minister announced revisions to the PRS Regulations such that residential landlords will not be fined if they do not meet these requirements. It was not specified if this denotes a delay to the effective fates or the removal of the penalty.

In addition the Prime Minister announced that Boiler Upgrade Scheme subsidies will be increased from £5,000 to £7,500, and the timeframe for removal of gas fired boilers delayed until 2035.

The change in policy is more towards incentivising change as opposed to enforcement.

The UK's Net Zero 2050 pledge is still being upheld although future revisions are not out of the question, particularly in the event of a potential change in Government. It is likely that institutional landlords in particular will continue to target energy efficiency given policy change uncertainty and the ever increasing focus on ESG; we therefore expect EPC ratings to continue to be a focus for residential investors and occupiers in the UK

e) the Properties are either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and

f) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition	In the absence of any information to the contrary, we have assumed that:

a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;

b) the Properties are free from rot, infestation, structural or latent defect;

c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, Reinforced Autoclaved Aerated Concrete (Raac), have been used in the construction of, or subsequent alterations or additions to, the Properties; and

d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority Requirements

Unless stated otherwise within this Valuation Report, and in the absence of any information to the contrary, we have assumed that:

a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

c) the Properties are not adversely affected by town planning or road proposals;

d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;

e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

f) all rent reviews are upward only and are to be assessed by reference to full current market rents;

g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

j) where more than 50% of the floorspace of the Properties is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the

Properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable.

In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable

Appendices

Appendix A: Schedule of Properties as at 31 March 2024

Property	Tenure	Ownership Purpose	Inspection Dates
Tetra - Aberdeen Gateway, Aberdeen	Freehold	Investment	6 July 2023
Total - Aberdeen Gateway, Aberdeen	Freehold	Investment	6 July 2023
Roca Limited, Bardon	Freehold	Investment	6 May 2022
Sussex Junction, Bolney	Freehold	Investment	24 February 2023
Emerald Park, Bristol	Freehold	Investment	7 September 2022
Centrum 260, Burton-Upon-Trent	Freehold	Investment	25 January 2023
Rhenus Logistics Limited, Cannock	Freehold	Investment	2 August 2022
Gatwick Gate units 2A-3E, Crawley	Freehold	Investment	16 February 2022
Phase II, Newtons Court-Worlds, Dartford	Freehold	Investment	12 July 2022
81/85 George Street, Edinburgh	Freehold	Investment	26 July 2021
Gilmore Place, Edinburgh, Edinburgh	Freehold	Investment	1 November 2023
Hillview Place, Exeter	Freehold	Investment	10 October 2023
Cineworld Cinema, Glasgow	Freehold	Investment	15 March 2023
Ocado Distribution Unit, Hatfield	Freehold	Investment	11 August 2021
Rotunda, Kingston	Freehold	Investment	11 November 2021
Aura, Leamington Spa	Freehold	Investment	21 October 2021
Axiom, Leamington Spa	Freehold	Investment	21 October 2021
Integra, Leamington Spa	Freehold	Investment	21 October 2021
Units G&H, Precision Park, Leamington Spa	Freehold	Investment	21 October 2021
Junction 27, Leeds	Freehold	Investment	12 January 2023
Hyatt Hotel, Sovereign Square, Leeds	Freehold	Investment	2 November 2023
St Georges Retail Park, Leicester	Freehold	Investment	8 September 2021
Kantar, London	Freehold	Investment	7 June 2023
X Dock 377, Lutterworth	Long Leasehold	Investment	13 April 2021
Trafford Retail Park, Manchester	Freehold	Investment	15 July 2021
Sainsburys, Marlow	Freehold	Investment	1 October 2021
Central Square, Newcastle Upon Tyne	Freehold	Investment	10 February 2022

Property	Tenure	Ownership Purpose	Inspection Dates
The Maldron Hotel, Newcastle Upon Tyne	Long Leasehold	Investment	31 January 2023
TJX Ltd, Newcastle-Under-Lyme	Freehold	Investment	13 April 2022
Ventura Park, Radlett, Radlett	Freehold	Investment	10 February 2023
The White Building, Reading	Freehold	Investment	4 May 2023
B&Q Warehouse, Romford	Freehold	Investment	2 February 2023
Bestway Pharmacy NDC Limited, Stoke-on-Trent	Freehold	Investment	12 April 2022
Dolphin Estate, Sunbury on Thames	Freehold	Investment	4 July 2021
Clipper Logistics Plc, Swadlincote	Freehold	Investment	26 May 2023
Regent Circus, Swindon	Freehold	Investment	25 May 2023
Asda, Regent Close, Torquay	Freehold	Investment	4 October 2023

Appendix B: Market Value of the Properties as at 31 March 2024 split by property type (100%)

Property Type	Market Value
Property Type	Market Value
Distribution	£377,075,000
Multi-Let Industrial	£357,000,000
Retail	£25,900,000
Retail Warehousing	£151,650,000
Offices	£104,600,000
Alternatives	£199,350,000
Portfolio Total	**£1,215,575,000**

Appendix C: Market Value of the Properties as at 31 March 2024 split by property location (100%)

Property Location	Market Value
London & South East	£568,475,000
Midlands	£227,650,000
North East including Yorkshire	£140,000,000
North West	£81,950,000
South West	£94,100,000
Other	£103,400,000
Portfolio Total	**£1,215,575,000**

Appendix D: Schedule of Properties as at 31 March 2024 with a value in Excess of 5% of the Portfolio Value

Address	Description and Tenure	Tenancies	Market Value £
		The details of rent are confidential between landlord and tenant.	
Phase 2 Newtons Court, Crossways Business Park, Dartford DA2 6QL	1990s Industrial estate providing 298,737 sq ft across 15 units. Freehold	Multi-let to 13 tenants with one unit vacant and one let at a peppercorn rent until 2192.	£69,500,000
Ocado distribution Unit, Hatfield Business Area, Hatfield AL10 9BD	298,440 sq ft distribution unit completed in 2001. Freehold	Let to Ocado Retail Limited on three leases all expiring on 27/09/2032 and subject to open market rent reviews.	£82,700,000
Ventura Park, Old Parkbury Lane, Radlett AL2 2DB	577,689 sq ft industrial park developed in various stages and providing 16 units plus storage land. Freehold	Multi-let to 12 tenants on 14 leases with two units vacant. Freehold	£144,700,000
Dolphin Estate, Windmill Road, Sunbury on Thames TW16 7HE	291,739 sq ft industrial estate providing 11 units built between mid-1970s and 1990s. Freehold	Multi-let to nine tenants with one unit vacant.	£74,850,000

PART 8 – THE UK-REIT REGIME AND TAXATION INFORMATION

1. THE UK-REIT REGIME

The summary of the UK-REIT regime below is intended to be a general guide as to the UK-REIT regime and not an exhaustive summary of all applicable legislation and regulations; it summarises the law in force and HMRC's published practice as at the date of this document, and certain changes in Finance Act 2024, which received Royal Assent on 22 February 2024. The UK-REIT regime introduced by Finance Act 2006 and subsequently re-written in the Corporation Tax Act 2010 (**"CTA 2010"**) was established to encourage greater investment in the UK property market and followed similar legislation in other countries such as the Netherlands, in addition to more long-established regimes in the United States and Australia.

Investing in property through a corporate investment vehicle has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder effectively suffer tax twice on the same income: first, indirectly, when the corporate investment vehicle pays UK direct tax on its profits, and secondly, directly (subject to any available exemption) when the shareholder receives a dividend. UK non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a closed-ended corporate vehicle that is not a UK-REIT, which they would not suffer if they were to invest directly in the property assets.

Under the UK-REIT regime, (a) UK resident BBOX Group members which carry on Property Rental Business; and (b) non-UK resident BBOX Group members which carry on a Property Rental Business in the UK should not be liable to pay UK direct taxes on their income profits and capital gains from their Property Rental Business (the **"Property Rental Business"**), provided that certain conditions are satisfied (in which case the relevant Property Rental Business is a **"Qualifying Property Rental Business"** – see further below). An exemption from corporation tax on chargeable gains also applies for REITs on a disposal of shares where the company whose shares are disposed of is UK property rich. **"UK property rich"** broadly means that the company in question derives 75 per cent. or more of its value from interests in UK land. This exemption for disposals of shares in companies that are UK property rich applies on a proportionate basis, by reference to the proportion which the value of the UK Property Rental Business assets of the company disposed of bears to the value of that company's total assets (as at the beginning of the accounting period in which the disposal takes place). As such, a gain on a disposal of shares in a subsidiary whose sole activity is the carrying on of a UK Property Rental Business, with all of its assets held for the purposes of that UK Property Rental Business, should generally be treated as a gain arising from the REIT's Qualifying Property Rental Business and benefit in full from the exemption. Any such gains would be treated as exempt gains of the Qualifying Property Rental Business and would therefore be treated as a PID (see further below) when paid to Shareholders. However, overseas BBOX Group members will remain subject to local corporate income tax in respect of any property rental business carried on outside the UK (subject to any applicable double taxation relief), and UK and overseas direct taxes are still payable in respect of any income profits and gains from the BBOX Group's business (generally including any property trading business) not included in the Property Rental Business (the **"Residual Business"**). Distributions out of the profits of the Property Rental Business will be treated for UK tax purposes as UK property income in the hands of Shareholders.

In this Part 8 (*The UK-REIT Regime and Taxation Information*), "Property Rental Business" means a business within the meaning of section 205 of the Corporation Tax Act 2009 (**"CTA 2009"**) or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business. A "Qualifying Property Rental Business" means a Property Rental Business fulfilling the conditions in section 529 CTA 2010. While within the UK-REIT regime, the Property Rental Business will be treated as a separate business for corporation tax purposes from the Residual Business and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).

The principal company of the UK-REIT (which, for the purposes of this Part 8 (*The UK-REIT Regime and Taxation Information*), is the Company) is required to distribute to shareholders (by way of dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of the income profits (broadly, calculated using normal UK corporation tax rules) of the UK resident members of the BBOX Group in respect of their Property Rental Business and of the non-UK resident members of the BBOX Group insofar as they derive income profits from a Property Rental Business carried on in the UK (in each case) that arise in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this document, references to a company's accounting period are to its accounting period for UK tax purposes. This period can differ from a company's accounting period for other purposes. A dividend received by a BBOX Shareholder of the Company in respect of profits and gains of the Qualifying Property Rental Business of the UK resident members of the Combined Group or in respect of the profits or gains of a non-UK resident member of the Combined Group insofar as they derive from their Property Rental Business carried on in the UK is referred to in this document as a **"Property Income Distribution"** or **"PID"**. Any other dividend received by a BBOX Shareholder of the Company will be referred to herein as a **"Non-PID Dividend"**.

Subject to certain exceptions, Property Income Distributions will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of certain Shareholders on receipt of Property Income Distributions from the Company are set out below.

2. QUALIFICATION AS A UK-REIT

A group becomes a UK-REIT by the principal company serving notice on HMRC. In order to qualify as a UK-REIT, the Combined Group must satisfy certain conditions set out in the CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs 2.1 to 2.4 below and the Combined Group members must satisfy the conditions set out in paragraph 2.5.

2.1 Company conditions

The principal company must be solely UK resident, admitted to trading on a recognised stock exchange and it must not be an open-ended investment company. The principal company's shares must either be listed on a recognised stock exchange throughout each accounting period or traded on a recognised stock exchange in each accounting period. This listing/trading requirement is relaxed in the BBOX Group's first three accounting periods but the BBOX Group (and, following Completion, the Combined Group) can benefit from this relaxation only once. For accounting periods commencing on or after 1 April 2022, this condition is also relaxed if at least 70 per cent. of the ordinary shares of the principal company of the REIT are owned by one or more specified types of "institutional investor". The principal company can be a close company for the first three years after joining the regime, after which it can no longer be close (the **"close company condition"**). The company will not be treated as close simply because it has certain institutional investors as participators, including the trustee or manager of an authorised unit trust or a pension scheme, a person acting on behalf of a limited partnership which is a collective investment scheme, a charity, an insurance company, a sovereign investor, an open-ended investment company or, since 1 April 2014, another UK-REIT (or a non-UK equivalent of a UK-REIT); provided, in the case of authorised unit trusts, open-ended investment companies and collective investment scheme limited partnerships, that they satisfy a genuine diversity of ownership condition or the non-close condition. If the close company condition is breached because the principal company is acquired by another group UK-REIT, HMRC cannot issue a breach notice.

2.2 Share capital restrictions

The principal company must have only one class of ordinary share in issue. The only other shares it may issue are non-voting restricted preference shares, including shares which would be restricted preference shares but for the fact that they carry a right of conversion into shares or securities in the Company. The BBOX Directors do not currently intend to issue more than one class of share.

2.3 Borrowing restrictions

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.4 Financial Statements

The principal company must prepare financial statements (the **"Financial Statements"**) in accordance with statutory requirements set out in sections 532 and 533 of the CTA 2010 and submit these to HMRC. In

particular, the Financial Statements must contain the information about the Property Rental Business, Tax-Exempt Business and the Residual Business separately.

2.5 Conditions for the Property Rental Business

The Combined Group must satisfy, amongst other things, the following conditions in respect of each accounting period during which the Combined Group is to be treated as a UK-REIT:

(a) the Property Rental Business must throughout the accounting period have at least three properties or alternatively (from 1 April 2023) at least one commercial property that is valued at no less than £20 million (the point in time at which that value threshold must be satisfied is amended by Finance Act 2024 with effect from 22 February 2024, such that the £20 million value threshold must be satisfied by the later of the date of entry into the Company regime and the date when the commercial property in question was acquired by the Company);

(b) except where the Property Rental Business comprises one commercial property with a value of at least £20 million (see paragraph 2.5(a) above), throughout the accounting period no one property may represent more than 40 per cent. of the total value of the properties involved in the Property Rental Business. Assets must be valued in accordance with international accounting standards and at fair value when international accounting standards offers a choice between a cost basis and a fair value basis;

(c) treating all members of the Combined Group as a single company, the Property Rental Business must not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice;

(d) at least 90 per cent. of the amounts shown in the Financial Statements of the Combined Group companies as income profits arising in respect of the Tax-Exempt Business in the accounting period, must be distributed by the principal company of the Combined Group in the form of a PID generally on or before the filing date for the principal company's tax return for the accounting period (currently one year after the end of the period concerned) (the **"90 per cent. distribution test"**). For the purpose of satisfying the 90 per cent. distribution test, the distribution may be made either as a dividend in cash, or as share capital issued in lieu of a cash dividend;

(e) the income profits arising from the Property Rental Business must represent at least 75 per cent. of the Combined Group's total income profits for the accounting period (the **"75 per cent. profits test"**); and

(f) at the beginning of the accounting period, the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the Combined Group (the **"75 per cent. assets test"** and, together with the 75 per cent. profits test, the **"Balance of Business conditions"**). Cash held on deposit and gilts may be added to the value of the assets relating to the Property Rental Business for the purpose of meeting the 75 per cent. assets test.

3. INVESTMENT IN OTHER UK-REITS

The following comments do not pertain to situations in which one UK-REIT acquires 75 per cent. or more of the issued ordinary share capital of another UK-REIT (in which case the latter UK-REIT becomes part of the former UK-REIT's **"group REIT"**). Finance Act 2013 provided for changes to Part 12 of the CTA 2010 in order to facilitate investments by UK-REITs in other UK-REITs. The legislation exempts a distribution of profits or gains of the Property Rental Business by one UK-REIT to another UK-REIT (that is, the distributed profits or gains of the distributing REIT's Property Rental Business are treated as income of the recipient REIT's Tax-Exempt Business). The investing UK-REIT is required to distribute 100 per cent. of the distributions to its shareholders (the **"100 per cent. distribution condition"** and, together with the 90 per cent. distribution test, the **"Distribution conditions"**). The investment by one UK-REIT in another UK-REIT will be a Property Rental Business asset for the purposes of the 75 per cent. assets test.

4. EFFECT OF BEING A UK-REIT

4.1 Tax savings

As a UK-REIT, the Combined Group should not be liable to pay UK corporation tax on profits and gains from its Qualifying Property Rental Business. Gains on a disposal by a member of the Combined Group of shares in a property owning subsidiary which is "UK property rich" (which broadly means it derives 75 per cent. or more of its value from interests in UK land) should be treated as exempt gains from the Combined Group's Qualifying Property Rental Business, but it should be noted that this exemption applies only on a

proportionate basis, with the proportion of the gain that is exempted being the same as the proportion which the value of the UK Property Rental Business assets of the company whose shares are disposed of bears to the value of that company's total assets (as at the beginning of the accounting period in which the disposal takes place). Corporation tax will still apply in the normal way in respect of the Residual Business.

The Combined Group will also continue to be liable to pay all other applicable taxes, including VAT, stamp duty land tax, stamp duty, PAYE, rates and national insurance, in the normal way.

4.2 Dividends

When the principal company of a UK-REIT pays a dividend (other than a dividend relating to PIDs received from another UK-REIT), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the UK-REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID, firstly in respect of the income profits for the current year or previous years out of which a PID can be paid and secondly in respect of capital gains which are exempt from tax by virtue of the UK-REIT Regime. Any remaining balance will be attributed to other distributions. Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.).

If the Combined Group ceases to be a UK-REIT, dividends paid by the principal company may nevertheless be PIDs for a transitional period to the extent they are paid in respect of profits and gains of the Qualifying Property Rental Business whilst the Combined Group was within the UK-REIT regime.

Further commentary on the United Kingdom tax treatment of certain categories of shareholder while the Combined Group is a UK-REIT is contained in paragraph 7 of this Part 8 (*The UK-REIT Regime and Taxation Information*).

4.3 Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the Combined Group's ratio of income profits (before the offset of certain financing costs, capital allowances and brought-forward losses) to financing costs (in both cases in respect of its Property Rental Business) is less than 1.25:1. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax. Finance Act 2024 contains legislation amending the definition of "financing costs" used for the purposes of this test so that it does not encompass non-deductible interest expenses other than interest the deductibility of which is disallowed under the corporate interest restriction rules. In addition, HMRC has the power to waive a corporation tax charge that would otherwise arise under this rule if it is satisfied that: (i) the REIT was in severe financial difficulties at a time in the relevant accounting period; (ii) the ratio is less than 1.25:1 as a result of circumstances that arose unexpectedly; and (iii) in those circumstances the REIT could not reasonably have taken action to avoid such a result.

4.4 The "10 per cent. rule"

The principal company of a UK-REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. BBOX Shareholders should note that this tax charge only applies where a dividend is paid to persons that are companies or are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement, or for the purposes of such double tax agreements. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meets the test in their own right. In addition, from April 2022, holdings by shareholders who are entitled to receive PIDs without deduction of tax (see paragraph 8 of this Part 8 (*The UK-REIT Regime and Taxation Information*)) should generally not trigger these rules. Furthermore, Finance Act 2024 contains legislation providing that a tax charge does not arise in respect of a dividend that contravenes the "10 per cent. rule" where the corporate shareholder in question is taxed at a particular rate (or not taxed at all) on PIDs pursuant to a double taxation treaty (other than where that is conditional on holding an interest of a certain size in the REIT).

This tax charge will not be incurred if the principal company has taken reasonable steps to avoid paying dividends to such a person. HMRC guidance describes certain actions that might be taken to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the principal

company's articles of association to address this requirement. The Articles (as summarised in paragraph 5 of Part 9 (*Additional Information*) of this document) are consistent with the provisions described in the HMRC guidance.

4.5 Property development and property trading by a UK-REIT

A property development undertaken by a member of the Combined Group can be within the Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset, which is treated as the higher of its fair value (determined in accordance with international accounting standards) on: (a) the date on which the relevant company becomes a member of a UK-REIT, (b) the date of the acquisition of the development property, and (c) the date on which the accounting period in which the development took place commenced, and the UK-REIT sells the development property within three years of completion of the development, the property will be treated as never having been part of the Qualifying Property Rental Business for the purposes of calculating any gain arising on disposal of the property. Any such gain will be chargeable to corporation tax.

If a member of the Combined Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Qualifying Property Rental Business for the purposes of calculating any profit arising on disposal of the property. Any such profit will be chargeable to corporation tax.

4.6 Movement of assets in and out of Property Rental Business

In general, where an asset owned by a UK resident member of the Combined Group and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset owned by a UK resident member of the Combined Group and used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset for UK corporation tax purposes, except for capital allowances purposes.

4.7 Joint ventures

The UK-REIT rules also make certain provisions for corporate joint ventures. If one or more members of the Combined Group are beneficially entitled, in aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Qualifying Property Rental Business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the **"JV company"**) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Property Rental Business of the UK-REIT (on a proportionate basis) for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test and the 75 per cent. profits test, and its assets will count towards the 75 per cent. assets test (on a proportionate basis).

The Combined Group's share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Qualifying Property Rental Business, including certain offshore unit trusts or partnerships, should generally fall within the Tax Exempt Business, and will count towards the 75 per cent. profits and assets tests, provided the Combined Group is entitled to at least 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The Combined Group's share of the Property Rental Business profits arising will also count towards the 90 per cent. distribution test.

4.8 Acquisitions and takeovers

If a UK-REIT is taken over by another UK-REIT, the acquired UK-REIT does not necessarily cease to be a UK-REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Property Rental Business and capital gains on disposal of properties in the Property Rental Business.

The position is different where a UK-REIT is taken over by an acquiror which is not a UK-REIT. In these circumstances, the acquired UK-REIT is likely in most cases to fail to meet the requirements for being a UK-REIT and will therefore be treated as leaving the UK-REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from tax exemptions on the profits of its Property Rental Business and capital gains on disposal of property forming part of its

Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax free as they are deemed to have been made at a time when the acquired UK-REIT was still in the UK-REIT regime and future capital gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the acquired UK-REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

4.9 Certain tax avoidance arrangements

If HMRC believes that a member of the Combined Group has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business. In addition, if HMRC consider that the circumstances are sufficiently serious or if two or more notices in relation to the obtaining of a tax advantage are issued by HMRC in a 10 year period, they may require a company to exit the REIT Regime.

5. EXIT FROM THE UK-REIT REGIME

The principal company of the Combined Group can give notice to HMRC that it wants to leave the UK-REIT regime at any time. The BBOX Board retains the right to decide that the Combined Group should exit the UK-REIT regime at any time in the future without shareholder consent if it considers this to be in the best interests of the Combined Group.

If the Combined Group voluntarily leaves the UK-REIT regime within ten years of joining and disposes of any property that was involved in its Property Rental Business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposals on entry into and exit from the UK-REIT regime is disregarded in calculating the gain or loss on the disposal.

It is important to note that it cannot be guaranteed that the Combined Group will comply with all of the UK-REIT conditions and that the UK-REIT regime may cease to apply in some circumstances. HMRC may require the Combined Group to exit the UK-REIT regime if:

(a) it regards a breach of the Property Rental Business, Balance of Business or Distribution conditions or an attempt by the BBOX Group to avoid tax, as so serious;

(b) the BBOX Group has committed a certain number of minor or inadvertent breaches of the conditions in a specified period; or

(c) HMRC has given members of the BBOX Group two or more notices in relation to the avoidance of tax within a ten-year period of the first notice having been given.

In addition, if the conditions for UK-REIT status relating to the share capital of the principal company and the prohibition on entering into loans with abnormal returns are breached or the principal company ceases to be UK resident, becomes dual resident or an open-ended investment company, ceases to be listed or traded on a recognised stock exchange (save where this is permitted because at least 70% of the Company's ordinary shares are owned by one or more institutional investors) or (in certain circumstances) ceases to fulfil the close company condition (as described above), it will automatically lose UK-REIT status. Where the Combined Group is required by HMRC to leave the UK-REIT regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Combined Group is treated as exiting the UK-REIT regime.

Shareholders should note that it is possible that the Combined Group could lose its status as a UK-REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a UK-REIT) or other circumstances outside the Combined Group's control.

6. UK TAXATION

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and changes in Finance Act 2024 when it received Royal Assent on 22 February 2024 and HMRC published practice as at the date of this document and apply only to certain Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares. Prospective purchasers of New BBOX Shares are advised to consult their own independent tax

advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

The statements below are not applicable to all categories of Shareholders, and in particular are not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets or investments and/or who are not the absolute beneficial owners of those shares or dividends in respect of those shares; (ii) Shareholders who own (or are deemed to own) ten per cent. or more of the voting power of the Company; (iii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iv) Shareholders who hold Ordinary Shares as part of hedging or commercial transactions; (v) Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise); (vi) Shareholders who hold Ordinary Shares acquired by reason of their employment; (vii) Shareholders who hold Ordinary Shares in a personal equity plan or an individual savings account; or (viii) Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident Shareholders).

7. UK TAXATION OF PIDS

7.1 UK taxation of Shareholders who are individuals

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as income from a separate UK property business. Income from any other UK property business (a **"different UK property business"**) carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a BBOX Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the BBOX Shareholder's UK property business. BBOX Shareholders who are subject to income tax at the basic rate will be subject to tax at 20 per cent. on the PID. Higher rate taxpayers will be subject to income tax at 40 per cent. and additional rate taxpayers at 45 per cent. However, credit will be available in respect of the basic rate income tax withheld by the Company (where required) on the PID (see paragraph 8 of this Part 8 (*The UK-REIT Regime and Taxation Information*)). The individual's £1,000 property allowance does not apply to PIDs.

7.2 UK taxation of corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of the CTA 2009) (**"Part 4 property business"**). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a **"different UK property business"**) carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a BBOX Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the BBOX Shareholder's Part 4 property business profits. The main rate of UK corporation tax on such profits is currently 25 per cent. for companies with profits over £250,000 (tapering down to 19 per cent. for companies with profits under £50,000). However, if (exceptionally) basic rate income tax is withheld at source from a PID (see paragraph 8 of this Part 8 (*The UK-REIT Regime and Taxation Information*)) paid to a UK corporate shareholder, the tax withheld can generally be set against the BBOX Shareholder's liability to corporation tax in the accounting period in which the PID is received.

7.3 UK taxation of Shareholders who are not resident for tax purposes in the UK

Where a BBOX Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK tax as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company (see paragraph 8 below).

It is not possible for a BBOX Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate of withholding. However, the BBOX Shareholder may be able to claim repayment of any part of the tax withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the BBOX Shareholder is resident for tax purposes.

Non-UK tax resident Shareholders should also consult their own professional advisers on the implications in their relevant jurisdictions of receiving PIDS.

8. WITHHOLDING TAX

8.1 General

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs (whether paid in cash or in the form of a stock dividend). The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

8.2 Shareholders solely resident in the UK

Where tax has been withheld at source, BBOX Shareholders who are individuals may, depending on their particular circumstances, be liable to further income tax on their PID at their applicable marginal rate, incur no further income tax liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. BBOX Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax in the accounting period in which the PID is received.

8.3 Shareholders who are not resident for tax purposes in the UK

It is not possible for a BBOX Shareholder to make a claim under a double taxation convention for a PID to be paid by the Company gross or at a reduced rate. The right of a BBOX Shareholder to claim repayment from HM Revenue & Customs of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the BBOX Shareholder is resident.

8.4 Exceptions to requirement to withhold income tax

Shareholders should note that, in certain circumstances, the Company is not required to withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a charity or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its profits chargeable to corporation tax. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account ("ISA"), the plan manager of a Personal Equity Plan ("PEP"), or the account provider for a Child Trust Fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the BBOX Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such BBOX Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrars). BBOX Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the BBOX Shareholder turns out to have been mistaken.

9. UK TAXATION OF NON- PID DIVIDENDS

In the tax year ended 5 April 2024, each individual is entitled to an annual tax-free dividend allowance of £1,000. This allowance will fall to £500 in the tax year commencing 6 April 2024. As a result, a UK resident individual Shareholder should not be liable to pay income tax on the first £1,000 of Non-PID Dividend income they receive (to the extent that this tax-free allowance has not already been utilised in respect of other dividends received by the BBOX Shareholder) in the 2023-24 tax year, or on the first £500 of Non-PID Dividend income they receive in the 2024-25 tax year. The rates of income tax for Non-PID Dividends received above the dividend allowance will be:

(a) 8.75 per cent. for dividend income within the basic rate income tax band;

(b) 33.75 per cent. for dividend income within the higher rate income tax band; and

(c) 39.35 per cent. for dividend income within the additional rate income tax band.

Shareholders that are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by the Company, unless the Non-PID Dividends fall within an exempt class set out in Part 9A of the CTA 2009 and certain other conditions are met. Whether an exempt class applies and

whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the Non-PID Dividends paid by the Company would normally be exempt.

The Company will not be required to withhold tax at source when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

10. UK TAXATION OF CHARGEABLE GAINS, STAMP DUTY AND STAMP DUTY RESERVE TAX IN RESPECT OF ORDINARY SHARES IN THE COMPANY

10.1 UK taxation of chargeable gains

A sale or other disposal of Ordinary Shares by a BBOX Shareholder may give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains, depending on the BBOX Shareholder's particular circumstances and subject to any available exemption or relief.

It should be noted that legislation introduced in Finance Act 2019 (the **"2019 NRCGT Rules"**) means that, since 6 April 2019, a non-resident person disposing of shares in a company that is "UK property rich" is chargeable to UK capital gains tax (in the case an individual) or UK corporation tax on chargeable gains (in the case of companies or entities treated as companies) in respect of that disposal. Where the shares disposed of are shares in a "collective investment vehicle", or otherwise have a relevant connection with a collective investment vehicle, there is no minimum level of shareholding required in order for the non-resident to fall within the new rules (subject to an exception for certain limited interests of less than 10 per cent. held by non-UK life assurance companies and by certain widely-held non-UK collective investment vehicles that are non-UK property rich). The Company is considered to be "UK property rich" for these purposes and is also a "collective investment vehicle". As such, non-resident Shareholders disposing of Ordinary Shares may, depending on their circumstances, be required to pay UK tax on any chargeable gain arising on that disposal (or, if relevant, may realise an allowable loss) under the 2019 NRCGT Rules.

Where a non-resident held Ordinary Shares on 5 April 2019, it will, for the purpose of calculating any chargeable gain or allowable loss arising on disposal of those Ordinary Shares generally be treated as having a base cost in those Ordinary Shares equal to their market value on 5 April 2019. Where the non-resident's base cost in its Ordinary Shares would otherwise have been higher than their market value as at 5 April 2019, the non-resident Shareholder may be able to elect to instead use that higher base cost in calculating any chargeable gain on a disposal on or after 6 April 2019 (but this election cannot be used to give rise to or increase an allowable loss). BBOX Shareholders who were already resident in the United Kingdom on 5 April 2019 will not benefit from any rebasing under the new rules.

A non-resident that makes (or is treated as making) a disposal of Ordinary Shares will generally be required to provide a tax return to HM Revenue & Customs and account for any tax due in respect of any chargeable gain. Depending on the BBOX Shareholder's particular circumstances, exceptions from the requirement to file a tax return in relation to a disposal of Ordinary Shares may apply in certain cases where no tax would be required to be accounted for or where the disposal has already been accounted for on a tax return.

Non-resident Shareholders should seek independent professional advice as to the consequences of the 2019 NRCGT rules for them, in particular with regard to their obligations to file UK tax returns and pay UK tax in relation to disposals of Ordinary Shares. It should be noted that non-resident Shareholders may, depending on their circumstances, also be subject to non-UK tax, in their jurisdiction of tax residence, on disposals of Ordinary Shares. Non-resident Shareholders should seek independent professional advice as to whether any relief is available under applicable double tax treaties or whether any other exemptions or reliefs are available. UK resident individuals are generally entitled to an annual exemption from capital gains tax. This is £6,000 for the tax year 2023/2024. This annual exemption will generally also be available to non-resident individual Shareholders who, as a result of the 2019 NRCGT Rules, come within the charge to UK capital gains tax on disposals of the Ordinary Shares.

An individual Shareholder who has ceased to be UK resident for tax purposes and who disposes of all or part of his Ordinary Shares during that period of temporary non-residence may be liable on his return to the UK to UK tax on chargeable gains arising during the period of absence, subject to any available exemption or relief.

10.2 UK stamp duty and UK stamp duty reserve tax ("SDRT")

The following comments in relation to UK stamp duty and SDRT apply to Shareholders wherever they are resident or domiciled. They are intended only as a general guide and do not address the position of persons

such as market makers, brokers, dealers, intermediaries or persons connected with, or transactions involving, depositary arrangements or clearance services.

No UK stamp duty or SDRT should arise on the issue of New BBOX Shares pursuant to the Combination.

Any conveyance or transfer on a sale of Ordinary Shares by way of an instrument will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, subject to the availability of certain exemptions and reliefs. The purchaser normally pays the stamp duty (rounded up to the nearest £5).

An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If an instrument of transfer is executed pursuant to the agreement and duly stamped within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is generally repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

A market value charge to UK stamp duty applies to transfers of listed securities by a person (or its nominee) to a connected company (or its nominee), subject to the availability of relief. A market value charge to SDRT applies to unconditional agreements to transfer listed securities in the same circumstances unless the SDRT charge is cancelled, as outlined above. Ordinary Shares will be listed securities for these purposes if they are admitted to trading on the Main Market.

11. ISA ELIGIBILITY

Pursuant to the Individual Savings Account (Amendment No. 3) Regulations 2013, shares issued by a company that are admitted to trading on a recognised stock exchange are qualifying investments for ISA purposes. The New BBOX Shares will be admitted to the premium listing segment of the Official List and to trading on the Main Market and will, therefore, qualify to be held within the stocks and shares component of an ISA (subject to applicable annual subscription limits).

12. CONDUCT OF BUSINESS

The BBOX Directors intend that the Combined Group's business will continue to be carried on to enable the Combined Group to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder) such that all of the conditions required to ensure the Combined Group is treated as a REIT as broadly summarised above are satisfied.

PART 9 – ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Company and the BBOX Directors, whose names appear on page 41 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the BBOX Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect their import.

1.2 The BBOX Manager accepts responsibility for the BBOX Manager's Statements. To the best of the knowledge of the BBOX Manager, such BBOX Manager's Statements are in accordance with the facts and those parts of this document make no omission likely to affect their import.

2. INFORMATION ABOUT THE COMPANY

2.1 The Company was incorporated and registered in England and Wales on 14 September 2012 as a public company limited by shares under the Companies Act with the name "Tritax Income Real Estate Investment Trust plc" and registration number 08215888. The Company changed its name to "Tritax REIT plc" on 27 September 2012 and to its current name, "Tritax Big Box REIT plc", on 11 October 2013.

2.2 The principal place of business and the registered office of the Company is 72 Broadwick Street, London, W1F 9QZ and its telephone number is +44 (0) 20 7290 1616. Its legal entity identifier is 213800L6X88MIYPVR714. The Company is domiciled in the United Kingdom.

2.3 The principal legislation under which the Company operates and under which the New BBOX Shares will be issued is the Companies Act. The Company does not require further regulatory authorisation to carry out its business. It is not authorised or regulated by the FCA or an equivalent overseas regulator.

2.4 On 25 September 2012, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers. The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.

2.5 As at the Latest Practicable Date, the Company had no employees. Details of the Company's interests in real property are contained in Part 2 (*Information on the BBOX Group*) of this document.

2.6 The statutory auditor of the Company is BDO LLP (registered number OC305127). BDO LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. SHARE CAPITAL

3.1 As at the Latest Practicable Date, the issued share capital of the Company was £19,037,383.25, comprising 1,903,738,325 Ordinary Shares of £0.01 each, all of which were fully paid or credited as fully paid. The Ordinary Shares are admitted to the premium listing segment of the Official List and to trading on the Main Market.

3.2 Immediately following Admission, assuming that the maximum number of the New BBOX Shares are issued and no other Ordinary Shares are issued by the Company prior to Admission, it is expected that the issued share capital of the Company will be £24,806,774.60, comprising 2,480,677,460 Ordinary Shares.

3.3 As at the Latest Practicable Date:

(a) the Company does not hold any shares in treasury;

(b) the Company does not have any convertible securities, exchangeable securities or securities with warrants;

(c) other than in connection with the Combination or as may be provided for in connection with the Investment Management Agreement, there are no acquisition rights and or obligations over authorised but unissued capital of the Company and the Company has not given any undertaking to increase the capital.

3.4 Pursuant to an ordinary resolution passed by the BBOX Shareholders at the Company's annual general meeting held on 3 May 2023, the BBOX Directors are generally and unconditionally authorised for the purposes of section 551 of the Companies Act to exercise all the powers of the Company to:

(a) allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £6,229,423; and

(b) allot equity securities (as defined in section 560 of the Companies Act) up to an aggregate nominal amount of £12,458,846 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under the resolution referred to in paragraph 3.4(a)) in connection with a fully pre-emptive offer, and

the BBOX Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. These authorities expire at the end of the Company's next annual general meeting or, if earlier, 15 months from the date of the resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted after such expiry and the BBOX Directors may allot shares in pursuance of any such offer or agreement as if the authorities had not expired.

4. MAJOR SHAREHOLDERS

4.1 Insofar as is known to the Company as at the Latest Practicable Date, the following persons are, or will at Admission be, interested directly or indirectly in three per cent. or more of the issued share capital of the Company:

	As at the Latest Practicable Date		Immediately following Admission[1]	
Name	**Number of Ordinary Shares**	**Percentage of issued share capital (%)**	**Number of Ordinary Shares**	**Percentage of issued shares capital (%)**
Phoenix	–	–	250,326,074	10.1%
BlackRock	172,801,407	9.1%	199,424,240	8.0%
Aviva Investors	120,628,085	6.3%	121,853,455	4.9%
The Vanguard Group	101,896,205	5.4%	119,610,189	4.8%
Legal & General Investment Management	77,733,444	4.1%	86,478,443	3.5%
Rathbones	79,881,834	4.2%	82,073,509	3.3%
Cohen & Steers	4,606,638	0.2%	79,881,834	3.2%

Note

(1) Assuming that (a) the shareholdings of such persons in the Company do not change between the Latest Practicable Date and Admission; (b) the maximum number of New BBOX Shares are issued in connection with the Combination; and (c) no Ordinary Shares (other than the New BBOX Shares) are issued between the Latest Practicable Date and Admission.

4.2 None of the BBOX Shareholders listed above in paragraph 4.1 of this Part 9 (*Additional Information*) has different voting rights to other BBOX Shareholders.

4.3 As at the Latest Practicable Date, the Company is not aware of any person, directly or indirectly, owns or controls the Company or of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5. ARTICLES OF ASSOCIATION

The Articles, which were adopted on 13 May 2020, contain, among other matters, provisions to the following effect:

5.1 Objects

The Company's objects are unrestricted.

5.2 Votes of members

Subject to the provisions of the Companies Act and to any special rights or restrictions as to voting attached to any shares or class of shares or otherwise provided by the Articles:

(a) on a show of hands every member who is present in person or by a duly appointed proxy or corporate representative shall have one vote; and

(b) on a poll every member who is present in person or by duly appointed proxy or corporate representative shall have one vote for every share of which he is the holder or in respect of which his appointment of proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

5.3 **Restriction on rights of Shareholders where calls outstanding**

Unless the BBOX Board otherwise determines, no BBOX Shareholder shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either personally or by proxy, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in respect of a share held by him in relation to meetings of the Company unless and until he shall have paid all calls or other sums presently due and payable by him, whether alone or jointly with any other person, to the Company.

5.4 **Transfer of shares**

(a) *Form of transfer*

Subject to the provisions in the Articles regarding uncertificated shares, all transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the BBOX Board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. In relation to both certificated and uncertificated shares, the transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares. All instruments of transfer which are registered may be retained by the Company.

(b) *Right to refuse registration*

The BBOX Board may in its absolute discretion refuse to register any transfer of any certificated share which is not a fully paid share provided that the BBOX Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to the Main Market on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

(c) *Other rights to decline registration*

The BBOX Board may decline to recognise any instrument of transfer relating to certificated shares unless the instrument of transfer:

(i) indicates to the BBOX Board that the transferee is a Non-Qualified Holder;

(ii) is in respect of only one class of share;

(iii) is lodged at the registered office of the Company or such other place as the BBOX Board may appoint;

(iv) is accompanied by the relevant share certificate(s) and such other evidence as the BBOX Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);

(v) is duly stamped (if so required); and

(vi) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

The BBOX Board may, under the Articles, decline to recognise any instrument of transfer relating to certificated shares to any person whose holding or beneficial ownership of shares may result in: (i) the Company, the BBOX Manager or the Investment Adviser or any member of its group being in violation of, or required to register under, the US Investment Company Act or the US Commodity Exchange Act of 1974, as amended (the **"US CEA"**) or being required to register its shares under the US Exchange Act; (ii) the Company not being a "foreign private issuer" as such term is defined in Rule 3b-4(c) of the US Exchange Act; (iii) the assets of the Company being deemed to be "plan assets" within the meaning of ERISA and US Department of Labor Regulations and guidance issued thereunder, including, but not limited to 29 C.F.R. 2510, 3-101, or of a "plan" within the meaning of section 4975 of the US Tax Code, or of a plan or other arrangement subject to section 503 of the US Tax Code or provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or section 4975 of the US Tax Code; (iv) the Company, or any member of its group, the BBOX Manager or the Investment Adviser not being in compliance with FATCA, the US Investment Company Act, the US Exchange Act, the US CEA,

section 4975 of the US Tax Code, section 503 of the US Tax Code, ERISA or any applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA, section 503 of the US Tax Code or section 4975 of the US Tax Code; or (v) the Company being a "controlled foreign corporation" for the purposes of the US Tax Code (such persons being **"Non-Qualified Holders"**).

If a BBOX Shareholder becomes, or holds Ordinary Shares on behalf of, a Non-Qualified Holder, such BBOX Shareholder shall notify the BBOX Board immediately. If it shall come to the notice of the BBOX Board that any Ordinary Shares are owned directly, indirectly, or beneficially by a Non-Qualified Holder, the BBOX Board may give notice to such person requiring him either: (i) to provide the BBOX Board with sufficient satisfactory documentary evidence to satisfy the BBOX Board that such person is not a Non-Qualified Holder; or (ii) to sell or transfer his shares to a person who is not a Non-Qualified Holder and to provide the BBOX Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer the BBOX Board may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend, meetings of the Company and any rights to receive dividends or other distributions with respect to such Ordinary Shares, and the BBOX Shareholder shall repay the Company any amounts distributed to such BBOX Shareholder by the Company during the time such holder held such Ordinary Shares. If any person upon whom such a notice is served does not either: (i) transfer his Ordinary Shares to a person who is not a Non-Qualified Holder; or (ii) establish to the satisfaction of the BBOX Board that he is not a Non-Qualified Holder, the BBOX Board may determine that: (A) such person shall be deemed to have forfeited his Ordinary Shares and the BBOX Board shall be empowered at their discretion to follow the forfeiture procedures; or (B) to the extent permitted under the Regulations, the BBOX Board may arrange for the Company to sell the Ordinary Shares at the best price reasonably obtainable to any other person so that the Ordinary Shares will cease to be held by a Non-Qualified Holder, in which event the Company may, but only to the extent permitted under the Regulations, take any action whatsoever that the BBOX Board considers necessary in order to effect the transfer of such Ordinary Shares by the holder of such Ordinary Shares, and the Company shall pay the net proceeds of sale to the former holder upon its receipt of the sale proceeds and the surrender by him of the relevant share certificate or, if no certificate has been issued, such evidence as the BBOX Board may reasonably require to satisfy themselves as to his former entitlement to the share and to such net proceeds of sale and the former holder shall have no further interest in the relevant shares or any claim against the Company in respect thereof. No trust will be created and no interest will be payable in respect of such net proceeds of sale.

5.5 **Dividends**

(a) *Final dividends*

Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends (including scrip dividends) to be paid to Shareholders according to their respective rights and interests but no such dividends shall exceed the sum recommended by the BBOX Board.

(b) *Interim dividends*

Insofar as in the opinion of the BBOX Board, the profits of the Company justify such payments, the BBOX Board may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment of such dividends and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit.

(c) *Ranking of shares for dividends*

Unless and to the extent that the rights attached to any shares or the terms of issue of such shares otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the sums paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose no sum paid on a share in advance of calls shall be treated as paid on the share.

(d) *No dividend except out of profits*

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Companies Act.

(e) *No interest on dividends*

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(f) *Retention of dividends*

The BBOX Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or obligations in respect of which the lien exists. The BBOX Board may retain the dividends payable upon shares in respect of which any person is under the provisions in the Articles as to the transmission of shares entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

(g) *Unclaimed dividend*

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the BBOX Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend unclaimed after a period of twelve years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(h) *Distribution in specie*

The Company may upon the recommendation of the BBOX Board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the BBOX Board shall give effect to such resolution.

5.6 **Variation of share rights**

Whenever the share capital of the Company is divided into different classes of shares, the special rights for the time being attached to any share or class of share in the Company may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding up.

5.7 **Forfeiture and lien**

The Company has a lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The BBOX Board may make calls on the members in respect of any moneys unpaid on a share. If any call or instalment of a call remains unpaid after it becomes due and payable, the BBOX Board may give not less than 14 clear days' notice requiring payment of the unpaid amount together with any accrued interest and any expenses incurred by the Company by reason of such non-payment. If the notice is not complied with, any share in respect of which it was set may be forfeited by a resolution of the BBOX Board. The BBOX Board may accept a surrender of any share liable to be forfeited under the Articles. A share forfeited or surrendered shall become the property of the Company and, subject to the Companies Act, may be sold, re-allotted or disposed of in any way on such terms and in such manner as the BBOX Board shall think fit. A BBOX Shareholder whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but will remain liable for all unpaid amounts, together with interest on such shares at such rate (not exceeding 15 per cent. per annum) as the BBOX Board may determine.

5.8 **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Insolvency Act 1986: (a) divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the business shall be carried out as between the members or different classes of members; (b) vest the whole or any part of the assets in trustees for the benefit of the members; and (c) determine the scope and terms of those trusts, but no member shall be compelled to accept any asset on which there is a liability.

5.9 **Real estate investment trust**

For the purposes of this paragraph 5.9, the following words and expressions shall bear the following meanings:

"Distribution Transfer" means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder;

"Excess Charge" means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the BBOX Directors consider may become payable by the Company or any other member of the BBOX Group under section 551 of the CTA 2010 (as such section may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;

"interest in the Company" includes, without limitation, an interest in a Distribution made or to be made by the Company;

"Relevant Registered Shareholder" means a BBOX Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);

"Substantial Shareholding" means the shares in the Company in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder; and

"Substantial Shareholder" means any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the BBOX Group to be liable to pay tax under section 551 of the CTA 2010 (as such section may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such person including, at the date of adoption of the Articles, any holder of excessive rights as defined in section 553 of the CTA 2010.

(a) *Notification of Substantial Shareholder and other status*

Each shareholder and any other relevant person shall serve notice in writing on the Company at the registered office on: (i) him becoming a Substantial Shareholder or him being a Substantial Shareholder; (ii) him becoming a Relevant Registered Shareholder or being a Relevant Registered Shareholder on the date the Articles come into effect; and (iii) any change to the particulars contained in any such notice, including on the relevant person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

The BBOX Directors may at any time give notice in writing to any person requiring him, within such period as may be specified in the notice to deliver to the Company such information, certificates and declarations as the BBOX Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any reporting obligation to the HMRC as a result of or in connection with the Company's status as a UK REIT.

(b) *Distributions in respect of Substantial Shareholdings*

(i) The BBOX Directors may withhold payment of a distribution on or in respect of shares, if the BBOX Directors determine that the following condition is satisfied:

(A) the BBOX Directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

(B) the BBOX Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the distribution if it was paid.

(ii) If a distribution has been withheld on or in respect of any shares in the Company in accordance with the above, it shall be paid as follows:

(A) if it is established to the satisfaction of the BBOX Directors that the condition in paragraph 5.9(b)(i)(B) is not satisfied in relation to such shares, the whole amount of the distribution withheld shall be paid;

(B) if the BBOX Directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, the distribution attributable to such shares shall

be paid (provided the BBOX Directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and

(C) if the BBOX Directors are satisfied that as a result of a transfer of interests in shares referred to in (B) above the remaining shares no longer form part of a Substantial Shareholding, the distribution attributable to such shares shall be paid.

If any distribution is withheld, until payment in accordance with paragraph 5.9(b)(ii) is made, the persons who would otherwise be entitled to the distribution shall have no right to the distribution or its payment.

(iii) A Substantial Shareholder may satisfy the BBOX Directors that he is not beneficially entitled to a distribution by providing a Distribution Transfer certificate. The BBOX Directors may require such other information, certifications or declarations as they think fit.

(iv) If any distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company.

(c) *Distribution Trust*

(i) If a distribution is paid on or in respect of a Substantial Shareholding (except where the distribution is paid in circumstances where the Substantial Shareholder is not beneficially entitled to the distribution), the distribution and any income arising from it shall be held by the payee or other recipient to whom the distribution is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder in such proportions as the relevant Substantial Shareholder shall in the nomination direct.

(ii) Any income arising from a distribution which is held on trust shall until the earlier of: (A) the making of a valid nomination; and (B) the expiry of the period of 12 years from the date when the distribution is paid. Income shall be treated as arising when payable, so that no apportionment shall take place.

(d) *Obligation to dispose*

(i) If at any time, the BBOX Directors believe that:

(A) in respect of any distribution declared or announced, the condition set out in paragraph 5.9(b)(i)(B) is satisfied;

(B) a notice given by the BBOX Directors pursuant to paragraph 5.9(b)(i) in relation to any shares in the Company has not been complied with to the satisfaction of the BBOX Directors within the period specified in such notice; or

(C) any information, certificate or declaration provided by a person in relation to any shares in the Company for the purposes of the preceding provisions was materially inaccurate or misleading, the BBOX Directors may give notice in writing (a **"Disposal Notice"**) to any persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the BBOX Directors consider to be appropriate in the circumstances) to dispose of such number of shares the BBOX Directors may in such notice specify or to take such other steps as will cause the condition set out in paragraph 5.9(b)(i) no longer to be satisfied. The BBOX Directors may, if they think fit, withdraw a Disposal Notice.

(ii) If: (A) the requirements of a Disposal Notice are not complied with to the satisfaction of the BBOX Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or (B) a distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable, the BBOX Directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. Any such sale shall be at the price which the BBOX Directors consider is the best price reasonably obtainable and the BBOX Directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale. The net proceeds of the sale of any share (less any amount to be retained pursuant to 5.9(b)(iv) and the expenses of

sale) shall be paid over by the Company to the former holder or holders of the relevant shares upon surrender of any certificate or other evidence of title relating to it, without interest.

(e) *General*

The BBOX Directors may require from time to time any person who is or claims to be a person to whom a distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.

6. MANDATORY TAKEOVER BIDS AND COMPULSORY ACQUISITION

6.1 Mandatory takeover bids

The Company is subject to the provisions of the Takeover Code, including the rules on mandatory takeover offers set out in the Takeover Code. Under Rule 9 of the Takeover Code, when:

(a) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or

(b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights of a company subject to the Takeover Code and such person, or any person acting in concert with him, acquires additional interests in shares which increase the percentage of shares carrying voting rights in which he is interested,

then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash for all of the remaining equity share capital of the company at a price not less than the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months.

6.2 Squeeze-out rules

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent in value of the Ordinary Shares to which the offer relates and not less than 90 per cent of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within 3 months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Ordinary Shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original takeover offer unless a shareholder can show that the offer value is unfair.

6.3 Sell-out rules

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent in value of the Ordinary Shares and not less than 90 per cent of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any shareholder notice of their right to be bought out within 1 month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than 3 months after the end of the acceptance period or, if later, 3 months from the date on which notice is served on shareholders notifying them of their sell-out rights. If a shareholder exercises their rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

6.4 Public takeover bids

No public takeover bids has been made in respect of the Company during the last financial year or the current financial year.

7. REGULATORY DISCLOSURES

The following is a summary of the information disclosed in accordance with the Company's obligations under UK MAR over the last 12 months which is relevant as at the date of this document:

Nature of information	Date of release
Combination	
Recommended All-Share Combination	21 March 2024
Extension of PUSU Deadline	8 March 2024
Statement regarding a possible all-share offer for UK Commercial Property REIT Limited	12 February 2024
Financial results and trading updates	
Results for the 12 months ended 31 December 2023	1 March 2024
Trading update in respect of the financial year ended 31 December 2023	29 January 2024
Results for the six months ended 30 June 2023	3 August 2023
Trading update	15 May 2023
Acquisitions and disposals	
Disposals update on BBOX's disposal activity undertaken in the financial year ended 31 December 2023	28 November 2023
Sale of investment asset at Raunds for £84.3 million at 4.0% NIY	3 August 2023
Dividends	
Declaration of interim dividend in respect of the period from 1 July 2023 to 30 September 2023 of 2.05 pence per ordinary share	1 March 2024
Declaration of interim dividend in respect of the period from 1 July 2023 to 30 September 2023 of 1.75 pence per ordinary share	20 October 2023
Declaration of interim dividend in respect of the period from 1 April 2023 to 30 June 2023 of 1.75 pence per ordinary share	3 August 2023
Declaration of interim dividend in respect of the period from 1 January 2023 to 31 March 2023 of 1.75 pence per ordinary share	4 May 2023
Equity/Debt	
Purchase of 1,500,031 Ordinary Shares by PDMRs	4 March 2024
New £500m Sustainability-Linked Revolving Credit Facility	17 October 2023
Issue of 34,911,333 new Ordinary Shares at an issue price of £1.4200 per share to certain members of the original TSHL management team as part of the settlement of their incentive arrangements	14 August 2023
Purchase of 1,509,214 Ordinary Shares by PDMRs	7 August 2023
Shareholder meetings	
Notice of 2024 annual general meeting	2 April 2024
Results of 2023 annual general meeting	3 May 2023

8. MATERIAL CONTRACTS

8.1 BBOX Group

The following section provides a summary of (a) material contracts (other than contracts entered into in the ordinary course of business) entered into by the Company or another member the BBOX Group in the two years immediately preceding the date of this document; and (b) any other contracts (not being contracts entered into in the ordinary course of business) entered into by a member of the BBOX Group which contain any provisions under which any member of the BBOX Group has any obligation or entitlement which is material to the BBOX Group as at the date of this document.

(a) *Sponsor's Agreement*

In connection with the Combination, the Company, the BBOX Manager and Jefferies entered into a sponsor's agreement dated 9 April 2024 (the **"Sponsor's Agreement"**), pursuant to which the Company appointed Jefferies to act as its sole sponsor (the **"Sponsor"**) in connection with the Combination, the production and publication of this document and Admission, and the Sponsor accepted such appointment.

Under the Sponsor's Agreement, each of the Company and the BBOX Manager has agreed to provide the Sponsor with (a) certain customary undertakings which will require it to either consult with or obtain the consent of the Sponsor before taking certain actions; and (b) certain customary representations and warranties (including, in the case of the Company, certain warranties in respect of the UKCM Group). The Company and the BBOX Manager have also agreed to provide the Sponsor with certain indemnities which are customary for an agreement of this nature. The liability of the Company under the Sponsor's Agreement is unlimited by both time and amount.

The Sponsor has the right to terminate the Sponsor's Agreement in certain circumstances prior to Admission, including where any matter arises which the Sponsor considers would adversely affect its ability to perform is functions under Chapter 8 of the Listing Rules or fulfil its obligation as sponsor.

(b) *Investment Management Agreement*

The Company entered into the Investment Management Agreement with the BBOX Manager on 2 July 2014 (as amended and restated, most recently on 4 May 2022). Pursuant to the Investment Management Agreement, the BBOX Manager has responsibility for:

(i) general property management of the properties held by the Company, including ensuring the Company receives the necessary advice to comply with its lease and headlease obligations, managing tenant applications, supervising tenants and preparing a budget for the properties;

(ii) sourcing and assisting with the acquisition of properties that fall within the Company's Investment Policy;

(iii) advising the Company in circumstances where the interests in real estate in contemplation are securitised in such a way that advice in relation to their acquisition or disposal is regulated under FSMA;

(iv) implementing a comprehensive, active and entrepreneurial asset management strategy to deliver added value;

(v) obtaining buildings insurance for the properties;

(vi) arranging senior and subordinated debt (if required) to optimise the capital structure and support the acquisition process; and

(vii) coordinating with third parties providing services to the Company.

In addition, the BBOX Manager supports the Administrator who calculates the IFRS Basic NAV and EPRA NTA of the Ordinary Shares on a semi-annual basis and these calculations are reported to Shareholders in the Company's interim financial statements and annual accounts.

The term of the Investment Management Agreement is from 4 May 2022 up to and including 3 May 2027. Either party may by written notice to the other terminate the Investment Management Agreement by giving not less than 24 months' prior written notice to the other, which notice may not be given by the Company before 4 May 2025. The Company may terminate the Investment Management Agreement with immediate effect at any time on or after 4 May 2025 by paying the BBOX Manager, in lieu of notice, the management fees that would otherwise have been due during the 24-month period following such termination, calculated on the basis of the most recently announced EPRA NTA prior to termination.

If the BBOX Manager and the Company agree to internalise the management of the Company, the Company may give notice to terminate the agreement with immediate effect.

If a Key Person Event (as defined below) subsists on or after 4 May 2027, the 24-month notice period required to be given by the Company will, if notified by the Company to the BBOX Manager by 3 November 2027, be amended to 12 months. Following such notification, the Company may at its discretion reinstate the 24-month notice period.

The BBOX Manager's fees are paid by the Company in the form of a management fee, as described more fully in paragraph 4.2 of Part 4 (*Directors, Management and Corporate Governance*) of this document.

If, at any time during the term of the Investment Management Agreement, any four of certain specified individual members of the BBOX Manager (each, a "**Key Person**") are unable to perform

their duties in relation to the Company and to the affairs of the BBOX Group (a "**Key Person Event**"), the BBOX Manager shall promptly inform the Company.

The BBOX Manager is entitled at any time within 2 months (or such longer time as the Company may agree) of a Key Person being unable to perform the services (a "**Key Person Change**") to propose to the Company a replacement Key Person who the BBOX Manager reasonably believes to have relevant competency and experience. In the event the Company agrees (acting reasonably), the replacement will be appointed, and the Key Person Change will not count towards a Key Person Event.

In addition, the BBOX Manager may at any time propose to the Company a new Key Person in anticipation of a Key Person Change. Such person must, in the reasonable opinion of the BBOX Manager, have relevant competency and experience to perform the services and must have been visible as an employee of the BBOX Manager providing services to the Company for a minimum period of 6 months (or such shorter time as the Company may agree). In the event the Company agrees (acting reasonably), the replacement will be appointed, and the Key Person Change will not count towards a Key Person Event.

The BBOX Manager shall maintain a team of investment professionals suitable for the effective execution of its duties and powers under the Investment Management Agreement. If the Company notifies the BBOX Manager at any time that, in its reasonable opinion, this requirement has not been achieved, then the BBOX Manager shall have a period of 2 months (or such longer period as the Company may in its absolute discretion determine) to procure that the situation is suitably remedied. If that situation is not so remedied to the satisfaction of the Company (acting reasonably), the Company shall have the right to terminate the Investment Management Agreement with immediate effect.

The Investment Management Agreement may be terminated on the occurrence of an insolvency event in relation to a party, if a party is fraudulent, grossly negligent or commits wilful default/misconduct which, if capable of remedy, is not remedied within 30 Business Days or on a force majeure event continuing for more than 90 days.

Pursuant to the Investment Management Agreement, the BBOX Manager may not manage another fund with an exclusive investment strategy focusing on distribution or logistics assets in excess of 300,000 sq. ft. of accommodation located within the UK.

The BBOX Manager may, however, acquire and manage distribution or logistics assets which provide less than 300,000 sq. ft. of accommodation subject to the below provisions:

(i) if the price asked for the asset is equal to or greater than £25,000,000 ("**REIT Investment Opportunity**"), then the REIT Investment Opportunity shall first be offered exclusively to the Company;

(ii) if, in the BBOX Manager's reasonable opinion, an asset management opportunity exists that might enable an asset that at the time of investment provides less than 300,000 sq. ft. of accommodation to become an asset that equals or exceeds 300,000 sq. ft. of accommodation (a "**Potential Investment Opportunity**"), then the BBOX Manager shall first offer the Potential Investment Opportunity exclusively to the Company;

(iii) if the Company confirms to the BBOX Manager in writing within 14 days that it wishes to pursue either a REIT Investment Opportunity or a Potential Investment Opportunity, the BBOX Manager and its affiliates shall not pursue these opportunities or offer them to any third party; and

(iv) if the Company does not confirm to the BBOX Manager in writing within 14 days that it wishes to pursue either a REIT Investment Opportunity or a Potential Investment Opportunity or if the Company confirms to the BBOX Manager in writing within this period that it does not wish to pursue the REIT Investment Opportunity or the Potential Investment Opportunity, the BBOX Manager and its affiliates shall be free to offer either the REIT Investment Opportunity or the Potential Investment Opportunity to any third party or to pursue the REIT Investment Opportunity or Potential Investment Opportunity themselves.

(c) *Service Level Agreement*

The Service Level Agreement imposes certain responsibilities on the BBOX Manager in addition to the Investment Management Agreement relating to Board meetings, research and analysis, investor relations and marketing, equity market intelligence and property reports.

The Service Level Agreement shall remain in force for the term of the Investment Management Agreement (and shall cease to have effect immediately upon the termination or expiry of the Investment Management Agreement). No fees beyond the fees paid under the Investment Management Agreement shall be paid to the BBOX Manager by the Company for the services provided under the Service Level Agreement.

(d) *Development Management Agreement*

Tritax Symmetry Holdings Limited and Tritax Symmetry Management Limited entered into a development management agreement dated 19 February 2019, as amended and supplemented from time to time and most recently on 11 August 2023 (the **"Development Management Agreement"**) to govern the terms on which TSML manages certain of the BBOX Group's assets held through TSHL and its subsidiaries during the development phase and advises TSHL in relation to the sourcing of new properties for future development. TSML manages (on an exclusive basis) certain of the BBOX Group's assets held through TSHL and its subsidiaries during the development stage and is not permitted to undertake any activities for any other person. TSML and its employees may not be interested in any activities which compete with TSHL.

TSHL may terminate the Development Management Agreement at any time by giving at least 12 months' prior written notice, such notice not to expire before the eighth anniversary of the Development Management Agreement. TSHL may also terminate the Development Management Agreement (whether as a whole or in relation to a particular property or properties) at any time if TSML suffers an insolvency event, there is a material unremedied breach by TSML of its obligations, if there is a change of control of TSML to a third party which has not been approved by TSHL and if TSML was fraudulent or grossly negligent.

The Development Management Agreement will also cease to apply to any property upon (i) the transfer of such property outside of TSHL and any of its subsidiaries, or (ii) the BBOX Manager assuming responsibility for such property under the Investment Management Agreement.

The services provided by TSML include:

- administrative, tax, accounting and company secretarial functions of TSHL;
- identification and due diligence in respect of the potential acquisition of new properties;
- securing planning consents and advising on the terms and implementation of consents obtained;
- in respect of proposed development schemes, advising on their feasibility and the proposed design and construction approach;
- procuring, monitoring and co-ordinating contractors and professionals (including preparing and monitoring budgets and appraisals);
- ensuring works are carried out and completed in a good and workman-like manner and in accordance with good industry practice;
- monitoring the progress of the works and reporting to TSHL and the BBOX Manager on the progress; and
- such other services as are agreed from time to time between TSHL and TSML;

The Development Management Agreement will cease to apply to an asset once the development has been completed and the property fully let, at which time the BBOX Manager will become responsible for its management under the terms of the Investment Management Agreement.

TSML is required to report to TSHL and to the BBOX Manager, including via regular meetings and reports. Key decisions in respect of the New Assets (and any other properties brought within the scope of the Development Management Agreement in the future) and their acquisition, development, letting and disposal are reserved to TSHL. In providing the services, TSML must act in accordance with the reasonable requirements of TSHL.

In consideration for the performance of its services under the Development Management Agreement, TSML is paid a fee, monthly in arrears, calculated by reference to the gross asset value of the assets being managed. Pursuant to a cash bonus agreement between TSML and TSHL, TSML is also entitled to an additional fee where, in a 12-month financial period, the net asset value of TSHL and its subsidiaries exceeds that of the prior 12-month financial period. The additional fee is calculated by reference to the difference between the net asset value for the two reference accounting periods. TSHL will also reimburse TSML in respect of reasonable and proper third party costs incurred in performance of the services. There are no other fees, including performance, acquisition, exit or property management fees, payable by TSHL to TSML under the Development Management Agreement.

(e) *Shareholders' Agreement in relation to TSML*

TSML, the shareholders of TSML and the BBOX Manager entered into a shareholders' agreement dated 19 February 2019 and amended and restated on 2 April 2024 (the **"Shareholders' Agreement"**) to governing the ongoing relationship between the parties. The BBOX Manager's prior approval is required in respect of certain customary reserved matters, including carrying on business other than as contemplated in the Development Management Agreement, amending TSML's articles and the acquisition of material assets or undertaking. The Shareholders' Agreement also contains certain restrictive covenants applicable to management shareholders of TSML.

(f) *US Private Placement Note Purchase Agreement dated 4 December 2018*

On 4 December 2018 the Company entered into a note purchase agreement with various institutional investors in respect of the issue of £250 million of unsecured private placement loan notes at an all-in-coupon of 2.86 per cent. repayable on 28 February 2028 and £150 million of unsecured private placement loan notes at an all-in-coupon of 2.98 per cent. repayable on 28 February 2030 (the **"Loan Notes"**). Closing of the issue of the Loan Notes occurred on 28 February 2019. The Loan Notes are guaranteed by certain subsidiaries of BBOX.

(g) *Bonds*

On 11 December 2017 the Company issued £250 million of 9-year bonds at a coupon of 2.625 per cent. repayable on 14 December 2026, which are guaranteed by certain subsidiaries of BBOX, and £250 million of 14-year bonds at a coupon of 3.125 per cent. repayable on 14 December 2031, which are guaranteed by certain subsidiaries of BBOX. On 27 November 2020, the Company issued £250 million of 1.5% green bonds due November 2033, which are guaranteed by certain subsidiaries of BBOX.

(h) *2023 Revolving Credit Facility*

On 13 October 2023, BBOX as borrower and guarantor and certain of its subsidiaries acting as guarantors entered into an unsecured £500 million single currency revolving facility agreement (the **"2023 Revolving Credit Facility Agreement"**).

The facility made available under the 2023 Revolving Credit Facility Agreement has an initial term of five years but BBOX has the option to request two one year extensions of the term at certain intervals during the life of the facility (subject to the consent of the relevant lenders). The facility is available for drawing to and including the date falling one month before the termination date. In addition, BBOX may request that the total commitments under the 2023 Revolving Credit Facility Agreement be increased by a maximum of £200 million (subject to the consent of the relevant lenders).

The events of default in the 2023 Revolving Credit Facility Agreement include, but are not limited to, non-payment, breach of certain financial covenants, breach of other obligations, cross default and insolvency. A prepayment event will occur if any person or group of persons acting in concert gains control of BBOX. BBOX may, if it gives Barclays Bank PLC as Agent not less than five business days' prior notice, cancel and/or prepay the whole or any part of the facility.

The financial covenants under the 2023 Revolving Credit Facility Agreement require BBOX to ensure for each measurement period that (i) gearing does not exceed 150 per cent. on the last day of that measurement period; (ii) interest cover is not less than 1.50:1 for that measurement period and (iii) loan to value ratio (the ratio of consolidated total net unsecured borrowings to unencumbered asset value (expressed as a percentage)) does not exceed 60 per cent. on the last day of that measurement period. Measurement periods are each period of twelve months ending on the last day of

each of BBOX's financial years and each period of six months ending on the last day of each of BBOX's financial half years.

Interest is paid on amounts drawn under the facility on the basis of an agreed margin over daily non-cumulative compounded SONIA, utilisation fees are paid on drawings in excess of certain proportions of the total commitments and a commitment fee is payable on the undrawn balance of the facility. The agreed margin is subject to adjustment in accordance with BBOX's performance against certain financial metrics and, as noted below, certain sustainability targets.

The 2023 Revolving Credit Facility Agreement contains provisions structured in accordance with the Loan Market Association's sustainability-linked loan principles. Sustainability performance targets have been set which are aligned to BBOX's ESG targets and sustainability strategy. The targets among other things specify any new developments should have a minimum BREEAM certification, a reduction in embodied carbon and a minimum biodiversity net gain within the development footprint. The margin component of the interest paid on amounts drawn under the facility is subject to adjustment either downwards or upwards for compliance or non-compliance with the targets (or a number of them).

The syndicate under the 2023 Revolving Credit Facility Agreement comprises ABN AMRO BANK N.V, Banco Santander S.A., London Branch, Bank of China Limited, London Branch, Barclays Bank PLC, BNP Paribas, London Branch, China Construction Bank Corporation, London Branch, JPMorgan Chase Bank N.A., London Branch, SMBC Bank International plc and The Royal Bank of Scotland International Limited, London Branch. Barclays Bank PLC acted as Agent and Documentation Coordinator in relation to the 2023 Revolving Credit Facility Agreement. Banco Santander S.A., London Branch and BNP Paribas, London Branch acted as Joint Sustainability Coordinators.

(i) *2019 Revolving Credit Facility*

On 14 June 2019, BBOX as borrower and guarantor and certain of its subsidiaries acting as guarantors entered into an unsecured £200 million single currency revolving facility agreement (as amended and/or amended and restated from time to time, the **"2019 Revolving Credit Facility Agreement"**).

The facility made available under the 2019 Revolving Credit Facility Agreement had an initial term of five years but BBOX had the option to request two one year extensions of the term at certain intervals during the life of the facility, each of which it has now exercised and the term of the facility is therefore seven years. The facility is available for drawing to and including the date falling one month before the termination date. In addition, BBOX had the option to request that the total commitments under the 2019 Revolving Credit Facility Agreement be increased by a maximum of £100 million. BBOX exercised this feature with effect from 9 December 2022 to increase the total commitments under the 2019 Revolving Credit Facility Agreement from £200 million to £300 million.

The events of default in the 2019 Revolving Credit Facility Agreement include, but are not limited to, non-payment, breach of certain financial covenants, breach of other obligations, cross default and insolvency. A prepayment event will occur if any person or group of persons acting in concert gains control of BBOX. BBOX may, if it gives Barclays Bank PLC as Agent not less than five business days' prior notice, cancel and/or prepay the whole or any part of the facility.

The financial covenants under the 2019 Revolving Credit Facility Agreement require BBOX to ensure for each measurement period that (i) gearing does not exceed 150 per cent. on the last day of that measurement period; (ii) interest cover is not less than 1.50:1 for that measurement period and (iii) loan to value ratio (the ratio of consolidated total net unsecured borrowings to unencumbered asset value (expressed as a percentage)) does not exceed 60 per cent. on the last day of that measurement period. Measurement periods are each period of twelve months ending on the last day of each of BBOX's financial years and each period of six months ending on the last day of each of BBOX's financial half years.

Interest is paid on amounts drawn under the facility on the basis of an agreed margin over daily non-cumulative compounded SONIA, utilisation fees are paid on drawings in excess of certain proportions of the total commitments and a commitment fee is payable on the undrawn balance of the facility. The agreed margin is subject to adjustment in accordance with BBOX's performance against certain financial metrics.

The current syndicate under the 2019 Revolving Credit Facility Agreement comprises Banco Santander S.A., London Branch, Barclays Bank PLC, BNP Paribas, London Branch, JPMorgan Chase Bank N.A., London Branch, SMBC Bank International plc, The Royal Bank of Scotland International Limited, London Branch and Wells Fargo Bank N.A., London Branch. Barclays Bank PLC acted as Agent and Documentation Coordinator in relation to the 2019 Revolving Credit Facility Agreement.

(j) *PGIM Facility Agreement*

Pursuant to the PGIM Facility Agreement dated 28 February 2017 between: (1) the PGIM Borrowers; (2) The Prudential Insurance Company of America as original lender; (3) The Prudential Insurance Company of America as agent; (4) The Prudential Insurance Company of America as security agent; and (5) The Prudential Insurance Company of America as arranger, the original lender made available a facility of up to £90 million (the **"PGIM Facility"**). The PGIM Facility was used by certain subsidiaries of the BBOX Group in connection with the refinancing certain of their assets and for the development of a forward-funded development asset.

The PGIM Borrowers are required to repay the PGIM Facility on 28 February 2027.

The rate of interest on the PGIM Facility for each interest period is a fixed rate per annum determined shortly prior to the relevant utilisation date of the relevant loan. The interest payment dates are 31 January, 30 April, 31 July, 31 October and the final termination date.

The PGIM Facility is secured by:

(i) a debenture from the PGIM Borrowers over all of their business and assets;

(ii) a security agreement from Tritax PGIM Holdings Limited ("**SPV 39**") over the shares in each PGIM Borrower and SPV 39's rights in respect of loans made available to each PGIM Borrower.

The PGIM Facility Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including a negative pledge not to create or allow to exist any security interests over any assets of the PGIM Borrowers, save for pursuant to the PGIM Facility Agreement.

The PGIM Facility Agreement also contains a projected debt service cover covenant (**"PDSC Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The PDSC Covenant requires interest cover of at least 300 per cent. on the utilisation date and each interest payment date. The LTV Covenant requires that, on any day following the utilisation date, the loan to value should not exceed 70 per cent. Should there be a breach of the LTV Covenant or the PDSC Covenant, the PGIM Borrowers have an opportunity to cure such breach. Any breach of the LTV Covenant or the PDSC Covenant which is not remedied will be an event of default.

The PGIM Facility Agreement includes other various events of default customary for a secured facility of this nature, including insolvency events of default which are applicable to the PGIM Borrowers as well as SPV 39. An event of default which is continuing would entitle the lender to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the loans, together with accrued interest and all other amounts outstanding under the PGIM Facility Agreement and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand; and/or

(iii) exercise, or direct the security agent in respect of the security documents to exercise, all of its rights, remedies, powers and discretions under the PGIM Facility Agreement and associated finance documents.

(k) *Canada Life Facility Agreement*

Pursuant to the Canada Life Facility Agreement dated 3 August 2016 between: (1) the Canada Life Borrowers; (2) Canada Life Limited, London Life Insurance Company and Great-West Life & Annuity Insurance Company as original lenders; (3) Canada European Real Estate Limited as agent (the **"CL Agent"**); (4) Canada European Real Estate Limited as security agent; and (5) Canada Life Asset Management Limited as arranger, the original lenders made available a facility of up to £72 million (the **"Canada Life Facility"**). The Canada Life Facility was used by certain subsidiaries of the BBOX Group in connection with the refinancing certain of their assets.

The Canada Life Borrowers are required to repay the Canada Life Facility on 30 April 2029.

The rate of interest on the Canada Life Facility for each interest period is a fixed rate per annum determined shortly prior to the relevant utilisation date of the relevant loan. The interest payment dates are 30 January, 30 April, 30 July, 30 October and the final termination date.

The Canada Life Facility is secured by the following first ranking security:

(i) a debenture from the Canada Life Borrowers over all of their business and assets;

(ii) a security agreement from THCLD over the shares in each Canada Life Borrower and THCLD's rights in respect of loans made available to each Canada Life Borrower; and

(iii) a security agreement from each Canada Life Borrower over any present and future loan agreements between each other.

The Canada Life Facility Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including a negative pledge not to create or allow to exist any security interests over any assets of the Canada Life Borrowers, save for pursuant to the Canada Life Facility Agreement.

The Canada Life Facility Agreement also contains an interest service cover covenant (actual and projected) (**"ICR Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The ICR Covenant requires interest cover of at least 250 per cent. on the utilisation date and each interest payment date. The LTV Covenant requires that, on any day following the utilisation date for the Investment Facility, the loan to value should not exceed 70 per cent. Should there be a breach of the LTV Covenant or the ICR Covenant, the Canada Life Borrowers have an opportunity to cure such breach. The rights to cure are however limited and may not be exercised in aggregate more than seven times during the life of the Canada Life Facility and no more than twice in any 12-month period. Any breach of the LTV Covenant or the ICR Covenant which is not remedied will be an event of default.

The Canada Life Facility Agreement includes other various events of default customary for a secured facility of this nature, including insolvency events of default which are applicable to the Canada Life Borrowers as well as THCLD and the Company. An event of default which is continuing would entitle the lender to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the loans, together with accrued interest and all other amounts outstanding under the Canada Life Facility Agreement and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand; and/or

(iii) exercise, or direct the security agent in respect of the security documents to exercise, all of its rights, remedies, powers and discretions under the Canada Life Facility Agreement and associated finance documents.

(l) *Helaba Facility Agreement*

Pursuant to a facility agreement originally dated 13 July 2015 between, among others (1) Tritax Acquisition 16 Limited as borrower (**"TA16"**); (2) Tritax REIT Acquisition 16 Limited as shareholder and (3) Landesbank Hessen-Thüringen Girozentrale, London Branch as arranger, original lender, agent and security trustee (**"Helaba"**) (as amended and/or amended and restated from time to time) (the **"Helaba Facility Agreement"**), Helaba made available a term loan facility of up to approximately £50.9 million (the **"Helaba Facility"**) to finance the acquisition and development of the BBOX Group's asset at Crossdox, Erith.

The Helaba Facility is required to be repaid on 13 July 2028.

The rate of interest on the Helaba Facility for each interest period is an agreed margin over daily non-cumulative compounded SONIA. The interest payment dates are 31 January, 30 April, 31 July, 31 October and the repayment date.

The Helaba Facility is secured by the following security:

(i) a debenture granted by TA16 over all of its business and assets;

(ii) a share security agreement granted over shares in the capital of TA16; and

(iii) a security assignment granted by Tritax REIT Acquisition 16 Limited over any loans provided by it to TA16.

The Helaba Facility Agreement contains undertakings, representations and warranties customary for a facility of this nature, including a negative pledge not to create or allow to exist any security interests over any assets of Tritax Acquisition 16 Limited, save for pursuant to the Helaba Facility Agreement and associated finance documents.

The Helaba Facility Agreement also contains an interest service cover covenant (**"ICR Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The ICR Covenant requires projected and actual interest cover of at least 175 per cent. on the utilisation date and each interest payment date. The LTV Covenant requires that the loan to value should not exceed 70 per cent. Should there be a breach of the LTV Covenant or the ICR Covenant, TA16 has an opportunity to cure such breach. Any breach of the LTV Covenant or the ICR Covenant which is not remedied will be an event of default.

The Helaba Facility Agreement includes other various events of default customary for a secured facility of this nature, including insolvency events of default which are applicable to TA16 as well as Tritax REIT Acquisition 16 Limited. An event of default which is continuing would entitle the agent to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the loans, together with accrued interest and all other amounts outstanding under the Helaba Facility Agreement and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand; and/or

(iii) exercise, or direct the Security Agent in respect of the security documents to exercise, all of its rights, remedies, powers and discretions under the Helaba Facility Agreement and associated finance documents.

(m) *Depositary Agreement*

The BBOX Manager entered into a framework depositary agreement with Langham Hall UK LLP on 20 May 2014 which was subsequently novated pursuant to a novation agreement dated 6 May 2015 and is now between the BBOX Manager and Langham Hall UK Depositary LLP.

Pursuant to the Depositary Agreement, the Depositary acts as the sole depositary of the AIFs and is responsible for:

(i) ensuring the AIFs' cash flows are properly monitored;

(ii) the safe keeping of Scheme Property (as defied therein) entrusted to it (which it shall hold on trust for the AIFs) by the AIFs and/or the BBOX Manager acting on behalf of the AIFs; and

(iii) the oversight and supervision of the BBOX Manager and the AIFs.

The duties and obligations of the Depositary under the Depositary Agreement are construed in accordance with all laws, rules and regulations applicable from time to time, including, the Alternative Investment fund Managers' Directive (2001/61/EU), FSMA and the FCA Handbook (the **"Applicable Provisions"**). Under the Depositary Agreement, the BBOX Manager and AIFs are responsible for providing the Depositary with information required by the Depositary to carry out is duties.

Subject to the Applicable Provisions, each AIF indemnifies the Depositary, its officers, agents and employees (each an "Indemnified Person") against any liability or loss suffered or incurred by an Indemnified Person as a result or in connection with the proper provision of services under the agreement except as a result of negligence, fraud, wilful misconduct or breach of this agreement on the part of the Indemnified Person.

Pursuant to the Depositary Agreement, the Depositary warrants (amongst other things) that it is and will remain an approved depositary. In consideration of its services, the Depositary is entitled to receive from the AIFs periodic remuneration which includes, amongst other things, an annual fee of £44,000 (adjusted for additional assets).

(n) *Administration Agreement*

The Company and the Administrator are parties to the Administration Agreement dated 18 November 2013 (as amended and supplemented from time to time and most recently on 31 May 2017), pursuant to which the Administrator agreed to act as administrator to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of approximately £28,000 per month (exclusive of VAT), as adjusted for further subsidiaries added.

The Administration Agreement may be terminated by either party by giving the other not less than 3 months' notice.

The Administration Agreement also contains a provision whereby the Company indemnifies the Administrator and its affiliates against any losses incurred resulting from the Company's breach, save when due to fraud, negligence or wilful default of the Administrator or its affiliates.

(o) *Registrar Agreement*

The Company and the Registrar are parties to the Registrar Agreement dated 12 February 2019 (as amended and supplemented from time to time and most recently on 8 December 2023), pursuant to which the Company appointed the Registrar to act as registrar of the Company for an annual fee payable by the Company of approximately £26,000 in respect of basic registration services (which may be adjusted where the total number of shareholders increases or decreases by 15 per cent. or more during the term of the appointment). The Registrar is entitled to increase the fees annually at the rate of the Retail Prices Index prevailing at that time. The Registrar is also entitled increase the fees exceeding the Retail Prices Index, but in such event, the Registrar shall give 20 Business Days' written notice to the Company and the said revised fees shall apply from the expiry of such notice. However, in the event that the Company objects to such increase within the 20 Business Days' period, it will have the right to terminate the Registrar Agreement. The Registrar Agreement may also be terminated by either the Company or the Registrar giving to the other not less than 3 months' written notice.

(p) *Company Secretarial Agreement*

The Company and the Company Secretary entered into the Company Secretarial Agreement on 1 March 2015. Pursuant to the Company Secretarial Agreement, the Company Secretary provides company secretarial services and acts as the company secretary of the Company for an annual fee payable by the Company of £50,000. The Company may terminate the Company Secretarial Agreement upon the service of 3 months prior written notice.

8.2 UKCM Group

The following section provides a summary of (a) material contracts (other than contracts entered into in the ordinary course of business) entered into by UKCM or another member the UKCM Group in the two years immediately preceding the date of this document; and (b) any other contracts (not being contracts entered into in the ordinary course of business) entered into by a member of the UKCM Group which contain any provisions under which any member of the UKCM Group has any obligation or entitlement which is material to the UKCM Group as at the date of this document.

(a) *UKCM IMA Termination Agreement*

UKCM, the UKCM IMA SPVs, the UKCM Manager, BBOX and the BBOX Manager have entered into an agreement dated 21 March 2024 concerning the termination of the UKCM IMA and related matters.

Pursuant to the UKCM IMA Termination Agreement, the parties have agreed the following key terms:

- the UKCM IMA will terminate conditional upon and with effect from the Scheme becoming Effective;
- no compensation shall be payable to the UKCM Manager under the UKCM IMA in relation to such termination being earlier than the notice period to terminate required under the UKCM IMA; and
- following Completion, the UKCM Manager will provide all books of account, records, registers, correspondence and amounts and any necessary assistance and guidance to UKCM, BBOX (or to the BBOX Manager on its behalf) to facilitate an orderly transition process.

In addition, the UKCM IMA Termination Agreement includes a number of TUPE-related provisions which, as a result of the termination of the UKCM IMA, relate to the Employees of the UKCM Manager, including:

- undertakings from the UKCM Manager and the BBOX Manager to comply with their respective duties under TUPE;

- obligations of BBOX to reimburse the UKCM Manager and the BBOX Manager respectively in relation to certain employment-related payments up to £0.7 million in aggregate; and
- cross-indemnities from the UKCM Manager and the BBOX Manager for pre and post-TUPE transfer employment liabilities associated with Employees who would transfer under TUPE to the BBOX Manager.

The parties to the UKCM IMA Termination Agreement have agreed that, if the Panel determines that any provision of the UKCM IMA Termination Agreement that requires the parties to take or not to take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed) prior to the date of Completion, is not permitted by Rule 21.2 of the Takeover Code, that provision shall have no effect and shall be disregarded.

The agreement is conditional on the Scheme becoming Effective by no later than the Long Stop Date.

(b) *UKCM Investment Management Agreement*

UKCM, the UKCM IMA SPVs and abrdn Funds Limited entered into the UKCM IMA on 29 December 2015, which was subsequently amended on 25 May 2018 and novated pursuant to a novation agreement dated 7 December 2018. The UKCM IMA is now between UKCM, the UKCM IMA SPVs and the UKCM Manager. The UKCM IMA was further amended pursuant to an amendment agreement dated 21 March 2019 and side letters dated 17 June 2020 and 28 March 2023.

Pursuant to the UKCM IMA (as novated and amended from time to time), the UKCM Manager has responsibility for, amongst other things:

(i) portfolio management and risk management;

(ii) seeking out and evaluating investment opportunities for the UKCM Group;

(iii) acquiring and disposing of, and submitting recommendations to UKCM for approval in relation to acquisition, sale, investment or other disposition of, assets of the UKCM Group in accordance with the investment objective and policy of UKCM (subject to the restrictions described below);

(iv) advising the UKCM Directors on commercial market trends and movements, and generally providing investment advice to the UKCM Group;

(v) providing or procuring property and asset management services in relation to the UKCM Group's property assets, as well as monitoring the performance of property management services by the UKCM Property Manager under the terms of the UKCM Property Management Agreement;

(vi) arranging, or procuring that one of its associates arranges, all insurance matters in accordance with the best practices of estate management; and

(vii) coordinating with UKCM's third party service providers, including arranging independent third party valuations, at UKCM's expense, of the UKCM Group's property assets.

The UKCM Manager is entitled to receive an annual management fee from UKCM and the Relevant Subsidiaries at the rate of: 0.525 per cent. per annum of gross value of the UKCM Group's assets less current liabilities (subject to certain exclusions) (for the purposes of this paragraph 8.2(b), **"Total Assets"**) (excluding any cash held in excess of £50 million), adjusted for swap assets / liabilities, up to and including £1.75 billion; and 0.475 per cent. per annum of Total Assets (excluding any cash held in excess of £50 million), adjusted for swap assets / liabilities, in excess of £1.75 billion.

In addition, pursuant to the UKCM IMA the UKCM Manager provides certain administrative services (including maintaining accounting books and records, and preparing the annual and half yearly consolidated accounts of the UKCM Group) and marketing services to UKCM.

Under the UKCM IMA, the UKCM Manager shall utilise a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the board of UKCM for the performance of the UKCM Manager's obligations.

The UKCM IMA may be terminated by any party by giving not less than 12 months' prior written notice. UKCM may terminate the UKCM IMA on less than 12 months' written notice provided that UKCM pays compensation to the UKCM Manager for such early termination equal to the amount of fees the UKCM Manager would have received for the number of days by which the notice given is less than 12 months. Such payment in lieu of notice is calculated based on the UKCM Group's Total Assets on the relevant valuation date (being the last Business Day of March, June, September and

December) immediately preceding the effective date of such termination (or, if the effective date of termination falls on a relevant valuation date, that day).

The UKCM IMA may be terminated with immediate effect, without liability for compensation to another party, on the occurrence of certain events, including (i) an insolvency event in relation to another party; (ii) if another party is guilty of any serious misconduct, negligence, wilful default or fraud in connection with its performance of its obligations under the UKCM IMA; (iii) another party commits any material breach of its obligations (which, unless it is a repetition of a previous similar breach, has not been remedied within 30 days of being notified of the breach); and (iv) on a force majeure event continuing for more than 60 Business Days.

The UKCM IMA may also be terminated by UKCM with immediate effect, without liability for compensation to another party, in the event that, amongst other things, the UKCM Manager ceases to have the required regulatory approvals to manage UKCM's assets, the UKCM Manager (or any holding company thereof) undergoes a change of control without the UKCM Board's consent, or the UKCM Manager or its associates, or any of their respective officers and employees, is involved in any conduct which, in the reasonable opinion of the UKCM Board, is materially prejudicial to the interests of UKCM.

Pursuant to the UKCM IMA, the UKCM Manager may act as an investment manager to other companies, including those with similar businesses to that of UKCM.

Under the UKCM IMA, the UKCM Manager may not acquire and dispose of assets of the UKCM Group outside of the transaction limits set by the UKCM Board from time to time or not permitted by UKCM's investment objective, investment policy and leverage limits. Prior approval of the UKCM Board is required for acquisitions or disposals in excess of £5 million in aggregate in respect of any one transaction involving one or more than one property or any linked series of transactions. The UKCM Manager also must not, without the prior consent of the UKCM Board, invest any of the UKCM Group's assets in any fund or investment vehicle managed or administered by the UKCM Manager or any of its associates, or transfer, redeem or otherwise dispose of any units held by UKCM or the Relevant Subsidiaries.

The UKCM IMA contains an indemnity in favour of the UKCM Manager against all costs and claims incurred or suffered by the UKCM Manager arising directly out of the performance of its duties or obligations, except to the extent that the claim (i) is due to, or is increased because of, the breach by the UKCM Manager of its duties or obligations (save where the breach occurs as a result of circumstances beyond the UKCM Manager's reasonable control); (ii) is due to, or is increased because of, the negligence, wilful default or fraud of the UKCM Manager or any party to whom the UKCM Manger has delegated any of its functions; (iii) relates to tax on the UKCM Manager and/or its attorney's net income, profit or gains; or (iv) relates to recoverable VAT. Pursuant to the UKCM IMA, the UKCM Manager indemnifies each member of the UKCM Group against all costs and claims incurred or suffered by UKCM arising out of any material breach by the UKCM Manager, or its associates of, its duties or obligations save where the breach occurs as a result of circumstances beyond the UKCM Manager's reasonable control.

The UKCM Manager is required to maintain a professional indemnity insurance policy with a reputable insurer for a reasonable amount (as determined by the UKCM Manager in the light of the services provided to the UKCM Group under the UKCM IMA).

(c) *UKCM 2015 Barings Facility Agreement*

On 2 April 2015, UK Commercial Property Finance Holdings Limited (**"PFHL"**), a subsidiary of UKCM, as borrower and certain of its subsidiaries acting as guarantors entered into a secured £100,000,000 facility agreement as amended and restated on 29 June 2018, as further amended on 15 February 2019 (and as further amended and/or amended and restated from time to time) (the **"2015 Barings Facility Agreement"**) with Massachusetts Mutual Life Insurance Company as lender, Barings International Investment Limited and Massachusetts Mutual Life Insurance Company as co-arrangers and Massachusetts Mutual Life Insurance Company as agent and security agent. The 2015 Barings Facility Agreement is secured over certain properties in PFHL's property portfolio.

The term loan facility made available under the 2015 Barings Facility Agreement has a term of 12 years and is repayable on 2 April 2027. The facility has been drawn in full. A prepayment event will occur if UKCM ceases to be the legal and beneficial owner (directly or indirectly) of 100 per cent of the issued share capital or interests in PFHL.

The 2015 Barings Facility Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including a negative pledge not to create or allow to exist any security interests over any assets in PFHL's property portfolio, save as otherwise permitted under the 2015 Barings Facility Agreement.

The events of default in the 2015 Barings Facility Agreement include, but are not limited to, non-payment, breach of certain financial covenants, misrepresentation and insolvency. An event of default which is continuing would entitle the lender to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the loans, together with accrued interest and all other amounts outstanding under the 2015 Barings Facility Agreement and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand; and/or

(iii) exercise, or direct the security agent to exercise, all of its rights, remedies, powers and discretions under the 2015 Barings Facility Agreement and associated finance documents.

Interest is paid at the fixed rate of 3.03 per cent per annum. The interest payment dates are 20 January, 20 April, 20 July and 20 October and the final termination date.

The 2015 Barings Facility Agreement also contains an interest service cover covenants (actual and projected) (**"ICR Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The ICR Covenant requires interest cover of at least 200 per cent. at all times. The LTV Covenant must not at any time exceed 75 per cent. Should there be a breach of the LTV Covenant or the ICR Covenant, PFHL shall have an opportunity to cure such breach. The rights to cure are however limited and may not be exercised in aggregate more than eight times during the life of the facility and no more than twice in any 12 month period. Any breach of the LTV Covenant or the ICR Covenant which is not remedied will be an event of default.

(d) *UKCM 2019 Barings Facility Agreement*

On 15 February 2019, PFHL as borrower entered into a secured £100,000,000 facility agreement as amended on 29 June 2021 (and as further amended and/or amended and restated from time to time) (the **"2019 Barings Facility Agreement"**) with Massachusetts Mutual Life Insurance Company as lender, Barings International Investment Limited and Massachusetts Mutual Life Insurance Company as co-arrangers and Massachusetts Mutual Life Insurance Company as agent and security agent. The 2019 Barings Facility Agreement is secured over certain properties in PFHL's property portfolio.

The term loan facility made available under the 2019 Barings Facility Agreement has a term of 12 years and is repayable on 14 February 2031. The facility has been drawn in full. A prepayment event will occur if UKCM ceases to be the legal and beneficial owner (directly or indirectly) of 100 per cent of the issued share capital or interests in PFHL.

The 2019 Barings Facility Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including a negative pledge not to create or allow to exist any security interests over any assets in PFHL's property portfolio, save as otherwise permitted under the 2019 Barings Facility Agreement.

The events of default in the 2019 Barings Facility Agreement include, but are not limited to, non-payment, breach of certain financial covenants, misrepresentation and insolvency. An event of default which is continuing would entitle the lender to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the loans, together with accrued interest and all other amounts outstanding under the 2019 Barings Facility Agreement and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand; and/or

(iii) exercise, or direct the security agent to exercise, all of its rights, remedies, powers and discretions under the 2019 Barings Facility Agreement and associated finance documents.

Interest is paid at the fixed rate of 2.72 per cent per annum. The interest payment dates are 20 January, 20 April, 20 July and 20 October and the final termination date.

The 2019 Barings Facility Agreement also contains an interest service cover covenant (actual and projected) (**"ICR Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The ICR Covenant

requires interest cover of at least 200 per cent. at all times. The LTV Covenant must not at any time exceed 75 per cent. Should there be a breach of the LTV Covenant or the ICR Covenant, PFHL shall have an opportunity to cure such breach. The rights to cure are however limited and may not be exercised in aggregate more than eight times during the life of the facility and no more than twice in any 12 month period. Any breach of the LTV Covenant or the ICR Covenant which is not remedied will be an event of default.

(e) *UKCM Barclays Revolving Credit Facility Agreement*

On 19 May 2011, UK Commercial Property Estates Holdings Limited (**"PEHL"**), a subsidiary of UKCM, as borrower and guarantor and certain of its subsidiaries acting as guarantors entered into a secured revolving credit facility agreement, as amended on 26 May 2011, 14 June 2011, 12 July 2011, as amended and restated on 8 April 2015, 29 June 2018 and 15 February 2019, as further amended on 11 October 2021, 19 August 2022 and 10 January 2023 (and as further amended and/or amended and restated from time to time) (the **"Barclays RCF"**) with Barclays Bank plc as lender, arranger, original counterparty, facility agent and security agent.

The revolving credit facility made available under the Barclays RCF is due to be repaid 10 January 2026. The facility is available for drawing up to and including the date falling one month prior to the maturity date. PEHL cancelled £30,000,000 of the available revolving credit facility with effect from 14 December 2023 reducing the total commitment from £180,000,000 to £150,000,000. A prepayment event will occur if UKCM ceases to hold (directly or indirectly) of 100 per cent of the issued share capital in, or otherwise ceases to control, PEHL or if PEHL ceases to hold 100 per cent of the issued share capital in, or otherwise ceases to control, its property owning subsidiary.

The events of default in the Barclays RCF include, but are not limited to, non-payment, breach of other obligations, misrepresentation, cross-default and insolvency. An event of default which is continuing would entitle the lender to:

(i) cancel all or any part of the total commitments; and/or

(ii) declare that all or part of the amounts outstanding under the Barclays RCF and associated finance documents are: (A) immediately due and payable; and/or (B) payable on demand.

Interest is paid on amounts drawn under the revolving credit facility on the basis of an agreed margin over daily non-cumulative compounded SONIA and a commitment fee at the rate of 0.76% per annum is currently payable on the undrawn balance of the facility. The interest payment dates are 20 January, 20 April, 20 July and 20 October and the final termination date.

The Barclays RCF also contains an interest service cover covenant (actual and projected) (**"ICR Covenant"**) and a loan to value covenant (**"LTV Covenant"**). The ICR Covenant requires interest cover of at least 175 per cent. at each quarter date. The LTV Covenant must not at any time exceed 60 per cent. Should there be a breach of the LTV Covenant or the ICR Covenant, PEHL shall have an opportunity to cure such breach. The rights to cure are however limited and may not be exercised in aggregate more than four times after 15 February 2019 and no more than once during any two consecutive interest periods. Any breach of the LTV Covenant or the ICR Covenant which is not remedied will be an event of default.

9. RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transaction during the period from 31 December 2023 to the Latest Practicable Date, other than:

- on 2 April 2024, the BBOX Q4 2023 Dividend was paid to the BBOX Directors in respect of the Ordinary Shares held by them; and
- on 2 April 2024, the BBOX Q4 2023 Dividend was paid to members of the BBOX Manager in respect of the Ordinary Shares held by them.

10. QUANTIFIED FINANCIAL BENEFITS STATEMENT

10.1 Quantified Financial Benefits Statement

Paragraph 4 of Part 1 (*Letter from the Chairman*) of this document contains statements of estimated cost savings and synergies expected to arise from the Combination (together, the **"Quantified Financial Benefits Statement"**). A copy of the Quantified Financial Benefits Statement is set out below:

The BBOX Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately £4.0 million of pre-tax recurring cost synergies. The cost synergies are expected to be realised principally from:

(a) **Investment management fees**: unification of investment management services under the BBOX Manager, delivering an expected £2.6 million of cost synergies per annum derived from lower investment management fees charged on the UKCM EPRA NTA; and

(b) **Corporate and administrative costs**: de-duplication and rationalisation of duplicated listing, administration and operational expenses delivering an estimated £1.4 million of cost synergies per annum.

The identified cost savings are contingent on the Combination and would not be achieved independently. The estimated cost synergies referred to above reflect both the beneficial elements and the relevant costs.

The UKCM Manager has agreed to waive the early termination payment of £6.7 million which would be contractually payable by UKCM on completion of the Combination as a result of the UKCM IMA being agreed to be terminated at such time under the UKCM IMA Termination Agreement. The BBOX Directors have considered other recurring or one-off costs in connection with realising the expected cost synergies and have reflected these in the expected recurring cost synergy figure.

Potential areas of dis-synergy have been considered by the BBOX Directors and are reflected in the analysis.

These statements relating to estimated investment management fee savings and other identified cost savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

10.2 Bases of belief and principal assumptions

Following initial discussion regarding the Combination, senior BBOX personnel have worked to identify, challenge, and quantify potential synergies as well as the potential costs to achieve and timing of such synergies. The assessment and quantification of potential synergies have been informed by BBOX management's industry expertise and knowledge.

In preparing the Quantified Financial Benefits Statement, UKCM has shared certain operational and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the creation of the Combined Group.

The BBOX team has performed a bottom-up analysis of the costs included in the UKCM financial information and has sought to include in the synergy analysis those costs which it believes will be either reduced or eliminated as part of the Combined Group.

The investment management fee savings are based on applying BBOX management fee bands and assumptions regarding the Combined Group's EPRA NTA as at 31 December 2023, being the basis on which the BBOX management fee is calculated, compared to the aggregate of the management fees incurred by BBOX and UKCM which are calculated on different bases. Management's estimate of one-off costs assumes no termination fees in respect of the UKCM IMA will be payable by UKCM or BBOX, given under the UKCM IMA Termination Agreement, it has been agreed by the UKCM Manager to waive the early termination payment.

The cost bases used as the basis for the quantified financial benefits exercise are the BBOX full-year expenses for the financial year ended 31 December 2023, the UKCM full year expenses for the year ended 31 December 2023, adjusted for known changes to certain costs implemented during the year ended 31 December 2023, and the external BBOX and UKCM property valuations as at 31 December 2023.

The BBOX Directors have, in addition, made the following assumptions:

- The value of the Combined Group's property portfolio remaining at the 31 December 2023 external valuation of £4.4 billion, noting that the latest Combined Group property portfolio valuation, as referenced in the Combination Announcement is £6.3 billion.

- Estimated transaction costs associated with the Combination are deducted from the EPRA NTA used for the calculation of the Combined Group's investment management fee.
- BBOX retains its status as a UK REIT.
- There will be no material impact on the underlying operations of the Combined Group or its ability to continue to conduct its business.
- There will be no material change to the make-up of the portfolio of the Combined Group for the purposes of this analysis.
- There will be no material change to macroeconomic, political, regulatory, or legal conditions in the markets or regions in which BBOX or UKCM operate that will materially impact on the implementation or costs to achieve the proposed cost savings.
- There will be no change in tax legislation or tax rates or other legislation in the UK that could materially impact the ability to achieve any benefits.

10.3 **Notes**

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this document should be construed as a profit forecast or interpreted to mean that BBOX's earnings in the first full year following the Scheme Effective Date, or in any subsequent period, will necessarily match or be greater than or be less than those of BBOX or UKCM for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

11. LITIGATION

11.1 **BBOX Group**

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, a significant effect on the Company's and/or the BBOX Group's financial position or profitability.

11.2 **UKCM Group**

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, a significant effect on UKCM and/or the UKCM Group's financial position or profitability.

12. WORKING CAPITAL STATEMENT

The Company is of the opinion that, having regard to the existing bank and other facilities available to the BBOX Group, the working capital available to the BBOX Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

The Company is of the opinion that, having regard to the existing bank and other facilities available to the Combined Group, the working capital available to the Combined Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

13. NO SIGNIFICANT CHANGE

13.1 **BBOX Group**

There has been no significant change in the financial position or financial performance of the BBOX Group since 31 December 2023, being the date to which the BBOX Group's latest audited financial information was published.

13.2 **UKCM Group**

There has been no significant change in the financial position or financial performance of the UKCM Group since 30 June 2023, being the date to which the UKCM Group's latest unaudited financial information was published.

14. CONSENTS

14.1 The BBOX Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it is included and the BBOX Manager's Statements and has authorised the contents of the BBOX Manager's Statements for the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules.

14.2 CBRE has given and not withdrawn its written consent to the inclusion in this document of each of the CBRE BBOX Valuation Report in Section A and the CBRE UKCM Valuation Report in Section C of Part 7 (*Property Valuation Reports*) of this document in the form and context in which it is included and has authorised the contents of the parts of this document which comprise its report for the purpose of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules.

14.3 Colliers International has given and not withdrawn its written consent to the inclusion in this document of the Colliers BBOX Valuation Report in Section B of Part 7 (*Property Valuation Reports*) of this document in the form and context in which it is included and has authorised the contents of the parts of this document which comprise its report for the purpose of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules.

14.4 Akur has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.

14.5 Jefferies has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.

14.6 J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it is included.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the Company's website at www.tritaxbigbox.co.uk and during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 72 Broadwick Street, London, W1F 9QZ for a period of 12 months from the date of this document:

(a) the Combination Announcement;

(b) the Scheme Document;

(c) the Articles;

(d) the consent letters referred to in paragraph 14 of this Part 9 (*Additional Information*) of this document;

(e) the CBRE BBOX Valuation Report;

(f) the Colliers BBOX Valuation Report;

(g) the CBRE UKCM Valuation Report;

(h) the documents incorporated by reference into this document, as listed in Part 10 (*Documents Incorporated by Reference*) of this document; and

(i) this document.

This document is dated 9 April 2024.

PART 10 – DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

Any statement which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

The following documents are available for inspection on the Company's website at www.tritaxbigbox.co.uk and at the registered office of the Company as described in paragraph 15 of Part 9 (*Additional Information*) of this document.

Document	Information incorporated by reference	Page(s)
BBOX 2023 Annual Report	The Right Leadership	78-79
	Key representatives of the BBOX Manager	81
	Independent Auditor's Report	115-121
	Group Statement of Comprehensive Income	122
	Group Statement of Financial Position	123
	Group Statement of Changes in Equity	124
	Group Cash Flow Statement	125
	Notes to the Consolidated Accounts	126-149
	Notes to the EPRA and other Key Performance Indicators (unaudited)	158-161
BBOX 2022 Annual Report	Independent Auditor's Report	107-112
	Group Statement of Comprehensive Income	113
	Group Statement of Financial Position	114
	Group Statement of Changes in Equity	115
	Group Cash Flow Statement	116
	Notes to the Consolidated Accounts	117-140
	Notes to the EPRA and other Key Performance Indicators (unaudited)	149-152
BBOX 2021 Annual Report	Independent Auditor's Report	101-106
	Group Statement of Comprehensive Income	107
	Group Statement of Financial Position	108
	Group Statement of Changes in Equity	109
	Group Cash Flow Statement	110
	Notes to the Consolidated Accounts	111-134
	Notes to the EPRA and other Key Performance Indicators (unaudited)	143-146

PART 11 – DEFINED TERMS

"2015 Barings Facility Agreement"	has the meaning given in paragraph 8.2(c) of Part 9 (*Additional Information*) of this document;
"2019 Barings Facility Agreement"	has the meaning given in paragraph 8.2(d) of Part 9 (*Additional Information*) of this document;
"2019 Revolving Credit Facility Agreement"	has the meaning given in paragraph 8.1(i) of Part 9 (*Additional Information*) of this document;
"2023 Revolving Credit Facility Agreement"	has the meaning given in paragraph 8.1(h) of Part 9 (*Additional Information*) of this document;
"Adjusted Earnings"	post tax earnings attributable to Shareholders, adjusted to include licence fees receivable on forward funded developments and for other earnings not supported by cash flows;
"Administration Agreement"	the administration agreement between the Company and the Administrator dated 18 November 2013 (as amended and supplemented from time to time and most recently on 31 May 2017), as detailed in paragraph 8.1(n) of Part 9 (*Additional Information*) of this document;
"Administrator"	Link Asset Services;
"Admission"	the admission of the New BBOX Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the Main Market becoming effective in accordance with the Admission and Disclosure Standards;
"Admission and Disclosure Standards"	the Admission and Disclosure Standards of the London Stock Exchange, as amended;
"AIC Code"	the 2019 AIC Code of Corporate Governance;
"AIF"	an alternative investment fund within the meaning of EU AIFMD or the UK AIFM Laws (as applicable);
"AIFM"	an alternative investment fund manager within the meaning of EU AIFMD or the UK AIFM Laws (as applicable);
"Akur"	Akur Limited;
"Articles"	the articles of association of the Company adopted by special resolution on 13 May 2020;
"Auditor"	BDO LLP (registered number OC305127);
"Barclays RCF"	has the meaning given in paragraph 8.2(e) of Part 9 (*Additional Information*) of this document;
"BBOX" or the **"Company"**	Tritax Big Box REIT plc, a public limited company incorporated in England and Wales with registered number 08215888;
"BBOX 2021 Annual Report"	the Company's annual report and accounts for the financial year ended 31 December 2021;
"BBOX 2022 Annual Report"	the Company's annual report and accounts for the financial year ended 31 December 2022;
"BBOX 2023 Annual Report"	the Company's annual report and accounts for the financial year ended 31 December 2023;
"BBOX Board"	the board of directors of the Company from time to time;
"BBOX Directors"	the directors of the Company as of the date of this document being Aubrey Adams, Elizabeth Brown, Alastair Hughes, Richard Laing, Karen Whitworth and Wu Gang;

"BBOX General Meeting"	the general meeting of the Company to be held at 10.30 a.m. on 1 May 2024 (or as soon thereafter as the preceding annual general meeting is concluded), notice of which is set out in the Notice of General Meeting;
"BBOX Group"	the Company and its subsidiary undertakings from time to time;
"BBOX Manager"	Tritax Management LLP;
"BBOX Manager's Statements"	the statements contained in this document which begin with or contain the words "the BBOX Manager believes", "the BBOX Manager anticipates", "the BBOX Manager expects", "the BBOX Manager's belief", "the BBOX Manager's view", "the BBOX Manager intends", "the belief of the BBOX Manager", "the opinion of the BBOX Manager", "the BBOX Manager's opinion" or "the intention of the BBOX Manager" or other variations or comparable terminology;
"BBOX Shareholders"	the holders of Ordinary Shares;
"BBOX Q4 2023 Dividend"	the dividend of 2.05 pence per Ordinary Share in respect of the quarter ended 31 December 2023, as announced by BBOX on 1 March 2024 and paid to BBOX Shareholders on 2 April 2024;
"Big Box"	a "Big Box" property or asset refers to a specific sub-segment of the logistics sector of the real-estate market, relating to very large logistics warehouses which are deemed to be of strategic importance to the tenant 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 (generally with close links to relevant infrastructure); and typically with sophisticated automation systems or a highly bespoke fit out;
"Business Day"	a day other than Saturday, Sunday or other day when banks in the City of London, England are not generally open for business;
"Canada Life Borrowers"	the borrowers under the Canada Life Facility, being Tritax Acquisition 24 Limited, Tritax Portbury Limited and Tritax Newark Limited;
"Canada Life Facility"	has the meaning given in paragraph 8.1(k) of Part 9 (*Additional Information*) of this document;
"CBRE"	CBRE Limited (a private limited company incorporated in England and Wales with registered number 03536032) whose registered office is at Henrietta House, Henrietta Place, London, England, W1G 0NB;
"CBRE BBOX Valuation Report"	the report dated 9 April 2024 setting out the valuation of the Investment Portfolio as at a valuation date of 31 December 2023 produced by CBRE, as set out in Section A of Part 7 (*Property Valuation Reports*) of this document;
"CBRE UKCM Valuation Report"	the report dated 9 April 2024 setting out the valuation of the investment portfolio of UKCM as at a valuation date of 31 March 2024 produced by CBRE, as set out in Section C of Part 7 (*Property Valuation Reports*) of this document;
"Closing Price"	the closing middle market quotation of a share on a particular trading day as derived from the London Stock Exchange Daily Official List;
"Colliers International"	Colliers International Property Consultants Limited;
"Colliers BBOX Valuation Report"	the report dated 9 April 2024 setting out the valuation of the Development Portfolio as at a valuation date of 31 December 2023 produced by Colliers International, as set out in Section B of Part 7 (*Property Valuation Reports*) of this document;
"Combination"	the proposed combination by acquisition of the entire issued and to be issued ordinary share capital of UKCM by BBOX, to be effected by the

	Scheme (or, if BBOX so elects and subject to the Panel's consent (where necessary), a Takeover Offer) on the terms and subject to the Conditions set out in the Scheme Document and summarised in paragraph 9 of Part 1 (*Letter from the Chairman*) of this document;
"Combination Announcement"	the joint announcement of the Combination made by BBOX and UKCM on 21 March 2024 pursuant to Rule 2.7 of the Takeover Code, including its appendices;
"Combined Group"	the BBOX Group, as enlarged by the Combination following Completion;
"Companies Act"	the Companies Act 2006, as amended;
"Company Secretarial Agreement"	the company secretarial agreement dated 1 March 2015 between the Company and the Company Secretary, as further detailed in paragraph 8.1(p) of Part 9 (*Additional Information*) of this document;
"Company Secretary"	Tritax Management LLP (registered number OC326500);
"Completion"	completion of the Combination;
"Conditions"	the conditions to the implementation of the Combination, as summarised in paragraph 9.2 of Part 1 (*Letter from the Chairman*) of this document and as set out in the Scheme Document;
"CPI"	consumer price index, as calculated on a monthly basis by the Office of National Statistics;
"CREST"	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertified form;
"CREST Manual"	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI No. 2001/3755), as amended;
"CTA 2010"	the Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force;
"Depositary"	Langham Hall UK Depositary LLP;
"Depositary Agreement"	the depositary agreement dated 20 May 2014 between the alternative investment funds (set out therein), the BBOX Manager and Langham Hall UK LLP, which was novated to Langham Hall UK Depositary LLP pursuant to a novation agreement dated 6 May 2015, as amended and supplemented from time to time, and most recently on 25 September 2018, a summary of which is set out in paragraph 8.1(m) of Part 9 (*Additional Information*) of this document;
"Development Portfolio"	the BBOX Group's portfolio of land holdings and land options;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules of the FCA made under Part VI of FSMA;
"Effective"	if the Combination is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms, or, if the Combination is implemented by way of a Takeover Offer (with the consent of the Panel), such Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Takeover Code;
"Enlarged Share Capital"	the issued ordinary share capital of the Company immediately following Admission;

"EPRA"	European Public Real Estate Association;
"EPRA NTA" or **"EPRA Net Tangible Assets"**	the IFRS Basic Net Asset Value adjusted to meet EPRA Best Practices Recommendations Guidelines (2019) requirements by excluding intangibles and the impact of any fair value adjustments to related derivatives. This includes the revaluation of land options;
"ERISA"	the US Employee Retirement Income Security Act of 1974, as amended;
"ESG"	environmental, social and governance;
"EU"	the European Union;
"EU AIFMD"	Directive 2011/61/EU on Alternative Investment Fund Managers and, where the context requires, includes references to Commission Delegated Regulation (EU) No. 231/2013 and any applicable local laws implementing Directive 2011/61/EU into the national law of an EEA member state;
"EU IFRS"	International Financial Reporting Standards as adopted by the European Union;
"Euroclear"	Euroclear UK & International Limited, being the operator of CREST;
"EUWA"	the European Union (Withdrawal) Act 2018, as amended;
"Excluded Shares"	any UKCM Shares which are registered in the name of, or beneficially owned by, BBOX or another member of the Wider BBOX Group or any of their respective nominees, and any UKCM Shares held in treasury, in each case, at the relevant date or time;
"FATCA"	the US Foreign Account Tax Compliance Act;
"FCA"	the UK Financial Conduct Authority (or any successor entity or entities);
"Form of Proxy"	the form of proxy for use at the BBOX General Meeting;
"Foundation Assets"	has the meaning given in paragraph 8.1 of Part 2 (*Information on the BBOX Group*) of this document;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"FTSE Tenant"	any tenant which is, or whose parent company is, at the time of investment, included in the FTSE 350 or within the top 350 companies included in any non-UK index which is, in the reasonable opinion of the BBOX Board, comparable to FTSE;
"GFSC"	the Guernsey Financial Services Commission;
"Guernsey Companies Law"	the Companies (Guernsey) Law, 2008, as amended;
"Guernsey Court"	the Royal Court of Guernsey;
"Guernsey Registry"	the body authorised by the States of Guernsey to maintain various registers as required under Guernsey legislation and operating under the name Guernsey Registry;
"Helaba Facility Agreement"	has the meaning given in paragraph 8.1(l) of Part 9 (*Additional Information*) of this document;
"HMRC"	HM Revenue and Customs;
"IFRS Basic NAV" or **"IFRS Basic Net Asset Value"**	the value per share, as at any date, of the assets of the Value" Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time;
"Institutional-Grade Tenants"	tenants of sufficient size and stature that they merit attention by large national or international investors;

"Investment Management Agreement"	the investment management agreement dated 2 July 2014 entered into between the Company and the BBOX Manager as amended or supplemented from time to time (and most recently on 4 May 2022), a summary of which is set out in paragraph 8.1(b) of Part 9 (*Additional Information*) of this document;
"Investment Objective"	the investment objective of the Company, as detailed in paragraph 4 of Part 2 (*Information on the BBOX Group*) of this document;
"Investment Policy"	the investment policy of the Company, as detailed in paragraph 5 of Part 2 (*Information on the BBOX Group*) of this document;
"Investment Portfolio"	the investment portfolio of the Company excluding the Development Portfolio;
"Investment Team"	the investment team for the BBOX Group as at the date of this document, comprising Colin Godfrey, Frankie Whitehead, Petrina Austin, Bjorn Hobart, James Dunlop and Charlie Withers, who manage the Company through the BBOX Manager;
"IPO"	initial public offering;
"ISA"	individual savings account;
"ISIN"	International Securities Identification Number;
"J.P. Morgan Cazenove"	J.P. Morgan Securities Plc (which conducts its UK investment banking business as J.P. Morgan Cazenove);
"Jefferies"	Jefferies International Limited;
"Joint Financial Advisers"	Akur, Jefferies and J.P. Morgan Cazenove (acting in their capacity as joint financial advisers to the Company);
"KID"	the key information document in respect of an investment in the Company prepared by the BBOX Manager in accordance with the PRIIPs Regulation;
"Latest Practicable Date"	5 April 2024, being the latest practicable date prior to the date of this document;
"Listing Rules"	the listing rules of the FCA made under Part VI of FSMA;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	21 September 2024 or such later date (if any) as may be agreed in writing by BBOX and UKCM (with the Panel's consent and (if required) as the Guernsey Court may allow);
"Main Market"	the London Stock Exchange's main market for listed securities;
"Money Laundering Regulations"	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended, and any other applicable anti-money laundering guidance, regulations or legislation;
"Net Initial Yield"	the annual rent from a property divided by the combined total of its acquisition price and expenses;
"New BBOX Shares"	the new Ordinary Shares to be issued in connection with the Combination;
"Non-PID Dividend"	a dividend received by a shareholder of the principal company that is not a PID;
"Non-Qualified Holder"	has the meaning ascribed to it in paragraph 5.4(c) of Part 9 (*Additional Information*) of this document;
"Notice of General Meeting"	the notice of the BBOX General Meeting set out at Part 12 (*Notice of General Meeting*) of this document;

"Offer Period"	the period commencing on 9 February 2024 and ending on the earlier of the date on which the Scheme becomes Effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Takeover Code may provide or the Panel may decide);
"Official List"	the official list maintained by the FCA;
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company;
"Panel"	the UK Panel on Takeovers and Mergers;
"PGIM Borrowers"	the borrowers under the PGIM Facility Agreement, being Tritax West Thurrock, Tritax Tamworth Limited and Tritax Acquisition 35 Limited;
"PGIM Facility Agreement"	has the meaning given in paragraph 8.1(j) of Part 9 (*Additional Information*) of this document;
"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 BBOX Group or in respect of the profits or gains of a non-UK resident member of the BBOX Group insofar as they derive from their UK Property Rental Business;
"Portfolio"	the investment portfolio of the Company, including, for the avoidance of doubt, the Development Portfolio;
"PRIIPs Regulation"	the version of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and its implementing and delegated acts as they form part of the domestic law of the UK by virtue of the EUWA;
"Property Rental Business"	the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business;
"Prospectus Regulation Rules"	the prospectus rules and regulations of the FCA made under Part VI of FSMA;
"Qualifying Property Rental"	a qualifying rental business fulfilling the conditions in section 529 of the CTA 2010;
"Quantified Financial Benefits Statement"	the quantified financial benefits statement set out in paragraph 10 of Part 9 (*Additional Information*) of this document;
"Register"	the register of members of the Company;
"Registrar"	Computershare Investor Services PLC;
"Registrar Agreement"	the registrar agreement between the Company and Computershare Investor Services PLC dated 12 February 2019 (as amended and supplemented from time to time and most recently on 8 December 2023), a summary of which is set out in paragraph 8.1(o) of Part 9 (*Additional Information*) of this document;
"Regulation S"	Regulation S promulgated under the US Securities Act;
"REIT"	a real estate investment trust to which Part 12 of the CTA 2010 applies;
"Residual Business"	has the meaning given in paragraph 1 of Part 8 (*The UK-REIT Regime and Taxation Information*) of this document;
"Resolution"	the resolution to be proposed at the BBOX General Meeting to, among other things, approve the Combination and to grant authority to the BBOX Directors to allot the New BBOX Shares, as set out in the Notice of General Meeting;
"Restricted Shareholders"	any Scheme Shareholder who has a registered address, or who is located in, a Restricted Territory;

"Restricted Territories", each an **"Restricted Territory"**	any jurisdiction in which, into which, or from which, making the Combination, the New BBOX Shares or information concerning the Combination available would or may violate the laws or regulations of that jurisdiction, may result in a significant risk of civil, regulatory or criminal exposure or would or may require BBOX or UKCM to observe any governmental or other consent or any registration, filing or other formality with which BBOX or UKCM (as the case may be) is unable to comply or believes is unduly onerous to comply;
"RPI"	retail price index, as calculated on a monthly basis by the Office of National Statistics;
"Sanction Hearing"	the hearing of the Guernsey Court at which UKCM will seek an order sanctioning the Scheme under Part VIII of the Guernsey Companies Law, including any adjournment thereof;
"Scheme" or **"Scheme of Arrangement"**	the proposed scheme of arrangement under Part VIII of the Guernsey Companies Law between UKCM and the Scheme Shareholders to implement the Combination (with and subject to any modification, addition or condition approved or imposed by the Guernsey Court and agreed to by BBOX and UKCM);
"Scheme Court Order"	the order of the Guernsey Court sanctioning the Scheme under Part VIII of the Guernsey Companies Law;
"Scheme Document"	the scheme document to be sent to UKCM Shareholders containing, among other things, the Scheme and the notices convening the UKCM Court Meeting and the UKCM General Meeting;
"Scheme Effective Date"	the date on which the Combination becomes Effective;
"Scheme Record Time"	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Scheme Effective Date, or such later time and/or date as UKCM and BBOX may agree;
"Scheme Shareholders"	holders of Scheme Shares at the Scheme Record Time;
"Scheme Shares"	all UKCM Shares: (a) in issue as at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document but prior to the Scheme Voting Record Time; and (c) (if any) issued at or after the Scheme Voting Record Time but at or prior to the Scheme Record Time either on terms that the original or subsequent shareholder thereof is bound by the Scheme, or in respect of which such holders are, or shall have agreed in writing to be, so bound, and, in each case, which remain in issue at the Scheme Record Time, and excluding any Excluded Shares;
"Scheme Voting Record Time"	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the day which is two Business Days prior to the UKCM Court Meeting or any adjournment thereof (as the case may be);
"SDLT"	stamp duty land tax;
"SEC"	the US Securities and Exchange Commission;
"Service Level Agreement"	the service level agreement dated 20 December 2016 entered into between the Company and the BBOX Manager as amended or supplemented from time to time, as further described in paragraph 8.1(c) of Part 9 (*Additional Information*) of this document;
"Significant Interest"	in relation to an undertaking or partnership, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity

	share capital (as defined in section 548 of the UK Companies Act 2006, as amended) of such undertaking or the relevant partnership interest;
"SIPP"	a self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001;
"SONIA"	the sterling overnight index average;
"Sponsor's Agreement"	the sponsor's agreement dated 9 April 2024 between the Company and Jefferies relating to the Combination, as further described in paragraph 8.1(a) of Part 9 (*Additional Information*) of this document;
"Substantial Shareholder"	has the meaning ascribed to it in paragraph 5.9 of Part 9 (*Additional Information*) of this document;
"Substantial Shareholding"	has the meaning ascribed to it in in paragraph 5.9 of Part 9 (*Additional Information*) of this document;
"Takeover Offer"	if the Combination is implemented by way of a takeover offer (which shall be an offer for the purposes of Part VIII of the Guernsey Companies Law), the offer to be made by on or behalf of the Company, or an associated undertaking thereof, to acquire the entire issued and to be issued ordinary share capital of UKCM including, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
"Takeover Code"	the City Code on Takeovers and Mergers;
"Tax-Exempt Business"	the Qualifying Property Rental Business of the BBOX Group;
"THCLD"	Tritax Holdings CL Debt Limited, a member of the BBOX Group;
"Total Accounting Return"	net total return, being the percentage change in EPRA NTA over the relevant period plus dividends paid;
"Tritax Group"	the existing Tritax corporate entities, including the BBOX Manager and the associated companies and joint venture vehicles they have acquired (but excluding the BBOX Group);
"TSHL"	Tritax Symmetry Holdings Limited, a wholly-owned subsidiary of the BBOX Group;
"TSML"	Tritax Symmetry Management Limited;
"TUPE"	the Transfer of Undertakings (Protection of Employment) Regulations 2006;
"UK AIFMD Laws"	the applicable UK laws implementing the EU AIFMD as they form part of the domestic law of the UK by virtue of the EUWA, and regulations made under that Act;
"UK IFRS"	international accounting standards, as adopted by the UK;
"UK MAR"	the version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it forms part of the domestic law of the UK by virtue of the EUWA;
"UKCM"	UK Commercial Property REIT Limited, an investment company incorporated in Guernsey with registered number 45387;
"UKCM Board" or **"UKCM Directors"**	the board of directors of UKCM as at the date of this document whose names are set out in paragraph 2 Part 7 (*Additional Information*) of the Scheme Document;
"UKCM Court Meeting"	the meeting of Scheme Shareholders to be convened by order of the Guernsey Court pursuant to Part section 896 of the Companies Act, for the purpose of approving the Scheme, including any adjournment thereof;

"UKCM General Meeting"	the general meeting of UKCM Shareholders (including any adjournment thereof) to be convened in connection with the Scheme to consider and, if thought fit, approve the UKCM Resolution;
"UKCM 2020 Financial Information"	the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2020, together with the independent audit report and notes thereto, as set out in the Appendix to this document;
"UKCM 2021 Financial Information"	the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2021, together with the independent audit report and notes thereto, as set out in the Appendix to this document;
"UKCM 2022 Financial Information"	the audited consolidated financial statements of the UKCM Group for the financial year ended 31 December 2022, together with the independent audit report and notes thereto, as set out in the Appendix to this document;
"UKCM 2023 Interim Financial Information"	the unaudited consolidated financial statements of the UKCM Group for the six months ended 30 June 2023, together with the notes thereto, as set out in the Appendix to this document;
"UKCM Group"	UKCM and its subsidiary undertakings from time to time;
"UKCM IMA SPVs"	(i) UK Commercial Property Finance Holdings Limited; (ii) UK Commercial Property Holdings Limited; (iii) UK Commercial Property Estates Holdings Limited; and (iv) UK Commercial Property Estates Limited;
"UKCM IMA"	the investment management agreement dated 29 December 2015, as novated, amended and supplemented from time to time, between UKCM, and the UKCM Manager and the UKCM IMA SPVs, as described in paragraph 8.2(b) of Part 9 (*Additional Information*) of this document;
"UKCM IMA Termination Agreement"	the agreement dated 21 March 2024 between, among others, BBOX, the BBOX Manager, UKCM and the UKCM Manager concerning the termination of the UKCM IMA and related matters, as described in paragraph 8.2(a) of Part 9 (*Additional Information*) of this document;
"UKCM Manager"	abrdn Fund Managers Limited;
"UKCM Meetings"	the UKCM Court Meeting and the UKCM General Meeting;
"UKCM Recommending Directors"	the UKCM Directors other than Mr Peter Pereira Gray;
"UKCM Resolution"	the resolution to be proposed at the UKCM General Meeting in connection with, among other things, the amendment of UKCM's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the UKCM Shares;
"UKCM Shareholder"	a holder of UKCM Shares;
"UKCM Shares"	ordinary shares of £0.25 each in the capital of UKCM;
"UK Prospectus Regulation"	the version of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market as it forms part of the domestic law of the UK by virtue of the EUWA;
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland;
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"US CEA"	the US Commodity Exchange Act of 1974, as amended;

"US Exchange Act"	the US Securities Exchange Act of 1934 as amended;
"US Investment Company Act"	the US Investment Company Act of 1940, as amended;
"US Person"	a US Person as defined in Regulation S;
"US Securities Act"	the US Securities Act of 1933, as amended;
"US Tax Code"	the US Internal Revenue Code of 1986, as amended;
"Wider BBOX Group"	BBOX and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which BBOX and all such undertakings (aggregating their interests) have a Significant Interest (other than any member of the Wider UKCM Group); and
"Wider UKCM Group"	UKCM and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which UKCM and all such undertakings (aggregating their interests) have a Significant Interest (other than any member of the Wider BBOX Group).

PART 12 – NOTICE OF GENERAL MEETING

TRITAX BIG BOX REIT PLC

(*Incorporated in England and Wales under the Companies Act 2006 with registered number 08215888 and registered as an investment company under section 833 of the Companies Act 2006*)

NOTICE IS HEREBY GIVEN that a General Meeting of Tritax Big Box REIT plc (the **"Company"**) will be held on 1 May 2024 at 10.30 a.m. (or as soon thereafter as the preceding annual general meeting is concluded) at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW for the purpose of considering, and if thought fit, passing the following Resolution as an ordinary resolution.

1. **THAT**:

(a) the proposed acquisition by the Company of the entire issued and to be issued share capital of UK Commercial Property REIT Limited (the **"Combination"**), to be implemented by way of a court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 (as amended) (or by way of a takeover offer under Part VIII of the Companies (Guernsey) Law, 2008 (as amended)), as described in the combined prospectus and circular to the shareholders of the Company dated 9 April 2024 of which the notice convening this General Meeting forms part, a copy of which has been produced to the meeting (the **"Combined Prospectus and Circular"**), substantially on the terms and subject to the conditions described in the Combined Prospectus and Circular, be and is hereby approved, including for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority, and the directors of the Company (the **"Directors"**) (or a duly authorised committee thereof) be and are hereby authorised (a) to do or procure to be done all such acts and things as they consider necessary, expedient or appropriate to implement and give effect to, or otherwise in connection with, the Combination and any matters incidental to the Combination, and (b) to agree such modifications, variations, revisions, waivers or amendments to the terms and conditions of the Combination (provided that such modifications, variations, revisions, waivers or amendments do not materially change the terms of the Combination) and to any documents and arrangements relating thereto, as the Directors (or a duly authorised committee thereof) may in their absolute discretion think fit; and

(b) in addition to all existing authorities, the Directors be generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006 (the **"Act"**), to exercise all the powers of the Company to allot shares and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value (within the meaning of section 551 of the Act) of £5,769,391.35 pursuant to, or in connection with, the Combination, in each case, credited as fully paid and with authority to deal with fractional allotments arising out of such allotment as they think fit and to take all such other steps as they may in their absolute discretion deem necessary, expedient or appropriate to implement such allotments in connection with the Combination, such authority to expire on 21 September 2024 (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert any security into shares pursuant to any such offer or agreement as if such authority had not expired).

By order of the Board

Tritax Management LLP
Company Secretary
9 April 2024

Registered Office:
72 Broadwick Street
London
W1F 9QZ

Notes:

1. Members are entitled to another person as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the general meeting and at any adjournment of it. Members may appoint more than one proxy in relation to the general meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. A proxy need not be a member of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on +44 (0)370 702 0147.

   If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his/her discretion as to whether and, if so, how he/she votes.

   The return of a completed form of proxy or electronic or CREST proxy instruction will not prevent a member from attending the general meeting and voting in person if he/she wishes to do so.

2. Members may also appoint a proxy online at www.investorcentre.co.uk/eproxy (more details can be found in the form of proxy), through the CREST electronic proxy appointment service (as described in note 4 below) or via the Proxymity platform (as described in note 5 below).

3. To be valid, any proxy instructions must be received by post or by hand (during normal business hours only) by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, or at www.investorcentre.co.uk/eproxy, in each case no later than 10.30 a.m. on 29 April 2024 (or, if adjourned, not later than 48 hours before the time appointed for the adjourned meeting, excluding any part of a day that is not a working day), together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.

4. CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:

   (a) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by no later than 10.30 a.m. on 29 April 2024 (or, if adjourned, not later than 48 hours before the time appointed for the adjourned meeting, excluding any part of a day that is not a working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by no later than 10.30 a.m. on 29 April 2024 (or, if adjourned, not later than 48 hours before the time appointed for the adjourned meeting, excluding any part of a day that is not a working day) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the **"Act"**) to enjoy information rights (a **"Nominated Person"**) may have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights. The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

7. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution; however, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

8. In order to have the right to attend and vote (and also for the purpose of determining the number of votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 29 April 2024 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

10. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

12. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any questions relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information; or (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. As at 5 April 2024 (being the latest practicable date prior to the publication of this document) the Company's issued share capital consists of 1,903,738,325 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 April 2024 is 1,903,738,325.

14. A copy of this notice, and other information required by Section 311A of the Act, can be found at www.tritaxbigbox.co.uk.

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act) provided in this notice (or in any related documents including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

APPENDIX

UKCM 2020 Financial Information

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of UK Commercial Property REIT Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

BASIS FOR OPINION

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

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

While the parent company is not a public interest entity subject to European Regulation 537/2014, the directors have decided that the parent company should follow the same requirements as if that Regulation applied to the parent company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ▲ Investment property valuation; and ▲ Recoverability of rental income receivable. Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk ⟷ Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements in the current year was £11.3m which was determined on the basis of 1% of Net Asset Value.
Scoping	All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries that are registered as Guernsey Companies are subject to full scope audits.
Significant changes in our approach	Newly identified key audit matters, our response and findings are noted in section 5 below. Other than this, there were no significant changes in our approach in the current year.

CONCLUSIONS RELATING TO GOING CONCERN

Going concern

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Challenged management's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and 5 year forecast models;
- Evaluated the maturity of group debt and the effect of repayment dates on the going concern assumption and the longer term viability of the Group;
- Performed fair value and income sensitivity analysis, which we compared to management stress testing results; and
- Reviewed banking covenants to assess compliance as at the balance sheet date.

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

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment property valuations (⟷)

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. We have pinpointed that the main judgements are around equivalent yields and estimated market rent, in particular in certain property sectors most impacted by COVID-19, and thus this was the focus of our key audit matter. Valuation of the investment property is the most judgemental area of the financial statements and therefore the most susceptible to fraudulent manipulation. Given the high level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Management's valuation is based on the external valuation provided by CBRE Limited, chartered surveyors. The valuation of the investment property portfolio at 31 December 2020 amounted to £1,173m (2019: £1,310m). Refer to notes 1(b), 1(h) of Accounting policies on pages 68–69 and note 10 on page 76 of the Notes to the Financial Statements. Also refer to the audit committee report pages 50–52.	We performed the following: ▲ Obtained an understanding of the relevant controls in relation to the valuation process; ▲ Evaluated the competence, capability and objectivity of the external valuer in order to obtain an understanding of the work of that expert; ▲ With the involvement of our real estate specialists we challenged the external valuer on their valuation process and assumptions, performance of the portfolio, significant assumptions and significant judgements, by benchmarking the valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ▲ Performed audit procedures to assess the integrity of information provided to the external valuer, including testing on a sample basis back to underlying lease agreements; and ▲ Reviewed the financial statements disclosures and assessed whether the significant judgements and estimations are appropriately disclosed.	We concluded that the fair value of the Group's investment property valuation as determined by management is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

Recoverability of rental income receivable

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
As a result of COVID-19, rent collection levels are below what has historically been collected having and this has resulted in an increase in the bad debt provision in the year. There is a risk that the Group's revenue has not been recognised correctly due to inadequate impairment of the rental income receivable. The impact of the COVID-19 pandemic and associated lockdowns and social restrictions on certain tenants may result in rental payments no longer being made due to cash flow difficulties. We therefore identified a key audit matter in relation to the recoverability of rental income and the impairment assessment on rental income receivable for the Group as at the reporting date. Management perform a bottom up process of reviewing every tenant that has rent outstanding to identify and quantify the provision related to bad debts due from rental debtors. The provision for bad debts amount included in the financial statements at 31 December 2020 is £5.74m (2019: £0.96m). Refer to notes 1(b), 1(m) of Accounting policies on pages 68–69 and note 12 on page 78 of the Notes to the Financial Statements. Also refer to the audit committee report pages 50–52.	We performed the following: ▲ Obtained an understanding of the management's processes and obtained an understanding of relevant controls relating to the recoverability of rental income; ▲ Tested the considerations used by management to recalculate the rent receivable amount and assess the provisions applied; ▲ Assessed the ageing of income accrued and tested the recoverability for a sample of balances with regard to cash received after the balance sheet date; ▲ To address the increased risk posed by COVID-19, reviewed the Group's Expected Credit Loss workings, which should correspond to the assessed recoverability of accrued rental income recognised at year end, and assessed whether these align to IFRS 9; and ▲ Assessed whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.	We concluded that the bad debt provision as determined by management is appropriate.

OUR APPLICATION OF MATERIALITY

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

£11.3 million (2019: £11.7 million)

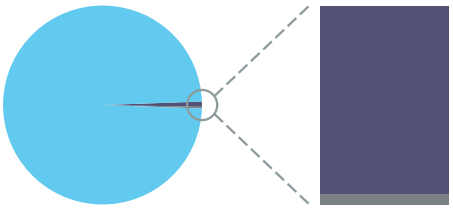
Basis for determining materiality

1% of the Net Asset Value, in line with prior year.

Rationale for the benchmark applied

Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net Assets was selected as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA Adjusted Profit After Tax as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. We applied a lower level materiality of £1.8 million (2019: £2.2 million), which equates to 5% (2018: 5%) of that measure for testing all balances impacting that measure.



NAV £1,127 million

Group materiality £11.3 million

Audit Committee reporting threshold £0.6 million

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

A. the impact of COVID-19 on the Group's operations in the year and on the wider real estate sector;

B. the fact that we have not identified any significant changes in business structure; and

C. our experience from previous audits has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.6m (2019: £0.6m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Scoping

The Group consists of the Company UK Commercial Property REIT Limited and its subsidiaries, which are all registered in Guernsey. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including internal controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office. All of the Group's subsidiaries that are registered as Guernsey Companies are subject to full scope audits. We perform analytical review procedures on UKCPT Limited Partnership which does not require an audit. We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

As part of our risk assessment, we assessed the control environment in place at the investment manager, Aberdeen Standard Investments and the managing agent, Jones Lang LaSalle, to the extent relevant to our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Investment property valuation and recoverability of rental income receivable. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Listing Rules and Companies (Guernsey) Law, 2008.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This included compliance with the REIT regime rules.

Audit response to risks identified

As a result of performing the above, we identified investment property valuation and recoverability of rental income receivable as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 44;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 42;
- the directors' statement on fair, balanced and understandable set out on page 46;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 44;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 44; and
- the section describing the work of the audit committee set out on page 46.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

OTHER MATTERS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors on 16 August 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2016 to 31 December 2020.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Clacy
Senior statutory auditor
For and on behalf of Deloitte LLP
Recognised Auditor,
St Peter Port, Guernsey

22 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
REVENUE			
Rental income	2	64,656	71,754
Service charge income	3	6,500	6,234
(Losses) on investment properties and disposal of subsidiaries	10	(45,485)	(43,094)
Interest income		236	238
Total income		**25,907**	**35,132**
EXPENDITURE			
Investment management fee	4	(8,063)	(8,700)
Direct property expenses	5	(4,845)	(4,226)
Service charge expenses	5	(6,500)	(6,234)
Other expenses	5	(8,584)	(5,222)
Total expenditure		**(27,992)**	**(24,382)**
Operating (Loss)/Profit before finance costs		**(2,085)**	**10,750**
FINANCE COSTS			
Finance costs	6	(8,197)	(8,359)
Loss on derecognition of interest rate swap		—	(703)
Total Finance Costs		**(8,197)**	**(9,062)**
Net (Loss)/profit from ordinary activities before taxation		(10,282)	1,688
Taxation on profit on ordinary activities	7	—	(45)
Net (loss)/profit for the year		**(10,282)**	**1,643**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS			
Gain arising on effective portion of interest rate swap	14	—	703
(Loss) arising on effective portion of interest rate swap	14	—	(1)
Other comprehensive income		—	**702**
Total comprehensive (deficit)/income for the year		**(10,282)**	**2,345**
Basic and diluted earnings per share	9	**(0.79)p**	**0.13p**
EPRA earnings per share (excluding non-recurring tax items)	9	**2.71p**	**3.50p**

All of the losses and total comprehensive deficit for the year is attributable to the owners of the Company. All items in the above statement derive from continuing operations. Additional EPRA performance measures are on pages 88–91.

The accompanying notes are an integral part of this statement.

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
NON-CURRENT ASSETS			
Investment properties	10	1,172,812	1,309,541
Interest rate swap	14	—	—
		1,172,812	**1,309,541**
CURRENT ASSETS			
Investment properties held for sale	10	10,000	48,850
Trade and other receivables	12	47,432	30,262
Cash and cash equivalents		122,742	48,984
		180,174	**128,096**
Total assets		**1,352,986**	**1,437,637**
CURRENT LIABILITIES			
Trade and other payables	13	(28,161)	(23,046)
Interest rate swap	14	—	—
		(28,161)	**(23,046)**
NON-CURRENT LIABILITIES			
Bank loan	14	(197,849)	(247,447)
Interest rate swap	14	—	—
		(197,849)	(247,447)
Total liabilities		**(226,010)**	**(270,493)**
Net assets		**1,126,976**	**1,167,144**
REPRESENTED BY			
Share capital	15	539,872	539,872
Special distributable reserve		572,392	567,075
Capital reserve		14,712	60,197
Revenue reserve		—	—
Interest rate swap reserve		—	—
Equity shareholders' funds		**1,126,976**	**1,167,144**
Net asset value per share	16	**86.7p**	**89.8p**
EPRA Net asset value per share	16	**86.7p**	**89.8p**

The accounts on pages 64–87 were approved and authorised for issue by the Board of Directors on 22 April 2021 and signed on its behalf by:

Ken McCullagh
Director

Margaret Littlejohns
Director

The accompanying notes are an integral part of this statement.
Company Registration Number: 45387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity Shareholders' funds £'000
At 1 January 2020		539,872	567,075	60,197	—	—	1,167,144
Net Loss for the year		—	—	—	(10,282)	—	(10,282)
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	(10,282)	—	(10,282)
Dividends paid	8	—	—	—	(29,886)	—	(29,886)
Transfer in respect of losses on investment property	10	—	—	(45,485)	45,485	—	—
Transfer from special distributable reserve		—	5,317	—	(5,317)	—	—
As 31 December 2020		**539,872**	**572,392**	**14,712**	—	—	**1,126,976**

For the year ended 31 December 2019

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity Shareholders' funds £'000
At 1 January 2019		539,872	570,158	103,291	—	(702)	1,212,619
Net Profit for the year		—	—	—	1,643	—	1,643
Other comprehensive income		—	—	—	—	702	702
Total comprehensive income		—	—	—	1,643	702	2,345
Dividends paid	8	—	—	—	(47,820)	—	(47,820)
Transfer in respect of losses on investment property	10	—	—	(43,094)	43,094	—	—
Transfer from special distributable reserve		—	(3,083)	—	3,083	—	—
As 31 December 2019		**539,872**	**567,075**	**60,197**	—	—	**1,167,144**

The accompanying notes are an integral part of this statement.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss)/Profit for the year before taxation		(10,282)	1,688
Adjustments for:			
Losses on investment properties	10	45,485	43,094
Movement in lease incentives	10	(4,805)	(5,180)
Movement in provision for bad debts	12	(4,784)	(236)
Increase in operating trade and other receivables		(7,582)	(1,081)
Increase/(Decrease) in operating trade and other payables		5,321	(13,503)
Finance costs	6	8,197	8,359
Loss on derecognition of interest rate swap	14	—	702
Cash generated by operations		31,550	33,843
Tax paid		(293)	(1,779)
Net cash inflow from operating activities		31,257	32,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties	10	(24,669)	—
Sale of investment properties	10	158,194	46,250
Capital expenditure	10	(3,570)	(14,692)
Net cash inflow from operating activities		129,955	31,558
CASH FLOWS FROM FINANCING ACTIVITIES			
Facility fee charges from bank financing		(864)	(2,092)
Dividends paid	8	(29,886)	(47,820)
Bank loan repaid	14	(50,000)	—
Bank loan interest paid		(6,704)	(7,344)
Payments under interest rate swap arrangement		—	(184)
Swap breakage costs		—	(703)
Net cash outflow from financing activities		(87,454)	(58,143)
Net increase in cash and cash equivalents		73,758	5,479
Opening cash and cash equivalents		48,984	43,505
Closing cash and cash equivalents		122,742	48,984
REPRESENTED BY			
Cash at bank		39,599	25,453
Money market funds		83,143	23,531
		122,742	48,984

The accompanying notes are an integral part of this statement.

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of Accounting

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the IASB), interpretations issued by the IFRS Interpretations Committee that remain in effect, and to the extent that they have been adopted by the European Union, applicable legal and regulatory requirements of Guernsey law and the Listing Rules of the UK Listing Authority. The audited Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property and derivative financial instruments at fair value. The consolidated financial statements are presented in pound sterling.

The Directors have considered the basis of preparation of the accounts given the COVID-19 pandemic and believe that it is still appropriate for the accounts to be prepared on the going concern basis.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In applying the Group's accounting policies, there were no critical accounting judgements.

Key estimation uncertainties

Fair value of investment properties: Investment property is stated at fair value as at the balance sheet date as set out in note 1(h) and note 10 to these accounts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets and unobservable inputs such as capitalisation rates. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset. These estimates are based on local market conditions existing at the balance sheet date.

Provision for bad debts are also a key estimation uncertainty. These are measured with reference to amounts included as income at the year end but not yet collected. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Due to the impact of COVID-19 on collection rates, there has been a significant increase in our assessed credit risk. Each individual rental income debtor is reviewed to assess whether it is believed there is a probability of default and expected credit loss given the knowledge and intelligence of the individual tenant and an appropriate provision made.

(c) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Jersey Property Unit Trusts ("JPUTS") are all controlled via voting rights and hence those entities are consolidated.

(d) Functional and Presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which is pounds sterling. The financial statements are also presented in pounds sterling. All figures in the financial statements are rounded to the nearest thousand unless otherwise stated.

(e) Revenue Recognition

Rental income, excluding VAT, arising from operating leases (including those containing stepped and fixed rent increases) is accounted for in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Lease premiums paid and rent free periods granted, are recognised as assets and are amortised over the non-cancellable lease term.

Non-rental service charge income is recognised in the period where the non-rental service charge income is received.

Interest income is accounted on an accruals basis and included in operating profit.

(f) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged through the Consolidated Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(h) Investment Properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the property.

After initial recognition, investment properties are measured at fair value, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the external valuation provided by CBRE Limited, chartered surveyors, at the Balance Sheet date. The assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

On derecognition, gains and losses on disposals of investment properties are recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve.

Recognition and derecognition occurs when the significant risks and rewards of ownership of the properties have transferred between a willing buyer and a willing seller.

Investment property is transferred to current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

The Group has entered into forward funding agreements with third party developers in respect of certain properties. Under these agreements the Group will make payments to the developer as construction progresses. The value of these payments is assessed and certified by an expert. Investment properties are recognised for accounting purposes upon completion of contract. Properties purchased under forward funding contracts are recognised at certified value to date.

Management considers each property transaction separately, with an assessment carried out to determine whether the transaction represents an asset acquisition or business combination. In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management consider whether the integrated set of assets and activities acquired contain both input and processes along with the ability to create outputs.

(i) Operating Lease Contracts

The Group has entered into commercial property leases on its investment property portfolio.

The Group as lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. The Group has assessed all leases where it acts as a lessor, based on an evaluation of the terms and conditions of the arrangements, and has determined that the Group retains all the significant risks and rewards of ownership of these properties therefore, the leases are accounted for as operating leases. Where the Group does not retain all the significant risks and rewards of ownership these leases would be classified as finance leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. The Group has assessed all leases where it acts as an intermediate lessor, based on an evaluation of the terms and conditions of the arrangements, and has identified that all head leases have low value at the lease commencement date.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group classifies the sub-leases as operating leases and accounts for the lease payments on a straight-line basis over the lease terms.

(j) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to capital reserves.

(k) Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business being property investment in the United Kingdom. The Directors are of the opinion that the four property sectors analysed throughout the financial statements constitute this single segment, and are not separate operating segments as defined by IFRS 8 Operating Segments.

(l) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(m) Trade and Other Receivables

Trade receivables are recognised initially at their transaction price unless they contain a significant financing component, when they are recognised at fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method.

Other receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group loss allowance is based on expected credit loss as calculated using the "provision matrix" approach and a forward-looking component based on individual tenant profiles. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

(n) Trade and Other Payables

Rental income received in advance represents the pro-rated rental income invoiced before the year end that relates to the period post the year end. VAT payable is the difference between output and input VAT at the year end. Other payables are accounted for on an accruals basis and include amounts which are due for settlement by the Group as at the year end and are generally carried at the original invoice amount. An estimate is made for any services incurred at the year end but for which no invoice has been received.

(o) Reserves

Share Capital

This represents the proceeds from issuing ordinary shares.

Special Distributable Reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buyback of shares and the payment of dividends. Dividends can be paid from all of the below listed reserves.

Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the disposal of investment properties;
- increases and decreases in the fair value of investment properties held at the year end.

Revenue Reserve

Any surplus arising from the net profit on ordinary activities after taxation and payment of dividends is taken to this reserve, with any deficit charged to the special distributable reserve.

Interest Rate Swap Reserve

Any surplus/deficit arising from the marked to market valuation of the swap instrument is credited/charged to this account.

Treasury Share Reserve

This represents the cost of shares bought back by the Company and held in Treasury. The balance within this reserve is currently nil.

(p) Interest-bearing borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of arrangement costs associated with the borrowing. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

On maturity, bank loans are recognised at par, which is equivalent to amortised cost. Bank loans redeemed before maturity are recognised at amortised cost with any charges associated with early redemptions being taken to the Statement of Comprehensive Income.

(q) Derivative financial instruments

The Group used derivative financial instruments to hedge its risk associated with interest rate fluctuations.

Derivative instruments are initially recognised in the Balance Sheet at their fair value split between current and non-current. Fair value is determined by reference to market values for similar instruments. Transaction costs are expensed immediately.

Gains or losses arising on the fair value of cash flow hedges in the form of derivative instruments are taken directly to Other Comprehensive Income. Such gains and losses are taken to a reserve created specifically for that purpose, described as the Interest Rate Swap Reserve in the Balance Sheet.

On termination the unrealised gains or losses arising from cash flow hedges in the form of derivative instruments, initially recognised in Other Comprehensive Income, are transferred to profit or loss.

The Group considers its interest rate swap qualifies for hedge accounting when the following criteria are satisfied:

- The instrument must be related to an asset or liability;
- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa;
- It must match the principal amounts and maturity date of the hedged item; and
- As a cash flow hedge the forecast transaction (incurring interest payable on the bank loan) that is subject to the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the profit or loss. The effectiveness of the hedge must be capable of reliable measurement and must be assessed as highly effective on an ongoing basis throughout the financial reporting periods for which the hedge was designated.

If a derivative instrument does not satisfy the Group's criteria to qualify for hedge accounting that instrument will be deemed as an ineffective hedge.

Should any portion of an ineffective hedge be directly related to an underlying asset or liability, that portion of the derivative instrument should be assessed against the Group's effective hedge criteria to establish if that portion qualifies to be recognised as an effective hedge.

Where a portion of an ineffective hedge qualifies against the Group's criteria to be classified as an effective hedge that portion of the derivative instrument shall be accounted for as a separate and effective hedge instrument and treated as other comprehensive income.

Gains or losses arising on any derivative instrument or portion of a derivative instrument which is deemed to be ineffective will be recognised in profit or loss. Gains and losses, regardless of whether related to effective or ineffective hedges, are taken to a reserve created specifically for that purpose described in the balance sheet as the Interest Rate Swap Reserve.

(r) New standards, amendments and interpretation

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have been adopted by the Group. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to IFRS 3, Business Combinations – The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effective for periods beginning on or after 1 January 2020 with earlier application permitted. There will be no impact on transition since the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Annual Improvements to IFRS

The Group has made no adjustments to its financial statements in relation to IFRS Standards detailed in the annual Improvements to IFRS 2018–2020 Cycle (effective for annual reporting periods beginning on or after 1 January 2022). The Group will consider these amendments in due course to see if they will have any impact on the Group.

2. RENTAL INCOME

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Rental income	64,656	71,754

3. SERVICE CHARGE INCOME

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Service charge income	6,500	6,234

The Group's managing agents Jones Lang LaSalle manage service charge accounts for all the Group's properties and also bill all rents due from 1 March 2020.

Service charges on rented properties are detailed in note 5 Service charge expenses, are recharged to tenants.

The service charge paid by the Group in respect of void units was £0.8 million (2019: £1.2 million) and is included within note 5 Direct Property Expenses.

4. INVESTMENT MANAGEMENT FEES

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Investment management fee	8,063	8,700

The Group's Investment Manager is Aberdeen Standard Fund Managers Limited.

The Investment Manager received an aggregate annual fee from the Group at an annual rate of 0.60 (2019: 0.60) per cent of the Total Assets.

In 2020, the Company paid the Investment Manager £240,000 (2019: £240,000) for marketing services which is included in other expenses. The Investment Management agreement is terminable by either of the parties to it on 12 months' notice.

5. EXPENSES

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Direct Property Expenses	4,845	4,226
Service charge expenses	6,500	6,234
OTHER EXPENSES		
Professional fees (including valuation fees)	2,919	3,981
Movement in bad debt provision	4,784	236
Directors' fees and expenses	272	350
Marketing fee	240	240
Administration and company secretarial fees	85	85
Regulatory fees	156	240
Auditor's remuneration for:		
Statutory audit	128	90
Non audit services	—	—
	8,584	**5,222**

6. FINANCE COSTS

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest on principal loan amount	6,952	7,170
Amounts payable in respect of interest rate swap arrangement	—	30
Facility fees	842	588
Amortisation of loan set up fees	403	571
	8,197	**8,359**

7. TAXATION

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	(10,282)	1,688
UK Corporation tax at a rate of 19 per cent (2019: 19%)	(1,953)	321
Effect of:		
Capital losses/(gains) on Investment properties not taxable	8,642	8,188
UK REIT exemption on net income	(6,689)	(8,509)
Income not taxable	—	—
Intercompany loan interest	—	—
Expenditure not allow for tax purposes	—	—
Total current tax charge	—	—
Net movement in deferred tax asset	—	—
Net under accrual of tax from previous year	—	45
Total tax charge	—	45

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 July 2018. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that also are required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future. Accordingly, deferred tax is no longer recognised on temporary differences relating to the property rental business or income tax losses previously built up.

The Company owns five Guernsey tax exempt subsidiaries, UK Finance Holdings Limited (UKFH), UK Commercial Property GP Limited (GP), UK Commercial Property Holdings Limited (UKCPH), UK Commercial Property Estates Limited (UKCPEL) and UK Commercial Property Estates Holdings Limited (UKCPEH). GP and UKCPH are partners in a Guernsey Limited Partnership ("the Partnership"). UKCFH and UKCPH own two JPUTS. UKCPEL and UKCPEH also own two JPUTS. The Company and its Guernsey subsidiaries have obtained exempt company status in Guernsey so that they are exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey.

In the prior year there was a net under-accrual of income tax of £78,000 and a net over-accrual of £33,000 of corporation tax resulting in an overall tax charge of £45,000.

The components of the tax charge in the consolidated income statement are as follows:	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
RECONCILIATION OF CURRENT CORPORATION AND INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT		
Income Tax charge in the year	—	0
Adjustment in respect of prior year under provision of income tax	—	78
Adjustment in respect of prior year over provision of corporation tax	—	(33)
	—	45

8. DIVIDENDS

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
DIVIDENDS ON ORDINARY SHARES		
Interim dividends paid per ordinary share:		
2019 Fourth interim: property income dividend ("PID") of 0.506p and Ordinary dividend ("Non PID") of 0.414p paid 28 February 2020 (2018 Fourth interim: PID of 0.775p, Non-PID of 0.145p)	11,955	11,955
2020 First interim: PID of 0.46p paid 31 May 2020 (2019 First interim: PID of 0.92p)	5,977	11,955
2020 Second interim: PID of 0.46p paid 30 August 2020 (2019 Second interim: PID of 0.92p)	5,977	11,955
2020 Third interim: PID of 0.46p paid 29 November 2020 (2019 Third interim: PID 0.658p and Non PID 0.262p)	5,977	11,955
	29,886	47,820

A fourth interim PID of 0.46p was paid on 26 February 2021 to shareholders on the register on 12 February 2021. Although this payment relates to the year ended 31 December 2020, under International Financial Reporting Standards it will be accounted for in the year ending 31 December 2021. A fifth interim dividend for 2020 of 0.531p per share was declared on 23 April 2021 and is payable in May 2021.

9. BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December 2020	Year ended 31 December 2019
Weighted average number of shares	1,299,412,465	1,299,412,465
Net (Loss)/Profit (£)	(10,281,506)	1,643,000
Basic and diluted Earnings per share (pence)	(0.79)	0.13
EPRA earnings per share (pence)[1]	**2.71**	**3.50**

1 A breakdown of the calculation is detailed in the table A. EPRA Earnings on page 90.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share are based on the net profit of the year divided by the weighted average number of Ordinary Shares in issue during the period.

10. INVESTMENT PROPERTIES

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
FREEHOLD AND LEASEHOLD PROPERTIES		
Opening valuation	1,358,391	1,430,851
Purchase at cost	24,669	—
Capital expenditure	3,570	14,692
(Loss)on revaluation to market value	(39,187)	(15,172)
Disposals at prior year valuation	(159,826)	(66,800)
Lease incentive movement	(4,805)	(5,180)
Total fair value at 31 December	1,182,812	1,358,391
Less: reclassified as held for sale	(10,000)	(48,850)
Fair value as at 31 December	1,172,812	1,309,541

(LOSSES) ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE		
Valuation (losses)	(39,187)	(15,172)
Movement in provision for lease incentives	(4,805)	(5,180)
(Loss)on disposal	(1,493)	(22,742)
	(45,485)	(43,094)

LOSS ON INVESTMENT PROPERTIES SOLD		
Original cost of investment properties	(161,109)	(93,300)
Sale proceeds less sales costs	158,194	46,250
(Loss) on investment properties sold	(2,915)	(47,050)
Recognised in previous periods	(8,623)	(26,500)
Recognised in current period	5,708	(20,550)
	(2,915)	(47,050)

Given the objectives of the Group and the nature of its investments, the Directors believe that the Group has only one asset class, that of Commercial Property.

CBRE Limited, (the "Property Valuer") completed a valuation of Group investment properties as at 31 December 2020 on the basis of fair value in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) 'RICS Valuation – Global Standards 2017 (the 'Red Book'). For most practical purposes there would be no difference between Fair Value (as defined in IFRS 13) and Market Value. The Property Valuer, in valuing the portfolio, is acting as an 'External Valuer', as defined in the Red Book, exercising independence and objectivity. The Property Valuer's opinion of Fair Value has been primarily derived using comparable recent market transactions in order to determine the price that would be received to sell an asset in an orderly transaction between market participants at the valuation date. The fair value of these investment properties amounted to £1,206,780,000 (2019: £1,377,890,000).

The difference between the fair value and the value per the consolidated balance sheet at 31 December 2020 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling £24,304,000 (2019: £19,499,000) which is separately recorded in the accounts as a current asset. In addition a balance of £336,000 has been offset against the lease incentive representing the reduction in the lease incentive provided for as part of the provision for bad debts giving a net lease incentive balance of £23,968,000.

The Group has entered into leases on its property portfolio as lessor (See note 19 for further information).

- No one property accounts for more than 15 per cent of the gross assets of the Group.
- All leasehold properties have more than 60 years remaining on the lease term.
- There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal.

However, the Group's investments comprise UK commercial property, which may be difficult to realise.

The property portfolio's fair value as at 31 December 2020 has been prepared adopting the following assumptions:

- That, where let, the Estimated Net Annual Rent (after void and rent free period assumptions) for each property, or part of a property, reflects the terms of the leases as at the date of valuation. If the property, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent the Property Valuer considers would be obtainable on an open market letting as at the date of valuation.
- The Property Valuer has assumed that, where let, all rent reviews are to be assessed by reference to the estimated rental value calculated in accordance with the terms of the lease. Also there is the assumption that all tenants will meet their obligations under their leases and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge.
- The Property Valuer has not made any adjustments to reflect any liability to taxation that may arise on disposal, nor any costs associated with disposals incurred by the owner.
- The Property Valuer assumes an initial yield in the region of 2.64 to 8.65 per cent, based on market evidence. For the majority of properties, the Property Valuer assumes a reversionary yield in the region of 3.37 to 10.14 per cent.
- The Property Valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of Fair Value when the Investment Manager advises of the presence of such materials.

The majority of the leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs or maintenance to its investment properties.

The following disclosure is provided in relation to the adoption of IFRS 13 Fair Value Measurement. All properties are deemed Level 3 for the purposes of fair value measurement and the current use of each property is considered the highest and best use. There have been no transfers from Level 3 in the year.
The fair value of completed investment property is determined using a yield methodology. Under this method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, this method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate (capitalisation rate) is applied to establish the present value of the cash inflows associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related void or rent free periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. Set out below are the valuation techniques used for each property sector plus a description and quantification of the key unobservable inputs relating to each sector. There has been no change in valuation technique in the year.

Sector	Fair Value at 31 December 2020 (£m)	Valuation techniques	Unobservable inputs	Range (weighted average)
Industrial	685.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£5–£16 (£8) 3.8%–6.7% (4.8%)
Office	167.7	Yield methodology	Annual rent per sq ft Capitalisation rate	£16–£57 (£20) 3.3%–8.7% (5.3%)
Retail	199.6	Yield methodology	Annual rent per sq ft Capitalisation rate	£16–£265 (£27) 3.6%–7.7% (5.7%)
Alternatives	130.1	Yield methodology	Annual rent per sq ft Capitalisation rate	£0–£25 (£15) 5.5%–6.3% (5.8%)

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, which could be caused by a number of factors, including Brexit. The movement of 50 basis points is based on past observed data.

Sector	Assumption	Movement	Effect on valuation
Industrial	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £73.3 million Increase £92.7 million
Office	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £15.6 million Increase £19.1 million
Retail	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £15.6 million Increase £18.8 million
Alternatives	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £9.4 million Increase £10.8 million

Investment property valuation process

The valuations of investment properties are performed quarterly on the basis of valuation reports prepared by independent and qualified valuers and reviewed by the Property Valuation Committee of the Company.

These reports are based on both:

- Information provided by the Investment Manager such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Investment Manager's financial and property management systems and is subject to the Investment Manager's overall control environment.
- Assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields. These are based on their professional judgment and market observation.

The information provided to the valuers and the assumptions and valuation models used by the valuers are reviewed by the Investment Manager. This includes a review of fair value movements over the period.

Asset held for sale

At the current year end, the asset held for sale is; 140–146 Kings Road, London. The asset is shown at fair value in the Balance Sheet as a held for sale asset and included within the investment property table shown in this note. At the prior year end, there were two assets held for sale, Portsmouth Motor Park and Broadbridge Retail Park.

11. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEH), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEH Limited owns 100 per cent of the issued share capital of UK Commercial Property Estates Limited, a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEH also owns 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both UK companies, whose principal business is that of investment and property companies.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCFH), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCFH owns 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business is that of a nominee company. UKCFH owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPH), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income.

UKCPT Limited Partnership, (GLP), is a Guernsey limited partnership, whose principal business is to hold and manage investment properties for rental income. UKCPH and GP, have a partnership interest of 99 and 1 per cent respectively in the GLP. The GP is the general partner and UKCPH is a limited partner of the GLP.

In addition, the Group controls four Jersey Property Unit Trusts ("JPUTs") namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, Kew Retail Park Unit Trust and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

As at 31 March 2021, Brixton Radlett Property Limited, UK Commercial Property Estates (Reading) Limited, the GP, Nominee and the Limited Partnership were all placed in the hands of liquidators as part of a solvent liquidation process.

12. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Rents receivable	20,634	3,306
Lease incentives	24,304	19,499
Other debtors and prepayments	2,494	7,457
	47,432	**30,262**

Provision for bad debts as at 31 December 2019/2018	955	719
Movement in the year	4,784	236
Provision for bad debts as at 31 December 2020/2019	**5,739**	**955**

The ageing of these receivables is as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Less than 6 months	2,725	781
Between 6 and 12 months	2,192	86
Over 12 months	822	88
	5,739	**955**

Other debtors include tenant deposits of £2,518,000 (2019: £3,281,000)
All other debtors are due within one year. No other debts past due are impaired in either year.

If the provision for bad debts increased by £1 million then the Company's earnings and net asset value would decrease by £1 million.
If the provision for bad debts decreased by £1 million then the Company's earnings and net asset value would increase by £1 million.

13. TRADE AND OTHER PAYABLES

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Rental income received in advance	13,512	14,023
Investment Manager fee payable	1,993	2,129
Income tax payable	—	293
Other payable	12,656	6,601
	28,161	**23,046**

Other payables include tenant deposits of £2,518,000 (2019: £3,281,000), bank loan interest payments of £1,645,712 (2019: £1,080,000) and transaction cost accrual of £482,000 (2019: £550,000). During the financial year 2020 the Group outsourced its rent collection to property manager JLL. As a result in this change of operational process VAT is now only paid over to HMRC when rents are received as opposed to invoiced. As at the financial year end 2020 this amounted to £4,375,630 (2019: Debtor of £2,000). The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

14. BANK LOAN AND INTEREST RATE SWAPS

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Total facilities available	350,000	350,000
Drawn down:		
Barclays facility	—	50,000
Barings facility	200,000	200,000
Set up costs incurred	(6,628)	(6,628)
Accumulated amortisation of set up costs	4,477	4,045
Accrued variable interest rate on bank loan	—	30
Total due	197,849	247,447

Movements in bank loan arising from financing activities	At 1 Jan 2020 £'000	Cash flows £'000	Changes in fair value £'000	Other changes £'000	At 31 Dec 2020 £'000
Bank Loan	247,447	(50,000)	—	402	197,849

(i) Barclays Facility

The Group has a £150 million revolving credit facility ("RCF"), maturing in April 2024, with Barclays Bank plc at a margin of 1.70 per cent above LIBOR. The RCF was taken out by UKCPEH and is cancellable at any time. The RCF was initially taken out by UKCPEL as a £50 million RCF in April 2015 at a margin of 1.50 per cent above LIBOR and was increased and extended in February 2019. The drawndown amount of £50 million was repaid in full on 3 November 2020. The RCF has a non-utilisation fee of 0.68 per cent per annum (0.60 per cent per annum prior to February 2019) charged on the proportion of the RCF not utilised on a pro-rata basis. As at 31 December 2020, £150 million (2019: £100 million) remained unutilised. The RCF is secured on some of the property portfolio held by UKCPEH. Under bank covenants related to the RCF, UKCPEH is to ensure that at all times:

- The loan to value percentage does not exceed 60 per cent.
- Interest cover at the relevant payment date is not less than 175 per cent and projected over the course of the proceeding 12 months is not less than 175 per cent.

UKCPEH met all covenant tests during the year for the RCF.

In 2019, the Group had a five year £150 million facility, maturing in April 2020. This was repaid in February 2019 along with the associated interest rate swap. The cost of closing out the swap was £703,000 and there were no repayment fees on the loan term facility.

(ii) Barings Facility

The Group has a £100 million facility, maturing in April 2027, with Barings Real Estate Advisers, a member of the MassMutual Financial Services Group. The loan was taken out by UKCFH. As at 31 December 2020, the facility was fully drawn (31 December 2019: Fully drawn). The bank loan is secured on the portfolio of seven properties held within UKCFH. Under bank covenants related to the loan UKCFH is to ensure that at all times:

- The loan to value percentage does not exceed 75 per cent.
- Interest cover at the relevant payment date and also projected over the course of the proceeding 12 months is not less than 200 per cent.

UKCFH met all covenant tests during the year for this facility.

Interest is payable by UKCFH at a fixed rate equal to the aggregate of the equivalent 12 year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 3.03 per cent per annum. There are no interest rate swaps in place relating to this facility.

The Group took out a second £100 million facility in February 2019, maturing in February 2031, with Barings Real Estate Advisers. The loan was taken out by UKCFH. As at 31 December 2020, the facility was fully drawn (31 December 2019: Fully drawn). The bank loan is secured on the portfolio of seven properties held within UKCFH. This facility has the same covenants as the 2027 facility outlined across. UKCFH met all covenant tests during the year for this facility.

Interest is payable by UKCFH at a fixed rate equal to the aggregate of the equivalent 12 year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 2.72 per cent per annum. There are no interest rate swaps in place relating to this facility.

Swap Instruments

During the prior year the Group had in place an interest rate swap instrument totalling £150 million which was deemed to be an effective hedge as per note 1(q). The swap was closed out in February 2019 as part of the Groups refinance at a cost of £703,000.

15. SHARE CAPITAL ACCOUNTS

SHARE CAPITAL	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Opening balance	539,872	539,872
Share capital as at 31 December	539,872	539,872

Number of shares in issue and fully paid at the year end being 1,299,412,465 (2019: 1,299,412,465) of 25p each.

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held. The Articles of Association of the Company allow for an unlimited number of shares to be issued, subject to restrictions placed by AGM resolutions. There are no restrictions on the shares in issue.

16. NET ASSET VALUE PER SHARE

	Year ended 31 December 2020	Year ended 31 December 2019
Ordinary Shares	1,299,412,465	1,299,412,465
Net assets (£'000)	1,126,976	1,167,144
NAV per share (pence)	**86.7**	**89.8**
EPRA Net Tangible Assets per share[1]	86.7	89.8

1 A breakdown of the calculation is detailed in the table B. EPRA Net Tangible Assets on page 90.

17. RELATED PARTY TRANSACTIONS

No Director has an interest in any transactions which are or were unusual in their nature or significant to the nature of the Group.

Aberdeen Standard Fund Managers Limited, as the Manager of the Group from 10 December 2018, previously Standard Life Investments (Corporate Funds) Limited, received fees for their services as investment managers. Further details are provided in note 4. The total management fee charged to the Statement of Comprehensive Income during the year was £8,062,742 (2019: £8,700,000) of which £1,993,455 (2019: £2,129,000) remained payable at the year end. The Investment Manager also received £240,000 (£200,000 plus VAT) for marketing services incurred during the year of which nil (2019: £240,000) remained payable at the year end.

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 53–54. Total fees for the year were £272,226 (2019: £350,385) none of which remained payable at the year end (2019: nil). As a result of COVID-19, Directors reduced their fees by 20% from 1 April 2020–31 December 2020.

The Group invests in the Aberdeen Standard Investments Liquidity Fund which is managed by Aberdeen Standard Investments Limited. As at 31 December 2019 the Group had invested £83.1 million in the Fund (2019: £23.5 million). No additional fees are payable to Aberdeen Standard Investments as a result of this investment.

18. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities and swap instruments. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below and remained unchanged during the year.

Fair value hierarchy

The following table shows an analysis of the fair values of investment properties recognised in the balance sheet by level of the fair value hierarchy:

Explanation of the fair value hierarchy:

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

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,206,780	1,206,780

31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,377,890	1,377,890

The lowest level of input is the underlying yield on each property which is an input not based on observable market data.

The following table shows an analysis of the fair value of bank loans recognised in the balance sheet by level of the fair value hierarchy:

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	220,484	—	220,484

31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	261,589	—	261,589

The lowest level of input is the interest rate applicable to each borrowing as at the balance sheet date which is a directly observable input.

The following table shows an analysis of the fair values of financial instruments and trade receivables and payables recognised at amortised cost in the balance sheet by level of the fair value hierarchy:

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	47,432	—	47,432
Trade and other payables	—	28,161	—	28,161

31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	30,262	—	30,262
Trade and other payables	—	23,046	—	23,046

The lowest level of input is the three month LIBOR yield curve which is a directly observable input.

The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short-term maturities of these instruments. Expected maturities are estimated to be the same as contractual maturities.

The fair value of investment properties is calculated using unobservable inputs as described in note 10.

The fair value of the bank loans are estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

There have been no transfers between levels in the year for items held at fair value.

Real Estate Risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of any development schemes or asset management activity may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process;
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk overleaf). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees;
- The exposure of the fair values of the portfolio to market and occupier fundamentals such as tenants' financial position.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

At the reporting date, the maturity of the Group's financial assets was:

Financial Assets 2020	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	122,742	—	—	122,742
Rent receivable	20,634	—	—	20,634
Other debtors	2,494	—	—	2,494
	145,870	**—**	**—**	**145,870**

Financial Assets 2019	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	48,984	—	—	48,984
Rent receivable	3,306	—	—	3,306
Other debtors	7,457	—	—	7,457
	59,747	**—**	**—**	**59,747**

In the event of default by a tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until it is re-let. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate and minimise the impact of defaults by tenants and provides for rent due by tenants that are assessed to be unlikely to pay through the process set out on page 51.

The Company has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 31 December 2020 is £20,634,000 (2019: £3,306,000). The Group holds rental deposits of £2,518,000 (2019: £3,281,000) as potential collateral against tenant arrears/defaults. All tenant deposits are in line with market practice. There is no residual credit risk associated with the financial assets of the Group. Other than those included in the provision for bad debts, no financial assets past due are impaired. COVID-19 has impacted the ability of tenants to pay rents and hence the credit risk associated with rent receivables has increased in the year. As a result the provision for bad debts has also increased to reflect this with a provision of £5.739 million as at 31 December 2020 (2019: £955,000).

All of the cash is placed with financial institutions with a credit rating of A or above. £83.1 million (2019: £23.5 million) of the year end cash balance is held in the Aberdeen Standard Investments Liquidity Fund, which is a money market fund and has a triple A rating. Bankruptcy or insolvency of a financial institution may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, the Investment Manager would move the cash holdings to another financial institution subject to restrictions under the loan facilities.

Fair value of trade receivables and payables are materially equivalent to their amortised cost.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. While commercial properties are not immediately realisable, the Group has sufficient cash resources to meet liabilities.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager investing in a diversified portfolio of prime real estate and placing cash in liquid deposits and accounts. This is monitored on a quarterly basis by the Board. In certain circumstances, the terms of the Group's bank loan entitles the lender to require early repayment, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the ordinary shares could be adversely affected.

As at 31 December 2020 the cash balance was £122,742,000 (2019: £48,984,000).

At the reporting date, the contractual maturity of the Group's liabilities, which are considered to be the same as expected maturities, was:

Financial Liabilities 2020	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	1,438	4,313	241,400	247,151
Other creditors	26,515	—	—	26,515
	27,953	**4,313**	**241,400**	**273,666**

Financial Liabilities 2019	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	51,734	4,332	245,248	301,314
Other creditors	21,882	—	—	21,882
	73,616	**4,332**	**245,248**	**323,196**

The amounts in the table are based on contractual undiscounted payments.

Interest rate risk

The cash balance as shown in the Balance Sheet, is its carrying amount and has a maturity of less than one year.

Interest is receivable on cash at a variable rate ranging from 0.2 per cent to 0.6 per cent at the year end and deposits are re-priced at intervals of less than one year.

An increase of 1 per cent in deposit interest rates as at the reporting date would have increased the reported profit by £1.2 million (2019: increased the reported profit by £490,000). A decrease of 1 per cent would have reduced the reported profit by £1.2 million (2019: decreased the reported profit by £490,000). The effect on equity is nil (excluding the impact of a change in retained earnings as a result of a change in net profit).

Interest rate risk arises on the interest payable on the RCF only, as the interest payable on the other facilities are at fixed rates. At 31 December 2020, the draw down on the RCF was Nil (2019: £50 million) so an increase of 1% of the three month LIBOR would have no effect on the reported profit (2019: £500,000). A decrease of 1% of the three month LIBOR would have no impact on the reported profit (2019: £500,000). Assumptions are based on the RCF being undrawn for the full year (2019: £50 million), based on the exposure to interest rates at the reporting date, and all other variables being constant.

The other financial assets and liabilities of Group are non-interest bearing and are therefore not subject to interest rate risk.

Foreign Currency Risk

There was no foreign currency risk as at 31 December 2020 or 31 December 2019 as assets and liabilities of the Group are maintained in pounds Sterling.

Capital Management Policies

The Group considers that capital comprises issued ordinary shares, net of shares held in treasury, and long-term borrowings. The Group's capital is deployed in the acquisition and management of property assets meeting the Group's investment criteria with a view to earning returns for shareholders which are typically made by way of payment of regular dividends. The Group also has a policy on the buyback of shares which it sets out in the Directors' Authority to Buy Back Shares section of the Directors' Report.

The Group's capital is managed in accordance with its investment policy which is to hold a diversified property portfolio of freehold and long leasehold UK commercial properties. The Group invests in income producing properties. The Group will principally investing four commercial property sectors: office, retail, industrial and alternatives. The Group is permitted to invest up to 15 per cent of its Total Assets in indirect property funds and other listed investment companies. The Group is permitted to invest cash, held by it for working capital purposes and awaiting investments, in cash deposits, gilts and money market funds.

The Group monitors capital primarily through regular financial reporting and also through a gearing policy. Gearing is defined as gross borrowings divided by total assets less current liabilities. The Group's gearing policy is set out in the Investment Policy section of the Report of the Directors. The Group is not subject to externally imposed regulatory capital requirements but does have banking covenants on which it monitors and reports on a quarterly basis. Included in these covenants are requirements to monitor loan to value ratios which is calculated as the amount of outstanding debt divided by the market value of the properties secured. The Group's Loan to value ratio is shown below. The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan arrangements in the year to 31 December 2020.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Carrying amount of interest-bearing loans and borrowings	197,849	247,447
External valuation of completed investment property and assets held for sale (excluding lease incentive adjustment)	1,206,780	1,377,890
Loan to value ratio	16.4%	18.0%

The Group's capital balances are set out on page 65 and are regarded as the Group's equity and net debt.

19. CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 31 December of £49.1 million in relation to the developments of two student accommodation properties at Edinburgh and Exeter. The Company has agreed to forward fund a new 230-bed development in Edinburgh, with completion expected for the start of the 2022/23 academic year. The land was acquired for £6.5 million post year end with an additional capped funding commitment of £22.6 million. The Company is also forward funding a student residential development in Central Exeter, with completion expected to match the start of the 2022/23 academic with estimated development costs of £20 million still to be incurred.

20. LEASE ANALYSIS

The Group leases out its investment properties under operating leases.

The future income under non-cancellable operating leases, based on the unexpired lease length at the year end was as follows (based on total rentals):

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Less than one year	63,452	65,529
Between one and five years	220,052	225,886
Over five years	405,926	325,175
Total	**689,430**	**616,590**

The largest single tenant at the year end accounted for 5.4 per cent (2019: 6.6 per cent) of the annualised rental income at 31 December 2020. The unoccupied property expressed as a percentage of annualised total rental value was 6.5 per cent (2019: 7.9 per cent) at the year end. The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years. Analysis of the nature of investment properties and leases are provided in the 'UKCM Portfolio in Numbers' pages.

21. EVENTS AFTER THE BALANCE SHEET DATE

In January 2021, the Company paid £6.5 million for land in relation to the student accommodation development at Edinburgh.

In February/March 2021 the Company sold Hartshead House Sheffield for £17 million and Kew Retail Park for £41 million.

On 26 February 2021 the Company paid a property income dividend of 0.46p per share to shareholders on the register at 12 February 2021.

A fifth interim dividend of 0.531p per share has been announced as set out in the Chair's statement which is payable in May 2021.

EPRA PERFORMANCE MEASURES
Unaudited

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV) – effective 1 Jan 2020. The rationale behind each of these measures is set out below the table. The Group will adopt these new guidelines and apply them in the 2020 Annual Report. ASI considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and will now report this as our primary non-IFRS NAV measure, replacing our previously reported EPRA NAV/NNNAV and EPRA NAV/NNNAV per share metrics. The table below sets out what the 2019 EPRA numbers were and what they would have been under the new guidelines.

Rationale:

EPRA Net Tangible Assets:

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA Net Reinstatement Value:

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Disposal Value:

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net.

The table below sets out the 2020 EPRA numbers under the new guidelines for both 2020 and 2019.

	31 December 2020 Total £'000	31 December 2019 Total £'000
EPRA earnings	35,203	45,439
EPRA earnings per share (pence per share)	2.71	3.50
EPRA earnings per share (pence per share – excluding non recurring tax items)	2.71	3.50
EPRA Net Tangible Assets ("NTA")	1,126,976	1,167,144
EPRA NTA per share	86.7	89.8
EPRA Net Reinstatement Value ("NRV")	1,209,037	1,260,841
EPRA NRV per share	93.0	97.0
EPRA Net Disposal Value ("NDV")	1,104,341	1,153,002
EPRA NDV per share	85.0	88.7
EPRA Net Initial Yield	4.0%	4.1%
EPRA topped-up Net Initial Yield	4.5%	4.5%
EPRA Vacancy Rate	6.5%	7.9%
EPRA Cost Ratios – including direct vacancy costs	33.2%	25.3%
EPRA Cost Ratios – excluding direct vacancy costs	26.7%	20.8%

EPRA PERFORMANCE MEASURES
Unaudited

A. EPRA EARNINGS	31 December 2020 £'000	31 December 2019 £'000
Earnings per IFRS income statement	(10,282)	1,643
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	43,992	20,352
Loss on disposal of investment properties	1,493	22,742
Close-out costs of interest rate SWAP	—	702
EPRA Earnings	35,203	45,439
Basic number of shares	1,299,412	1,299,412
EPRA Earnings per share (pence per share)	2.71	3.50
EPRA Earnings per above	35,203	45,439
Adjustment for non recurring tax items	—	45
	35,203	45,484
EPRA Earnings per share excluding non-recurring tax items	2.71	3.50

B. EPRA Net Tangible Assets	31 December 2020 £'000	31 December 2019 £'000
IFRS NAV	1,126,976	1,167,144
EPRA NTA	1,126,976	1,167,144
EPRA NTA per share	86.7	89.8

C. EPRA Net Reinstatement Value	31 December 2020 £'000	31 December 2019 £'000
EPRA NTA	1,126,976	1,167,144
Real Estate Transfer Tax and other acquisition costs	82,061	93,697
EPRA NRV	1,209,037	1,260,841
EPRA NRV per share	93.0	97.0

D. EPRA Net Disposal Value	31 December 2020 £'000	31 December 2019 £'000
EPRA NTA	1,126,976	1,167,144
Fair value of debt	(22,635)	(14,142)
	1,104,341	1,153,002
EPRA NDV per share	85.0	88.7
Fair value of debt per financial statements	220,484	261,589
Carrying value	197,849	247,447
Fair value of debt adjustment	22,635	14,142

E. EPRA Net Initial Yield and 'topped up' NIY disclosure	31 December 2020 £'000	31 December 2019 £'000
Investment property — wholly owned	1,206,780	1,377,890
Completed property portfolio	1,206,780	1,377,890
Allowance for estimated purchasers' costs	82,061	93,697
Gross up completed property portfolio valuation	1,288,841	1,471,587
Annualised cash passing rental income	56,277	64,348
Property outgoings	(4,456)	(3,837)
Annualised net rents	51,821	60,511
Add: notional rent expiration of rent free periods or other lease incentives	6,014	5,301
Topped-up net annualised rent	57,835	65,812
EPRA NIY	4.0%	4.1%
EPRA "topped-up" NIY	4.5%	4.5%

F. EPRA Cost Ratios	31 December 2020 £'000	31 December 2019 £'000
Administrative/Property operating expense line per IFRS income statement	21,492	18,148
EPRA costs (including direct vacancy costs)	21,492	18,148
Direct vacancy costs	(4,255)	(3,248)
EPRA costs (excluding direct vacancy costs)	17,237	14,900
Gross rental income less ground rent costs	64,656	71,754
EPRA cost ratio (including direct vacancy costs)*	33.2%	25.3%
EPRA cost ratio (excluding direct vacancy costs)*	26.7%	20.8%

* Large increase predominantly due to increase in bad debt provision of £4.784 million

UKCM 2021 Financial Information

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of UK Commercial Property REIT Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

BASIS FOR OPINION

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

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ▲ Investment property valuation; and ▲ Recoverability of rental income receivable. Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk ⟷ Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements in the current year was £13.2m which was determined on the basis of 1% of Net Asset Value.
Scoping	All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries are registered as Guernsey companies and are subject to full scope audits.
Significant changes in our approach	There were no significant changes in our approach in the current year.

CONCLUSIONS RELATING TO GOING CONCERN

Going concern

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

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenged management's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and 5 year forecast models;
- Evaluated the maturity of group debt and the effect of repayment dates on the going concern assumption and the longer term viability of the Group;
- Performed fair value and income sensitivity analysis, which we compared to management stress testing results;
- Reviewed banking covenants to assess compliance as at the balance sheet date; and
- Reviewed the financial statements disclosures and assessed whether the going concern assessment is appropriately disclosed.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment property valuations (⟷)

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
Valuation of investment properties is the key driver of the Group's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. We have pinpointed that the main judgements are around equivalent yields and estimated market rent, in particular in certain property sectors most impacted by COVID-19, and thus this was the focus of our key audit matter. Valuation of the investment property is the most judgmental area of the financial statements and therefore the most susceptible to fraudulent manipulation. Given the level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Management's valuation is based on the external valuation provided by CBRE Limited, chartered surveyors. The valuation of the investment property portfolio at 31 December 2021 amounted to £1,508m (2020: £1,173m). Refer to notes 1(b), 1(h) of Accounting policies on pages 76–77 and note 10 on pages 83–86 of the Notes to the Financial Statements. Also refer to the Audit Committee Report pages 58–60.	We performed the following: ▲ Obtained an understanding of the relevant controls in relation to the valuation process; ▲ Evaluated the competence, capability and objectivity of the external valuer in order to obtain an understanding of the work of that expert; ▲ With the involvement of our real estate specialists we challenged the external valuer on their valuation process and assumptions, performance of the portfolio, significant assumptions and significant judgements, by benchmarking the valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ▲ Performed audit procedures to assess the integrity of information provided to the external valuer, including testing on a sample basis back to underlying lease agreements; and ▲ Reviewed the financial statements disclosures and assessed whether the significant judgements and estimations are appropriately disclosed.	We concluded that the fair value of the Group's investment property valuation as determined by management is appropriate.

Recoverability of rental income receivable

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
As a result of COVID-19, rent collection levels are below what has historically been collected and this has resulted in an increase in the bad debt provision. There is a risk that the Group's revenue has not been recognised correctly due to inadequate impairment of the rental income receivable. The impact of the COVID-19 pandemic and associated lockdowns and social restrictions on certain tenants may result in rental payments no longer being made due to cash flow difficulties. We therefore identified a key audit matter in relation to the recoverability of rental income and the impairment assessment on rental income receivable for the Group as at the reporting date. Given the high level of judgement and estimation uncertainty involved, we have determined there is the potential for management bias. Management perform a bottom up process of reviewing every tenant that has rent outstanding to identify and quantify the provision related to bad debts due from rental debtors. The provision for bad debts included in the financial statements at 31 December 2021 is £5.33m (2020: £5.74m). Refer to notes 1(b), 1(m) of Accounting policies on pages 76–77 and note 12 on pages 86–87 of the Notes to the Financial Statements. Also refer to the Audit Committee Report pages 58-60.	We performed the following: ▲ Obtained an understanding of the management's processes and obtained an understanding of relevant controls relating to the recoverability of rental income; ▲ Tested the considerations used by management to recalculate the rent receivable amount and assess the provisions applied; ▲ Assessed the ageing of income accrued and tested the recoverability for a sample of balances with regard to cash received after the balance sheet date; ▲ To address the ongoing risks around recoverability, reviewed the Group's Expected Credit Loss workings, which should correspond to the assessed recoverability of accrued rental income recognised at year end, and assessed whether these align to IFRS 9; and ▲ Assessed whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.	We concluded that the bad debt provision as determined by management is appropriate.

OUR APPLICATION OF MATERIALITY

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

£13.2 million (2020: £11.3 million)

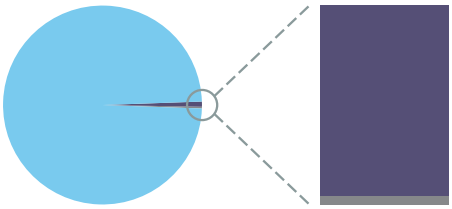
Basis for determining materiality

1% of the Net Asset Value, in line with prior year.

Rationale for the benchmark applied

Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net Assets was selected as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA Adjusted Profit After Tax as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. We applied a lower level materiality of £1.7m (2020: £1.8m), which equates to 5% (2020: 5%) of that measure for testing all balances impacting that measure.



NAV £1,325 million

Group materiality £13.2 million

Audit Committee reporting threshold £0.7 million

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2021 audit (2020: 60%). In determining performance materiality, we considered the following factors:

A. The impact of COVID-19 on the Group's operations in the year and on the wider real estate sector;
B. The fact that we have not identified any significant changes in business structure; and
C. Our experience from previous audits has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.7m (2020: £0.6m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Scoping

The Group consists of the Company UK Commercial Property REIT Limited and its subsidiaries, which are all registered in Guernsey. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including internal controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office. All of the Group's subsidiaries that are registered as Guernsey companies are subject to full scope audits. We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Our consideration of the control environment

As part of our risk assessment, we assessed the control environment in place at the Investment Manager to the extent relevant to our audit. As part of this we relied upon the controls report of the Investment Manager and adopted a controls reliance approach with respect to the processing and review of rental income.

Our consideration of the control environment

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on pages 22–27. As a part of our audit, we held discussions to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team and relevant internal specialists, including tax and valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Investment property valuation and recoverability of rental income receivable. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008 and the Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This included compliance with the REIT regime rules.

Audit response to risks identified

As a result of performing the above, we identified investment property valuation and recoverability of rental income receivable as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 52;
- The directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 43;
- The directors' statement on fair, balanced and understandable set out on page 54;
- The board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 56;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 57; and
- The section describing the work of the audit committee set out on pages 58–60.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the parent company; or
- The financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors on 16 August 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years, covering the years ending 31 December 2016 to 31 December 2021.

Consistency of the Audit Report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ((‘ESEF RTS’). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Siobhan Durcan
Senior Statutory Auditor
For and on behalf of Deloitte LLP
Recognised Auditor,
St Peter Port, Guernsey

13 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
REVENUE			
Rental income	2	58,307	64,656
Impairment reversal/(loss) on trade receivables		412	(4,784)
Service charge income	3	6,063	6,500
Gains/(losses) on investment properties	10	201,753	(45,485)
Interest income		116	236
Total income		**266,651**	**21,123**
EXPENDITURE			
Investment management fee	4	(8,500)	(8,063)
Direct property expenses	5	(5,343)	(4,845)
Service charge expenses	5	(6,063)	(6,500)
Other expenses	5	(3,229)	(3,800)
Total expenditure		**(23,135)**	**(23,208)**
Operating profit/(loss) before finance costs		**243,516**	**(2,085)**
FINANCE COSTS			
Finance costs	6	(7,283)	(8,197)
Operating profit/(loss) after finance costs		**236,233**	**(10,282)**
Net profit/(loss) from ordinary activities before taxation		236,233	(10,282)
Taxation on profit/(loss) on ordinary activities	7	—	—
Net profit/(loss) for the year		**236,233**	**(10,282)**
Total comprehensive income/(deficit) for the year		**236,233**	**(10,282)**
Basic and diluted earnings per share	9	**18.18p**	**(0.79)p**

All of the profit and total comprehensive income for the year is attributable to the owners of the Company. All items in the above statement derive from continuing operations. Additional EPRA performance measures are on pages 97–99.

The accompanying notes are an integral part of this statement.

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
NON-CURRENT ASSETS			
Investment properties	10	1,508,368	1,172,812
		1,508,368	**1,172,812**
CURRENT ASSETS			
Investment properties held for sale	10	—	10,000
Trade and other receivables	12	50,763	47,432
Cash and cash equivalents		42,121	122,742
		92,884	**180,174**
Total assets		**1,601,252**	**1,352,986**
CURRENT LIABILITIES			
Trade and other payables	13	(27,698)	(28,161)
		(27,698)	**(28,161)**
NON-CURRENT LIABILITIES			
Bank loan	14	(248,326)	(197,849)
Total liabilities		**(276,024)**	**(226,010)**
Net assets		**1,325,228**	**1,126,976**
REPRESENTED BY			
Share capital	15	539,872	539,872
Special distributable reserve		568,891	572,392
Capital reserve		216,465	14,712
Revenue reserve		—	—
Equity shareholders' funds		**1,325,228**	**1,126,976**
Net asset value per share	16	**102.0p**	**86.7p**

The accounts on pages 72–95 were approved and authorised for issue by the Board of Directors on 13 April 2022 and signed on its behalf by:

Ken McCullagh
Director

The accompanying notes are an integral part of this statement.
Company Registration Number: 45387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2021		539,872	572,392	14,712	—	1,126,976
Total comprehensive income		—	—	—	236,233	236,233
Dividends paid	8	—	—	—	(37,981)	(37,981)
Transfer in respect of gains on investment property	10	—	—	201,753	(201,753)	—
Transfer from special distributable reserve		—	(3,501)	—	3,501	—
As 31 December 2021		539,872	568,891	216,465	—	1,325,228

For the year ended 31 December 2020

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2020		539,872	567,075	60,197	—	1,167,144
Total comprehensive income		—	—	—	(10,282)	(10,282)
Dividends paid	8	—	—	—	(29,886)	(29,886)
Transfer in respect of losses on investment property	10	—	—	(45,485)	45,485	—
Transfer from special distributable reserve		—	5,317	—	(5,317)	—
As 31 December 2020		539,872	572,392	14,712	—	1,126,976

The accompanying notes are an integral part of this statement.

CONSOLIDATED
CASH FLOW STATEMENT
For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the year before taxation		236,233	(10,282)
Adjustments for:			
(Gains)/losses on investment properties	10	(201,753)	45,485
Movement in lease incentives	10	(5,877)	(4,805)
Movement in provision for bad debts	12	412	(4,784)
Decrease/(increase) in operating trade and other receivables		2,134	(7,582)
(Decrease)/increase in operating trade and other payables		(464)	5,321
Finance costs	6	7,283	8,197
Cash generated by operations		37,968	31,550
Tax paid		—	(293)
Net cash inflow from operating activities		**37,968**	**31,257**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties	10	(179,861)	(24,669)
Sale of investment properties		74,181	158,194
Capital expenditure	10	(18,077)	(3,570)
Net cash (outflow)/inflow from investing activities		**(123,757)**	**129,955**
CASH FLOWS FROM FINANCING ACTIVITIES			
Facility fee charges from bank financing		(1,020)	(864)
Dividends paid	8	(37,981)	(29,886)
Bank loan drawndown/(repaid)	14	50,000	(50,000)
Bank loan interest paid		(5,831)	(6,704)
Net cash inflow/(outflow) from financing activities		**5,168**	**(87,454)**
Net (decrease)/increase in cash and cash equivalents		**(80,621)**	**73,758**
Opening cash and cash equivalents		**122,742**	**48,984**
Closing cash and cash equivalents		**42,121**	**122,742**
REPRESENTED BY			
Cash at bank		22,879	39,599
Money market funds		19,242	83,143
		42,121	**122,742**

The accompanying notes are an integral part of this statement.

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of Accounting

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the IASB), interpretations issued by the IFRS Interpretations Committee that remain in effect, and to the extent that they have been adopted by the European Union, applicable legal and regulatory requirements of Guernsey law and the Listing Rules of the UK Listing Authority. The audited Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property. The consolidated financial statements are presented in pound sterling.

The Directors have considered the basis of preparation of the accounts and believe that it is still appropriate for the accounts to be prepared on the going concern basis.

(b) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In applying the Group's accounting policies, there were no critical accounting judgements.

Key estimation uncertainties

Fair value of investment properties: Investment property is stated at fair value as at the balance sheet date as set out in note 1(h) and note 10 to these accounts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets and unobservable inputs such as capitalisation rates. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset. These estimates are based on local market conditions existing at the balance sheet date.

Provision for bad debts are also a key estimation uncertainty. These are measured with reference to amounts included as income at the year end but not yet collected. In assessing whether the credit risk of an asset takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Due to the impact of COVID-19 on collection rates there remains a high assessed credit risk, albeit rent collection rates were beginning to normalise at the end of the reporting period. Each individual rental income debtor is reviewed to assess whether it is believed there is a probability of default and expected credit loss given the knowledge and intelligence of the individual tenant and an appropriate provision made. Further analysis with respect to the bad debt provision has been set out in note 12 to these accounts.

(c) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Jersey Property Unit Trusts ("JPUTS") are all controlled via voting rights and hence those entities are consolidated.

(d) Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which is pounds sterling. The financial statements are also presented in pounds sterling. All figures in the financial statements are rounded to the nearest thousand unless otherwise stated.

(e) Revenue Recognition

Rental income, excluding VAT, arising from operating leases (including those containing stepped and fixed rent increases) is accounted for in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Lease premiums paid and rent-free periods granted, are recognised as assets and are amortised over the non-cancellable lease term.

IFRS 15 requires the Group to determine whether it is a principal or an agent when goods or services are transferred to a customer. An entity is a principal if the entity controls the promised good or service before the entity transfers the goods or services to a customer.

An entity is an agent if the entity's performance obligation is to arrange for the provision of goods and services by another party. Any leases entered into between the Group and a tenant require the Partnership to provide ancillary services to the tenant such as maintenance works etc, therefore these service charge obligations belong to the Group. However, to meet this obligation the Group appoints a Managing Agent, Jones Lang Lasalle Inc "JLL" and directs it to fulfil the obligation on its behalf. The contract between the Group and the Managing Agent creates both a right to services and the ability to direct those services. This is a clear indication that the Group operates as a principal and the Managing Agent operates as an agent. Therefore it is necessary to recognise the gross service charge revenue and expenditure billed to tenants as opposed to recognising the net amount.

Interest income is accounted on an accruals basis and included in operating profit.

(f) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged through the Consolidated Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(h) Investment Properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the property.

After initial recognition, investment properties are measured at fair value, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the external valuation provided by CBRE Limited, chartered surveyors, at the Balance Sheet date. The assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

On derecognition, gains and losses on disposals of investment properties are recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve.

Recognition and derecognition occurs when the significant risks and rewards of ownership of the properties have transferred between a willing buyer and a willing seller.

Investment property is transferred to current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

The Group has entered into forward funding agreements with third party developers in respect of certain properties. Under these agreements the Group will make payments to the developer as construction progresses. The value of these payments is assessed and certified by an expert.

Investment properties are recognised for accounting purposes upon completion of contract. Properties purchased under forward funding contracts are recognised at certified value to date.

Management considers each property transaction separately, with an assessment carried out to determine whether the transaction represents an asset acquisition or business combination. In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management consider whether the integrated set of assets and activities acquired contain both input and processes along with the ability to create outputs.

(i) Operating Lease Contracts

The Group has entered into commercial property leases on its investment property portfolio.

The Group as lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. The Group has assessed all leases where it acts as a lessor, based on an evaluation of the terms and conditions of the arrangements, and has determined that the Group retains all the significant risks and rewards of ownership of these properties therefore, the leases are accounted for as operating leases. Where the Group does not retain all the significant risks and rewards of ownership these leases would be classified as finance leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. The Group has assessed all leases where it acts as an intermediate lessor, based on an evaluation of the terms and conditions of the arrangements, and has identified that all head leases have low value at the lease commencement date.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group classifies the sub-leases as operating leases and accounts for the lease payments on a straight-line basis over the lease terms.

(j) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to capital reserves.

(k) Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business being property investment in the United Kingdom. The Directors are of the opinion that the four property sectors analysed throughout the financial statements constitute this single segment, and are not separate operating segments as defined by IFRS 8 Operating Segments.

(l) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value. Cash invested in the abrdn global liquidity fund can be accessed on the same business day.

(m) Trade and Other Receivables

Trade receivables are recognised initially at their transaction price unless they contain a significant financing component, when they are recognised at fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method.

Other receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

A provision for impairment of trade receivables, principally in relation to rent and service charge billings, is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used. The amount of the provision is recognised in the Statement of Financial Position and any changes in provision recognised in the Statement of Comprehensive Income.

(n) Trade and Other Payables

Rental income received in advance represents the pro-rated rental income invoiced before the year end that relates to the period post the year end. VAT payable is the difference between output and input VAT at the year end. Other payables are accounted for on an accruals basis and include amounts which are due for settlement by the Group as at the year end and are generally carried at the original invoice amount. An estimate is made for any services incurred at the year end but for which no invoice has been received.

(o) Reserves

Share Capital

This represents the proceeds from issuing ordinary shares.

Special Distributable Reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buyback of shares and the payment of dividends. Dividends can be paid from all of the below listed reserves.

Capital Reserve

The following are accounted for in this reserve:

- Gains and losses on the disposal of investment properties;
- Increases and decreases in the fair value of investment properties held at the year end.

Revenue Reserve

Any surplus arising from the net profit on ordinary activities after taxation and payment of dividends is taken to this reserve, with any deficit charged to the special distributable reserve.

Treasury Share Reserve

This represents the cost of shares bought back by the Company and held in Treasury. The balance within this reserve is currently nil.

(p) Interest-bearing Borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of arrangement costs associated with the borrowing. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

On maturity, bank loans are recognised at par, which is equivalent to amortised cost. Bank loans redeemed before maturity are recognised at amortised cost with any charges associated with early redemptions being taken to the Statement of Comprehensive Income.

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

Interest Rate Benchmark Reform (Phase 2).

Phase 1 of these reforms pertain to hedge accounting and is not relevant to the Company which does not have any derivative instruments.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

The Group amended its contracts that referenced IBORs prior to the year end and further information is available in note 14.

Annual Improvements to IFRS

The Group has made no adjustments to its financial statements in relation to IFRS Standards detailed in the annual Improvements to IFRS 2018-2020 Cycle (effective for annual reporting periods beginning on or after 1 January 2022). The Group will consider these amendments in due course to see if they will have any impact on the Group.

2. RENTAL INCOME

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Rental income	58,307	64,656

3. SERVICE CHARGE INCOME

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Service charge income	6,063	6,500

Service charges on rented properties are detailed in note 5.

Service charge expenses, are recharged to tenants.

The service charge paid by the Group in respect of void units was £0.7 million (2020: £0.8 million) and is included within note 5 Direct Property Expenses.

4. INVESTMENT MANAGEMENT FEES

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Investment management fee	8,500	8,063

The Group's Investment Manager is Aberdeen Standard Fund Managers Limited.

The Investment Manager received an aggregate annual fee from the Group at an annual rate of 0.60 (2020: 0.60) per cent of the Total Assets.

From 1 April 2022, the Investment Manager will receive an annual fee from the Group at a revised rate of 0.525 per cent on Total Assets up to £1.75 billion, excluding any cash held over £50 million. The fee rate for Total Assets over £1.75 billion, adjusted for the £50 million cash tier, will remain at 0.475 per cent.

In 2021, the Company paid the Investment Manager £396,000 (2020: £240,000) for marketing services which is included in other expenses. The Investment Management agreement is terminable by either of the parties to it on 12 months' notice.

5. EXPENSES

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Direct property expenses	5,343	4,845
Service charge expenses	6,063	6,500
OTHER EXPENSES		
Professional fees (including valuation fees)	2,182	2,919
Directors' fees and expenses	326	272
Marketing fee	396	240
Administration and company secretarial fees	115	85
Regulatory fees	80	156
Auditor's remuneration for:		
Statutory audit	130	128
Non-audit services	—	—
	3,229	3,800

6. FINANCE COSTS

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest on principal loan amount	5,835	6,952
Facility fees	963	842
Amortisation of loan set up fees	485	403
	7,283	8,197

7. TAXATION

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX	236,233	(10,282)
UK Corporation tax at a rate of 19 per cent (2020: 19%)	44,884	(1,953)
Effect of:		
Capital (gains)/losses on Investment properties not taxable	(38,333)	8,642
UK REIT exemption on net income	(6,551)	(6,689)
Total tax charge	—	—

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 July 2018. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate. From 1 April 2023, the rate of UK Corporation Tax will increase to 25%.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that also are required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future. Accordingly, deferred tax is no longer recognised on temporary differences relating to the property rental business or income tax losses previously built up.

The Company owns five Guernsey tax exempt subsidiaries, UK Commercial Property Finance Holdings Limited (UKCPFHL), UK Commercial Property GP Limited (GP), UK Commercial Property Holdings Limited (UKCPHL), UK Commercial Property Estates Limited (UKCPEL) and UK Commercial Property Estates Holdings Limited (UKCPEHL). The GP and UKCPHL are partners in a Guernsey Limited Partnership ("the Partnership"). UKCPFHL and UKCPHL own two JPUTS. UKCPEL and UKCPEHL also own two JPUTS. The Company and its Guernsey subsidiaries have obtained exempt company status in Guernsey so that they are exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey.

On the 21 December 2021 the Company purchased two Luxembourg resident companies, Duke Distribution Centres Sarl and Duke Offices & Developments Sarl. On acquisition these companies automatically fall within the REIT group exemption, as such there is no UK corporation tax liabilities associated with these companies.

8. DIVIDENDS

DIVIDENDS ON ORDINARY SHARES	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interim dividends paid per ordinary share:		
2020 Fourth interim: property income dividend ("PID") of 0.46p per share paid 26 February 2021 (2019 Fourth interim: PID of 0.506p and Ordinary dividend ("Non-PID") of 0.414p)	5,977	11,955
2020 Fifth interim: PID of 0.531p per share paid 21 May 2021 (2020 Fifth interim: nil)	6,900	—
2021 First interim: PID of 0.644p paid 28 May 2021 (2020 First interim: PID of 0.46p)	8,368	5,977
2021 Second interim: PID of 0.644p paid 27 August 2021 (2020 Second interim: PID of 0.46p)	8,368	5,977
2021 Third interim: PID of 0.423p and Non-PID of 0.221p paid 26 November 2021 (2020 Third interim: PID of 0.46p)	8,368	5,977
	37,981	**29,886**

A fourth interim, PID of 0.466p, Non-PID of 0.284p was paid on 25 February 2022 to shareholders on the register on 11 February 2022. Although this payment relates to the year ended 31 December 2021, under International Financial Reporting Standards it will be accounted for in the year ending 31 December 2022.

9. BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December 2021	Year ended 31 December 2020
Weighted average number of shares	1,299,412,465	1,299,412,465
Net profit/(Loss) (£)	236,232,720	(10,281,506)
Basic and diluted earnings per share (pence)	18.18	(0.79)
EPRA earnings per share (pence)[1]	**2.65**	**2.71**

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share are based on the net profit of the year divided by the weighted average number of Ordinary Shares in issue during the period.

1 A breakdown of the calculation is detailed in the table A. EPRA Earnings on page 97.

10. INVESTMENT PROPERTIES

FREEHOLD AND LEASEHOLD PROPERTIES	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening valuation	1,182,812	1,358,391
Purchase at cost	179,861	24,669
Capital expenditure	18,077	3,570
Gain/(loss) on revaluation to market value	209,635	(39,187)
Disposals at prior year valuation	(76,140)	(159,826)
Lease incentive movement	(5,877)	(4,805)
Total fair value at 31 December	1,508,368	1,182,812
Less: reclassified as held for sale	—	(10,000)
Fair value as at 31 December	1,508,368	1,172,812

GAINS/(LOSSES) ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE		
Valuation gains/(losses)	209,635	(39,187)
Movement in provision for lease incentives	(5,877)	(4,805)
Loss on disposal	(2,005)	(1,493)
	201,753	(45,485)

LOSS ON INVESTMENT PROPERTIES SOLD		
Original cost of investment properties	(76,483)	(161,109)
Sale proceeds less sales costs	74,478	158,194
Loss on investment properties sold	(2,005)	(2,915)
Recognised in previous periods	(2,285)	(8,623)
Recognised in current period	280	5,708
	(2,005)	(2,915)

Given the objectives of the Group and the nature of its investments, the Directors believe that the Group has only one asset class, that of Commercial Property.

CBRE Limited, (the "Property Valuer") completed a valuation of Group investment properties as at 31 December 2021 on the basis of fair value in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) 'RICS Valuation — Global Standards 2017 (the 'Red Book'). For most practical purposes there would be no difference between Fair Value (as defined in IFRS 13) and Market Value. The Property Valuer, in valuing the portfolio, is acting as an 'External Valuer', as defined in the Red Book, exercising independence and objectivity. The Property Valuer's opinion of Fair Value has been primarily derived using comparable recent market transactions in order to determine the price that would be received to sell an asset in an orderly transaction between market participants at the valuation date. The fair value of these investment properties amounted to £1,537,450,000 (2020: £1,206,780,000).

The difference between the fair value and the value per the consolidated balance sheet at 31 December 2021 consists, in the main, to accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling £30,181,000 (2020: £24,304,000) which is separately recorded in the accounts as a current asset. In addition a balance of £321,000 (2020: £336,000) has been offset against the lease incentive representing the reduction in the lease incentive provided for as part of the provision for bad debts giving a net lease incentive balance of £29,860,000 (2020: £23,968,000). In addition, an accrued development sum of £778,000 (2020: nil) is recognised in arriving at the total fair value of £1,508,368,000 (2020: £1,182,812,000).

The Group has entered into leases on its property portfolio as lessor (See note 20 for further information).

- No one property accounts for more than 15 per cent of the gross assets of the Group.
- All leasehold properties have more than 60 years remaining on the lease term.
- There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal.

However, the Group's investments comprise UK commercial property, which may be difficult to realise.

The property portfolio's fair value as at 31 December 2021 has been prepared adopting the following assumptions:

- That, where let, the Estimated Net Annual Rent (after void and rent free period assumptions) for each property, or part of a property, reflects the terms of the leases as at the date of valuation. If the property, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent the Property Valuer considers would be obtainable on an open market letting as at the date of valuation.
- The Property Valuer has assumed that, where let, all rent reviews are to be assessed by reference to the estimated rental value calculated in accordance with the terms of the lease. Also there is the assumption that all tenants will meet their obligations under their leases and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge.
- The Property Valuer has not made any adjustments to reflect any liability to taxation that may arise on disposal, nor any costs associated with disposals incurred by the owner.
- The Property Valuer assumes an initial yield in the region of 1.48 to 7.73 per cent, based on market evidence. For the majority of properties, the Property Valuer assumes a reversionary yield in the region of 3.11 to 11.70 per cent.
- The Property Valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of Fair Value when the Investment Manager advises of the presence of such materials.

The majority of the leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs or maintenance to its investment properties.

The following disclosure is provided in relation to the adoption of IFRS 13 Fair Value Measurement. All properties are deemed Level 3 for the purposes of Fair Value measurement and the current use of each property is considered the highest and best use. There have been no transfers from Level 3 in the year. The Fair Value of completed investment property is determined using a yield methodology. Under this method, a property's Fair Value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, this method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate (capitalisation rate) is applied to establish the present value of the cash inflows associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related void or rent-free periods, reletting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. Set out below are the valuation techniques used for each property sector plus a description and quantification of the key unobservable inputs relating to each sector. There has been no change in valuation technique in the year.

Fair Value by sector as at 31 December 2021

Sector	Fair Value at 31 December 2021 (£m)	Valuation techniques	Unobservable inputs	Range (weighted average)
Industrial	960.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£4 – £19 (£9) 3.0% – 7.0% (3.7%)
Office	215.9	Yield methodology	Annual rent per sq ft Capitalisation rate	£21 – £51 (£29) 3.4% – 7.3% (5.8%)
Retail	163.7	Yield methodology	Annual rent per sq ft Capitalisation rate	£11 – £25 (£17) 4.4% – 6.9% (5.5%)
Alternatives	168.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£0 – £18 (£15) 6.2% – 7.8% (5.5%)

Fair Value by sector as at 31 December 2020

Sector	Fair Value at 31 December 2020 (£m)	Valuation techniques	Unobservable inputs	Range (weighted average)
Industrial	685.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£5 – £16 (£8) 3.8% – 6.7% (4.8%)
Office	167.7	Yield methodology	Annual rent per sq ft Capitalisation rate	£16 – £57 (£20) 3.3% – 8.7% (5.3%)
Retail	199.6	Yield methodology	Annual rent per sq ft Capitalisation rate	£16 – £265 (£27) 3.6% – 7.7% (5.7%)
Alternatives	130.1	Yield methodology	Annual rent per sq ft Capitalisation rate	£0 – £25 (£15) 5.5% – 6.3% (5.8%)

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, which could be caused by a number of factors. The movement of 50 basis points is based on past observed data.

As at 31 December 2021

Sector	Assumption	Movement	Effect on valuation
Industrial	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £122.3 million Increase £163.4 million
Office	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £20.5 million Increase £24.8 million
Retail	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £15.6 million Increase £18.8 million
Alternatives	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £6.7 million Increase £7.8 million

As at 31 December 2020

Sector	Assumption	Movement	Effect on valuation
Industrial	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £73.3 million Increase £92.7 million
Office	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £15.6 million Increase £19.1 million
Retail	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £15.6 million Increase £18.8 million
Alternatives	Capitalisation rate	+ 50 basis points – 50 basis points	Decrease £9.4 million Increase £10.8 million

Investment property valuation process

The valuations of investment properties are performed quarterly on the basis of valuation reports prepared by independent and qualified valuers and reviewed by the Property Valuation Committee of the Company.

These reports are based on both:

- Information provided by the Investment Manager such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Investment Manager's financial and property management systems and is subject to the Investment Manager's overall control environment.
- Assumptions and valuation models used by the valuers — the assumptions are typically market related, such as yields. These are based on their professional judgment and market observation.

The information provided to the valuers and the assumptions and valuation models used by the valuers are reviewed by the Investment Manager. This includes a review of Fair Value movements over the period.

Asset held for sale

At the current year end there are no assets categorised as held for sale. At the prior year end, there was one asset held for sale, 140-145 King's Road, London. The asset was shown at Fair Value in the Balance Sheet as a held for sale asset and included within the investment property table shown in this note.

11. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL Limited owns 100 per cent of the issued share capital of UK Commercial Property Estates Limited, a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL also owns 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both are UK companies, whose principal business is that of an investment and property company. During the financial year UKCPEHL purchased 100 per cent of the issued share capital of Duke Distribution Centres Sarl and Duke Offices & Developments Sarl, both companies are incorporated in Luxembourg with the principal business being to hold and manage investment properties for rental income.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCPFHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL owns 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business is that of a nominee company. UKCPFHL owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income.

UKCPT Limited Partnership, (LP), is a Guernsey limited partnership, whose principal business is to hold and manage investment properties for rental income. UKCPHL and GP, have a partnership interest of 99 and 1 per cent respectively in the LP. The GP is the general partner and UKCPHL is a limited partner of the LP.

In addition, the Group controls four JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, Kew Retail Park Unit Trust and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

As at 31 March 2021, Brixton Radlett Property Limited, UK Commercial Property Estates (Reading) Limited, the GP, Nominee and the Limited Partnership were all placed in the hands of liquidators as part of a solvent liquidation process and the conclusion of this process is due to conclude in the first half of 2022.

12. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Trade receivables	15,090	20,634
Lease incentives	30,181	24,304
Other debtors and prepayments	5,492	2,494
	50,763	**47,432**

Provision for bad debts as at 31 December 2020/2019	5,739	955
Movement in the year	(412)	4,784
Provision for bad debts as at 31 December 2021/2020	**5,327**	**5,739**

The ageing of these receivables is as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Less than 6 months	953	2,725
Between 6 and 12 months	1,403	2,192
Over 12 months	2,971	822
	5,327	**5,739**

Other debtors include tenant deposits of £2,439,000 (2020: £2,518,000) and a net VAT receivable position of £2,549,000 (2020: VAT payable), a direct result of the VAT refund due on the purchase of Kantar House, London.

All other debtors are due within one year. No other debts past due are impaired in either year.

13. TRADE AND OTHER PAYABLES

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Rental income received in advance	12,161	13,512
Investment Manager fee payable	2,327	1,993
Other payable	13,210	12,656
	27,698	**28,161**

Other payables include tenant deposits of £2,439,000 (2020: £2,518,000), bank loan interest payments of £1,637,000 (2020: £1,646,000) and transaction cost accruals totalling £4,120,000 (2020: £482,000). The level of accrued transaction costs reflect the timing of portfolio acquisitions near the end of 2021.

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

14. BANK LOAN AND INTEREST RATE SWAPS

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Total facilities available	350,000	350,000
Drawn down:		
Barclays facility	50,000	—
Barings facility	200,000	200,000
Set up costs incurred	(6,628)	(6,628)
Accumulated amortisation of set up costs	4,954	4,477
Total due	**248,326**	**197,849**

As at 31 December 2021

Movements in bank loan and interest rates swaps arising from financing activities	At 1 Jan 2020 £'000	Cash flows £'000	Other changes £'000	At 31 Dec 2021 £'000
Bank Loan	197,849	50,000	477	248,326

(i) Barclays Facility

The Group has a £150 million revolving credit facility ("RCF"), maturing in April 2024, with Barclays Bank plc. Initially this facility was granted at a margin of 1.70 per cent above LIBOR, however as part of the interest rate reform guidelines this facility transitioned to a risk-free rate (RFR), SONIA, interest basis prior to the financial year end. The RCF was taken out by UKCPEH and is cancellable at any time. The RCF was initially taken out by UKCPEL as a £50 million RCF in April 2015 at a margin of 1.50 per cent above LIBOR and was increased and extended in February 2019. On the 16 December 2021 UKCPEL drew down £50 million from the facility (2020: a repayment of £50 million was made). The RCF has a non-utilisation fee of 0.68 per cent per annum (0.60 per cent per annum prior to February 2019) charged on the proportion of the RCF not utilised on a pro-rata basis.

As at 31 December 2021, £100 million (2020: £150 million) remained unutilised. The RCF is secured on the property portfolio held by UKCPEH. Under bank covenants related to the RCF, UKCPEH is to ensure that at all times:

- The loan to value percentage does not exceed 60 per cent.
- Interest cover at the relevant payment date is not less than 175 per cent and projected over the course of the proceeding 12 months is not less than 175 per cent.

UKCPEH met all covenant tests during the year for the RCF.

Transition to SONIA from LIBOR

The London Interbank Offer Rate (LIBOR) was one of the main interest rate benchmarks used in financial markets to determine interest rates for financial contracts globally. The low volume of underlying transactions since the global financial crisis in 2008/2009 made LIBOR unsustainable and as a result, and in line with announcements from the Financial Conduct Authority (FCA), 24 of the 35 LIBOR settings ceased from 1 January 2022. Various risk-free rates are available as an alternative to LIBOR including the Sterling Overnight Index Average (SONIA) benchmark.

The Directors have taken steps, before the deadline date for transition, to ensure that any exposure to LIBOR was identified and actions taken to rebase and redocument any financial contracts where LIBOR was previously used. This led to minor amendments to operational processes to cater for this change but there is no material impact on the assets and liabilities of the Group as a result of the phasing out of LIBOR.

(ii) Barings Facility

The Group has a £100 million facility, maturing in April 2027, with Barings Real Estate Advisers, a member of the MassMutual Financial Services Group. The loan was taken out by UKCFH. As at 31 December 2021, the facility was fully drawn (31 December 2020: Fully drawn). The bank loan is secured on a portfolio of seven properties held within UKCFH. Under bank covenants related to the loan UKCFH is to ensure that at all times:

- The loan to value percentage does not exceed 75 per cent.
- Interest cover at the relevant payment date and also projected over the course of the proceeding 12 months is not less than 200 per cent.

UKCFH met all covenant tests during the year for this facility.

Interest is payable by UKCFH at a fixed rate equal to the aggregate of the equivalent 12-year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 3.03 per cent per annum. There are no interest rate swaps in place relating to this facility.

The Group took out a second £100 million facility in February 2019, maturing in February 2031, with Barings Real Estate Advisers. The loan was taken out by UKCFH. As at 31 December 2021, the facility was fully drawn (31 December 2020: Fully drawn). The bank loan is secured on a portfolio of seven properties held within UKCFH. This facility has the same covenant tests as the 2027 facility outlined above. UKCFH met all covenant tests during the year for this facility.

Interest is payable by UKCFH at a fixed rate equal to the aggregate of the equivalent 12 year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 2.72 per cent per annum. There are no interest rate swaps in place relating to this facility.

In the event that the Barings facilities were repaid in advance of their maturity date would incur an early repayment charge. Although the Company has no intention of doing so, as at 31 December 2021, the charge would be £20,509,000.

15. SHARE CAPITAL ACCOUNTS

SHARE CAPITAL	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening balance	539,872	539,872
Share capital as at 31 December	539,872	539,872

Number of shares in issue and fully paid at the year end being 1,299,412,465 (2020: 1,299,412,465) of 25p each.

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held. The Articles of Association of the Company allow for an unlimited number of shares to be issued, subject to restrictions placed by AGM resolutions. There are no restrictions on the shares in issue.

16. NET ASSET VALUE PER SHARE

	Year ended 31 December 2021	Year ended 31 December 2020
Ordinary Shares	1,299,412,465	1,299,412,465
Net assets (£'000)	1,325,228	1,126,976
NAV per share (pence)	**102.0**	**86.7**
EPRA Net Tangible Assets per share[1]	102.0	86.7

1 A breakdown of the calculation is detailed in the table B. EPRA Net Tangible Assets on page 98.

17. RELATED PARTY TRANSACTIONS

No Director has an interest in any transactions which are or were unusual in their nature or significant to the nature of the Group.

Aberdeen Standard Fund Managers Limited, as the Manager of the Group from 10 December 2018, previously Standard Life Investments (Corporate Funds) Limited, received fees for their services as investment managers. Further details are provided in note 4. The total management fee charged to the Statement of Comprehensive Income during the year was £8,500,385 (2020: £8,062,742) of which £2,326,894 (2020: £1,993,4550) remained payable at the year end. The Investment Manager also received £396,000 (£330,000 plus VAT) for marketing services incurred during the year of which £396,000 (2020: £240,000) remained payable at the year end.

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 61–62. Total fees for the year were £325,225 (2020: £272,226) none of which remained payable at the year end (2020: nil). As a result of COVID-19, Directors reduced their fees by 20% from 1 April 2020–31 December 2020.

The Group invests in the abrdn Liquidity Fund which is managed by abrdn. As at 31 December 2021 the Group had invested £19.2 million in the Fund (2020: £83.1 million). No additional fees are payable to abrdn as a result of this investment.

18. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below and remained unchanged during the year.

Fair value hierarchy

The following table shows an analysis of the fair values of investment properties recognised in the balance sheet by level of the fair value hierarchy:

Explanation of the fair value hierarchy:

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

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,537,450	1,537,450

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,206,780	1,206,780

The lowest level of input is the underlying yield on each property which is an input not based on observable market data.

The following table shows an analysis of the fair value of bank loans recognised in the balance sheet by level of the fair value hierarchy:

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	257,486	—	257,486

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	220,484	—	220,484

The lowest level of input is the interest rate applicable to each borrowing as at the balance sheet date which is a directly observable input.

The following table shows an analysis of the fair values of financial instruments and trade receivables and payables recognised at amortised cost in the balance sheet by level of the fair value hierarchy:

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	50,763	—	50,763
Trade and other payables	—	27,698	—	27,698

31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	47,432	—	47,432
Trade and other payables	—	28,161	—	28,161

The lowest level of input was the three-month LIBOR yield curve, which has now changed to SONIA for 31 December 2021, both of which are a directly observable input.

The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short-term maturities of these instruments. Expected maturities are estimated to be the same as contractual maturities.

The fair value of investment properties is calculated using unobservable inputs as described in note 10.

The fair value of the bank loans are estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

There have been no transfers between levels in the year for items held at fair value.

Real Estate Risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of any development schemes may increase if there are delays in the planning process given the inflationary environment. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk overleaf). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees;
- The exposure of the fair values of the portfolio to market and occupier fundamentals such as tenants' financial position.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

At the reporting date, the maturity of the Group's financial assets was:

Financial Assets 2021	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	42,121	—	—	42,121
Trade receivables	15,090	—	—	15,090
Other debtors	5,492	—	—	5,492
	62,703	**—**	**—**	**62,703**

Financial Assets 2020	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	122,742	—	—	122,742
Trade receivables	20,634	—	—	20,634
Other debtors	2,494	—	—	2,494
	145,870	**—**	**—**	**145,870**

In the event of default by a tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and reletting the property until it is relet. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate and minimise the impact of defaults by tenants and provides for rent due by tenants that are assessed to be unlikely to pay through the process set out on page 59.

The Company has a diversified tenant portfolio. The maximum credit risk from the trade receivables of the Group at 31 December 2021 is £15,090,000 (2020: £20,634,000). The Group holds rental deposits of £2,439,000 (2020: £2,518,000) as potential collateral against tenant arrears/defaults. All tenant deposits are in line with market practice. There is no residual credit risk associated with the financial assets of the Group. Other than those included in the provision for bad debts, no financial assets which are due for settlement are impaired. COVID-19 has impacted the ability of tenants to pay rents and hence the credit risk associated with trade receivables has increased during this time. The provision for bad debts is adjusted, on a tenant-by-tenant basis, to reflect the evolving risk position. During the year this provision decreased by £0.412 million to £5.327 million (2020: increased £4.78 million to £5.739 million).

All of the cash is placed with financial institutions with a credit rating of A or above. £19.2 million (2020: £83.1 million) of the year end cash balance is held in the abrdn Liquidity Fund, which is a money market fund and has a triple A rating. Bankruptcy or insolvency of a financial institution may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, the Investment Manager would move the cash holdings to another financial institution subject to restrictions under the loan facilities.

Fair value of trade and other receivables and payables are materially equivalent to their amortised cost.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. While commercial properties are not immediately realisable, the Group has sufficient cash resources to meet liabilities.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager investing in a diversified portfolio of prime real estate and placing cash in liquid deposits and accounts. This is monitored on a quarterly basis by the Board. In certain circumstances, the terms of the Group's bank loan entitles the lender to require early repayment, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the ordinary shares could be adversely affected.

As at 31 December 2021 the cash balance was £42,121,000 (2020: £122,742,000).

At the reporting date, the contractual maturity of the Group's liabilities, which are considered to be the same as expected maturities, are outlined in the table below:

Financial Liabilities 2021	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	51,438	4,313	236,351	292,102
Other creditors	25,371	—	—	25,371
	76,809	**4,313**	**236,351**	**317,473**

Financial Liabilities 2020	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	1,438	4,313	241,400	247,151
Other creditors	26,515	—	—	26,515
	27,953	**4,313**	**241,400**	**273,666**

The amounts in the table are based on contractual undiscounted payments.

Interest rate risk

The cash balance as shown in the Balance Sheet, is its carrying amount and has a maturity of less than one year.

Interest is receivable on cash at a variable rate ranging from 0.2 per cent to 0.6 per cent at the year end and deposits are re-priced at intervals of less than one year.

Reflecting current expectations around interest, an increase of 1 per cent in interest rates as at the reporting date would have increased the reported profit by £0.42 million (2020: increased the reported profit by £1.2 million). A decrease of 1 per cent would have reduced the reported profit £0.42 million (2020: decreased the reported profit by £1.2 million). The effect on equity is nil (excluding the impact of a change in retained earnings as a result of a change in net profit).

Interest rate risk arises on the interest payable on the RCF only, as the interest payable on the other facilities are at fixed rates. At 31 December 2021, the drawdown on the RCF was £50 million (2020: Nil) so an increase of 1% on the year-end SONIA rate would have a £500,000 decrease on the reported profit (2020: Nil). A decrease of 1% on the year-end SONIA rate would have a £500,000 increase on the reported profit (2020: Nil). Assumptions are based on the RCF drawdown remaining at £50 million for the full year (2020: Nil), based on the exposure to interest rates at the reporting date, and all other variables being constant. During the year, the Group amended its bank facilities in line with Interest Rate Benchmark Reform with the RCF now referencing SONIA and further details are provided in note 1(p).

The other financial assets and liabilities of Group are non-interest bearing and are therefore not subject to interest rate risk.

Foreign currency risk

There was no foreign currency risk as at 31 December 2021 or 31 December 2020 as assets and liabilities of the Group are maintained in pounds sterling.

Capital management policies

The Group considers that capital comprises issued ordinary shares, net of shares held in treasury, and long-term borrowings. The Group's capital is deployed in the acquisition and management of property assets meeting the Group's investment criteria with a view to earning returns for shareholders which are typically made by way of payment of regular dividends. The Group also has a policy on the buyback of shares which it sets out in the Directors' Authority to Buyback Shares section of the Directors' Report.

The Group's capital is managed in accordance with its investment policy which is to hold a diversified property portfolio of freehold and long leasehold UK commercial properties. The Group invests in income producing properties. The Group will principally invest in four commercial property sectors: office, retail, industrial and alternatives. The Group is permitted to invest up to 15 per cent of its Total Assets in indirect property funds and other listed investment companies. The Group is permitted to invest cash, held by it for working capital purposes and awaiting investments, in cash deposits, gilts and money market funds.

The Group monitors capital primarily through regular financial reporting and also through a gearing policy. Gearing is defined as gross borrowings divided by total assets less current liabilities. The Group's gearing policy is set out in the Investment Policy section of the Report of the Directors. The Group is not subject to externally imposed regulatory capital requirements but does have banking covenants which it monitors and reports on a quarterly basis. Included in these covenants are requirements to monitor loan to value ratios which is calculated as the amount of outstanding debt divided by the market value of the properties secured. The Group's loan-to-value ratio is shown below. The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan arrangements in the year to 31 December 2021.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Carrying amount of interest-bearing loans and borrowings	248,326	197,849
External valuation of completed investment property and assets held for sale (excluding lease incentive adjustment)	1,537,450	1,206,780
Loan-to-value ratio	16.2%	16.4%

The Group's capital balances are set out on page 73 and are regarded as the Group's equity and net debt.

19. CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 31 December of £41.8 million in relation to three developments.

The Company has committed to forward fund a new 230-bed student accommodation development in Edinburgh together with a student residential development in Exeter. The completion of both is expected to match the start of the 2022/23 academic year.

The Company also acquired, during 2021, a forward funding three warehouse unit site known as "Sussex Junction". This development is fully underway and completion is expected towards the end of 2022.

20. LEASE ANALYSIS

The Group leases out its investment properties under operating leases.

The future income under non-cancellable operating leases, based on the unexpired lease length at the year end was as follows (based on total rentals):

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Within one year	68,672	51,523
Between one and two years	66,842	57,149
Between two and three years	62,038	53,776
Between three and four years	55,589	49,168
Between four and five years	50,049	43,923
Over five years	316,141	316,534
Total	**619,331**	**572,073**

The largest single tenant at the year end accounted for 5.1 per cent (2020: 5.4 per cent) of the annualised rental income at 31 December 2021. The unoccupied property expressed as a percentage of annualised total rental value was 2.1 per cent (2020: 6.5 per cent) at the year end. The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years. Analysis of the nature of investment properties and leases are provided in the Property Portfolio & Analysis section on pages 29–31.

21. EVENTS AFTER THE BALANCE SHEET DATE

A fourth interim dividend comprised of, PID of 0.466p and Non-PID of 0.284p was paid to shareholders on the 25 February 2022.

EPRA PERFORMANCE MEASURES
Unaudited

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The rationale behind each of these measures is set out below. abrdn consider EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and report this as our primary non-IFRS NAV measure.

Rationale:

EPRA Net Tangible Assets:

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA Net Reinstatement Value:

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Disposal Value:

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net.

EPRA performance measures: Summary Table

	31 December 2021 Total £'000	31 December 2020 Total £'000
EPRA earnings	34,480	35,203
EPRA earnings per share (pence per share)	2.65	2.71
EPRA Net Tangible Assets ("NTA")	1,325,228	1,126,976
EPRA NTA per share	102.0	86.7
EPRA Net Reinstatement Value ("NRV")	1,429,775	1,209,037
EPRA NRV per share	110.0	93.0
EPRA Net Disposal Value ("NDV")	1,316,068	1,104,341
EPRA NDV per share	101.3	85.0
EPRA Net Initial Yield	3.5%	4.0%
EPRA topped-up Net Initial Yield	3.8%	4.5%
EPRA Vacancy Rate	2.1%	6.5%
EPRA Cost Ratios – including direct vacancy costs	28.6%	33.2%
EPRA Cost Ratios – excluding direct vacancy costs	23.2%	26.7%

	31 December 2021 £'000	31 December 2020 £'000
A. EPRA Earnings		
Earnings per IFRS income statement	236,233	(10,282)
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	(203,758)	43,992
Loss on disposal of investment properties	2,005	1,493
EPRA Earnings	34,480	35,203
Basic number of shares	1,299,412	1,299,412
EPRA Earnings per share (pence per share)	2.65	2.71

EPRA PERFORMANCE MEASURES
Unaudited

B. EPRA Net Tangible Assets	31 December 2021 £'000	31 December 2020 £'000
IFRS NAV	1,325,228	1,126,976
EPRA NTA	1,325,228	1,126,976
EPRA NTA per share	102.0	86.7

C. EPRA Net Reinstatement Value	31 December 2021 £'000	31 December 2020 £'000
EPRA NTA	1,325,228	1,126,976
Real Estate Transfer Tax and other acquisition costs	104,547	82,061
EPRA NRV	1,429,775	1,209,037
EPRA NRV per share	110.0	93.0

D. EPRA Net Disposal Value	31 December 2021 £'000	31 December 2020 £'000
EPRA NTA	1,325,228	1,126,976
Fair value of debt	(9,160)	(22,635)
	1,316,068	1,104,341
EPRA NDV per share	101.3	85.0
Fair value of debt per financial statements	257,486	220,484
Carrying value	248,326	197,849
Fair value of debt adjustment	9,160	22,635

E. EPRA Net Initial Yield and 'topped up' NIY disclosure	31 December 2021 £'000	31 December 2020 £'000
Investment property — wholly owned	1,537,450	1,206,780
Completed property portfolio	1,537,450	1,206,780
Allowance for estimated purchasers' costs	104,547	82,061
Gross up completed property portfolio valuation	1,641,997	1,288,841
Annualised cash passing rental income	62,900	56,277
Property outgoings	(4,883)	(4,456)
Annualised net rents	58,017	51,821
Add: notional rent expiration of rent free periods or other lease incentives	4,366	6,014
Topped-up net annualised rent	62,383	57,835
EPRA NIY	3.5%	4.0%
EPRA "topped-up" NIY	3.8%	4.5%

F. EPRA Cost Ratios	31 December 2021 £'000	31 December 2020 £'000
Administrative/Impairment on trade receivables/Property operating expense lines per IFRS income statement	16,660	21,492
EPRA Costs (including direct vacancy costs)	16,660	21,492
Direct vacancy costs	(3,128)	(4,255)
EPRA Costs (excluding direct vacancy costs)	13,532	17,237
Gross Rental income less ground rent costs	58,307	64,656
EPRA Cost Ratio (including direct vacancy costs)*	28.6%	33.2%
EPRA Cost Ratio (excluding direct vacancy costs)*	23.2%	26.7%

* Large decrease predominantly due to the movement in bad debt provisioning and write-offs.

G. Like-for-like rental growth reporting	Rental growth £'000 2021	Portfolio value by sector £'000 2021	Rental growth £'000 2020	Portfolio value by sector £'000 2020
Sector:				
Industrial	6,081	975,020	795	697,075
Offices	4,055	219,100	303	198,325
Retail	2,376	186,225	(425)	158,950
Alternatives	(126)	157,105	373	152,430
Total portfolio value	12,386	1,537,450	1,046	1,206,780

Rental growth figures have been computed based on the movement in estimated rental values from prior to current year-end.

All properties held within the portfolio are located within the UK.

H. Property-related CapEx	31 December 2021 £'000	31 December 2020 £'000
Acquisitions	179,861	24,669
Development	15,274	1,066
Investment properties:		
Incremental lettable space	—	—
No incremental lettable space	2,803	2,504
Tenant incentives	2,128	1,815
Other material non-allocated types of expenditure	—	—
Total capital expenditure incurred	200,066	30,054

UKCM 2022 Financial Information

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion the financial statements of UK Commercial Property REIT Limited (the 'parent company') and its subsidiaries (the 'Group'):
give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its profit for the year then ended;
have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:
the consolidated statement of comprehensive income;
the consolidated balance sheet;
the consolidated statement of changes in equity;
the consolidated cash flow statement; and
the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as issued by the IASB.

2. BASIS FOR OPINION

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

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ▲ Key judgements in the valuation of investment property. Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk ⟷ Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements in the current year was £9.1million which was determined on the basis of 1% of net asset value.
Scoping	All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries are registered as Guernsey companies and are subject to full scope audits.
Significant changes in our approach	There were no significant changes in our approach in the current year, except for the removal of the recoverability of rental income receivable as a key audit matter. This was removed as the impact of COVID-19 on the Group had significantly reduced during the period under audit.

4. CONCLUSIONS RELATING TO GOING CONCERN

Going concern

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

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluated director's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and 5 year forecast models;
- Evaluated the maturity of Group debt and the effect of repayment dates on the going concern assumption and the longer term viability of the Group;
- Performed fair value and income sensitivity analysis, which we compared to the Group stress testing results;
- Checked banking covenants to assess compliance as at the balance sheet date; and
- Assessed the financial statements disclosures and assessed whether the going concern assessment is appropriately disclosed.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Key judgements in the valuation of investment property

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
Valuation of investment properties is the key driver of the Group's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. The main judgements are around equivalent yields and estimated market rent and thus this was the focus of our key audit matter. Valuation of the investment property is the most judgemental area of the financial statements and therefore the most susceptible to fraudulent manipulation. Given the level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Directors' valuation is based on the external valuation provided by CBRE Limited, chartered surveyors. The valuation of the investment property portfolio at 31 December 2022 amounted to £1,276m (2021: £1,508m). Refer to notes 1(b) and 1(h) of accounting policies on page 80 and note 10 on page 87 of the notes to the financial statements. Also refer to the audit committee report pages 62 to 64.	We performed the following: ▲ Obtained an understanding of the relevant controls in relation to the valuation process; ▲ Evaluated the competence, capability and objectivity of the external valuer in order to obtain an understanding of the work of that expert; ▲ With the involvement of our real estate specialists we challenged the external valuer on their valuation process and assumptions, performance of the portfolio, significant assumptions and significant judgements, by benchmarking the valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ▲ Assessed the integrity of information provided to the external valuer, including testing on a sample basis back to underlying lease agreements; ▲ Assessed the impact of climate change risks on the key assumptions used in the valuation in the investment property; and ▲ Assessed the financial statements disclosures and whether the significant judgements and estimations are appropriately disclosed.	We concluded that the key assumptions used in determining the valuation of the Group's investment property valuation are appropriate.

6. OUR APPLICATION OF MATERIALITY

6.1 Materiality

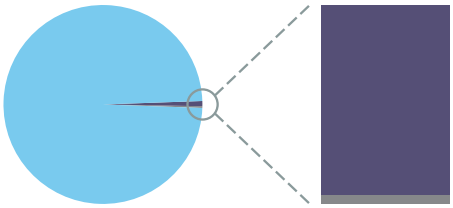
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.

We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group Materiality	£9.18million (2021: £13.2million)
Basis for determining materiality	1% of the net asset value, in line with prior year.
Rationale for the benchmark applied	Net assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net assets was selected as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA Adjusted Profit After Tax as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. We applied a lower level materiality of £2.01m (2021: £1.7m), which equates to 5% (2021: 5%) of that measure for testing all balances impacting that measure, including trade receivables and trade payables.



NAV £911 million

Group materiality £9.18 million

Audit Committee reporting threshold £0.455 million

6.2 Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2022 audit (2021: 60%). In determining performance materiality, we considered the following factors:

A. The reduced impact of COVID-19 on the Group's operations and across the wider real estate sector as a whole;
B. the fact that we have not identified significant changes in the business structure; and
C. our experience from previous audits has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error Reporting Threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.455m (2021: £0.7m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1 Scoping

The Group consists of the Company UK Commercial Property REIT Limited and its subsidiaries, which are all registered in Guernsey. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including internal controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor.

The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office. All of the Group's subsidiaries that are registered as Guernsey companies are subject to full scope audits. We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

7.2 Our Consideration of the Control Environment

The Board of Directors delegates management functions to Abrdn Fund Managers Limited as Investment Manager. As part of our risk assessment, we assessed the control environment in place at the Investment Manager, and obtained an understanding of the relevant controls, such as those related to the financial reporting cycle, and those in relation to our key audit matter.

We have obtained the Assurance Report on Controls at Service Organisations of the Investment Manager, which documents the suitability of the design and operating effectiveness of controls. We have reviewed the report and extracted relevant controls and have adopted a controls reliance approach with respect the rental income and deferred income business area. We further obtained a bridging letter from the Investment Manager detailing that there have not been any material changes to the internal control environment.

There were no other balances where we planned to rely on controls, other than the balances noted above.

7.3 Our Consideration of Climate-Related Risks

As part of our risk assessment, we have considered the potential impact of climate change on the Group's business and its financial statements. We have obtained an understanding of the process for identifying climate-related risks, the processes and controls in place, as well as the determination of any mitigating actions.

The Group continues to develop its assessment of the potential impact of environmental, social and governance ("ESG") related risks, including climate change. As outlined in the ESG disclosures on pages 105 to 111 and strategic overview on pages 20 to 29 the Group considers climate change to be a principal risk within the business, with particular impact on their investment properties. As part of our assessment of our key audit matter, we considered whether there was a heightened element of climate risk in relation to the key judgements in the valuation of investment properties. Whilst this did not have a material impact on the judgements, climate related risks were included as part of our overall challenge on investment properties.

The Directors have assessed that there is currently no material impact arising from climate change on the valuation of investment property. This is disclosed in Note 10 to the financial statements.

We have assessed whether the risks identified by the entity are consistent with our understanding of the Group's business and evaluated whether appropriate disclosures have been made in the financial statements in this regard. The Directors have adopted the Task Force for Climate Related Disclosures and therefore we engaged with our ESG assurance specialists to assist with assessing disclosures in the strategic overview, ESG and TCFD section to consider whether they are materially consistent with the guidelines.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMERCIAL PROPERTY REIT LIMITED
Continued

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1 Identifying and Assessing Potential Risks Related to Irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuation specialists and ESG assurance specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: key judgements in the valuation of investment property. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, the Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This included compliance with the REIT regime rules.

11.2 Audit Response to Risks Identified

As a result of performing the above, we identified key judgements in the valuation of investment property as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and correspondence with the Guernsey Financial Services Commission; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 46;
- the directors' statement on fair, balanced and understandable set out on page 56;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 59;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 60; and
- the section describing the work of the audit committee set out on pages 62 to 64.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1 Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the parent company; or
- The financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1 Auditor Tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 16 August 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 31 December 2016 to 31 December 2022.

15.2 Consistency of the Audit Report with the Additional Report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ((‘ESEF RTS’). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Siobhan Durcan
Senior Statutory Auditor

For and on behalf of Deloitte LLP
Recognised Auditor,
St Peter Port, Guernsey

31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
REVENUE			
Rental income	2	66,930	58,307
Impairment reversal on trade receivables		256	412
Service charge income	3	6,451	6,063
(Losses)/Gains on investment properties	10	(263,090)	201,753
Loss on liquidation of subsidiaries		(117)	—
Total (expense) / income		(189,570)	266,535
EXPENDITURE			
Investment management fee	4	(8,617)	(8,500)
Direct property expenses	5	(6,522)	(6,789)
Service charge expenses	5	(6,451)	(6,063)
Other expenses	5	(2,299)	(1,783)
Total expenditure		(23,889)	(23,135)
Operating (loss)/profit before finance costs		(213,459)	243,400
FINANCE COSTS			
Finance costs	6	(9,181)	(7,283)
Interest income		311	116
Net finance costs		(8,870)	(7,167)
Operating (loss)/profit after finance costs		(222,329)	236,233
Net (loss)/profit from ordinary activities before taxation		(222,329)	236,233
Taxation on profit on ordinary activities	7	—	—
Net (loss)/profit for the year		(222,329)	236,233
Total comprehensive (deficit) / income for the year		(222,329)	236,233
Basic and diluted earnings per share	9	(17.11)p	18.18p
EPRA earnings per share	9	3.15p	2.65p

All of the profit and total comprehensive deficit for the year is attributable to the owners of the Company. All items in the above statement derive from continuing operations. Additional EPRA performance measures are on pages 101 to 104.

The accompanying notes are an integral part of this statement.

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
NON-CURRENT ASSETS			
Investment properties	10	1,275,610	1,508,368
		1,275,610	**1,508,368**
CURRENT ASSETS			
Trade and other receivables	12	52,648	50,763
Cash and cash equivalents		30,861	42,121
		83,509	**92,884**
Total assets		**1,359,119**	**1,601,252**
CURRENT LIABILITIES			
Trade and other payables	13	(31,714)	(27,698)
		(31,714)	**(27,698)**
NON-CURRENT LIABILITIES			
Bank loans	14	(291,686)	(248,326)
Total liabilities		**(323,400)**	**(276,024)**
Net assets		**1,035,719**	**1,325,228**
REPRESENTED BY			
Share capital	15	539,872	539,872
Special distributable reserve		542,472	568,891
Capital reserve		(46,625)	216,465
Revenue reserve		—	—
Equity shareholders' funds		**1,035,719**	**1,325,228**
Net asset value per share	16	**79.7p**	**102.0p**

The accounts on pages 76 to 99 were approved and authorised for issue by the Board of Directors on 31 March 2023 and signed on its behalf by:

Ken McCullagh
Director

The accompanying notes are an integral part of this statement.
Company Registration Number: 45387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total comprehensive deficit		—	—	—	(222,329)	(222,329)
Dividends paid	8	—	—	—	(67,180)	(67,180)
Transfer in respect of loss on investment property	10	—	—	(263,090)	263,090	—
Transfer from special distributable reserve		—	(26,419)	—	26,419	—
As 31 December 2022		**539,872**	**542,472**	**(46,625)**	**—**	**1,035,719**

For the year ended 31 December 2021

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2021		539,872	572,392	14,712	—	1,126,976
Total comprehensive income		—	—	—	236,233	236,233
Dividends paid	8	—	—	—	(37,981)	(37,981)
Transfer in respect of gains on investment property	10	—	—	201,753	(201,753)	—
Transfer from special distributable reserve		—	(3,501)	—	3,501	—
As 31 December 2021		**539,872**	**568,891**	**216,465**	**—**	**1,325,228**

The accompanying notes are an integral part of this statement.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/profit for the year before taxation		(222,329)	236,233
Adjustments for:			
Losses/(gains) on investment properties	10	263,090	(201,753)
Loss on liquidation of subsidiaries		116	—
Movement in lease incentives	10	(2,360)	(5,877)
Movement in provision for bad debts	12	256	412
Increase in operating trade and other receivables		219	2,134
Increase/(decrease) in operating trade and other payables		4,016	(464)
Finance costs	6	9,181	7,283
Cash generated by operations		52,189	37,968
Tax paid		—	—
Net cash inflow from operating activities		**52,189**	**37,968**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties	10	(8,304)	(179,861)
Sale of investment properties		25,609	74,181
Capital expenditure	10	(48,517)	(18,077)
Net cash outflow from operating activities		**(31,212)**	**(123,757)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Facility fee charges from bank financing		(727)	(1,020)
Dividends paid	8	(67,180)	(37,981)
Bank loan drawndown	14	43,000	50,000
Bank loan interest paid		(7,166)	(5,831)
Loan facility set up costs		(164)	—
Net cash (outflow)/inflow from financing activities		**(32,237)**	**5,168**
Net decrease in cash and cash equivalents		**(11,260)**	**(80,621)**
Opening cash and cash equivalents		**42,121**	**122,742**
Closing cash and cash equivalents		**30,861**	**42,121**
REPRESENTED BY			
Cash at bank		21,321	22,879
Money market funds		9,540	19,242
		30,861	**42,121**

The accompanying notes are an integral part of this statement.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of Accounting

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the IASB), interpretations issued by the IFRS Interpretations Committee that remain in effect, and to the extent that they have been adopted by the European Union, applicable legal and regulatory requirements of Guernsey law and the Listing Rules of the UK Listing Authority. The audited Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property. The consolidated financial statements are presented in pound sterling.

The Directors have considered the basis of preparation of the accounts and believe that it is still appropriate for the accounts to be prepared on the going concern basis.

(b) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In applying the Group's accounting policies, there were no critical accounting judgements.

Key Estimation Uncertainties

Fair value of investment properties: Investment property is stated at fair value as at the balance sheet date as set out in note 1(h) and note 10 to these accounts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets and unobservable inputs such as capitalisation rates. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset.

These estimates are based on local market conditions existing at the balance sheet date.

Provision for bad debts are also a key estimation uncertainty. These are measured with reference to amounts included as income at the year end but not yet collected. In assessing whether the credit risk of an asset takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Each individual rental income debtor is reviewed to assess whether it is believed there is a probability of default and expected credit loss given the knowledge and intelligence of the individual tenant and an appropriate provision made. Further analysis with respect to the bad debt position has been set out in notes 1(m),18 (credit risk) and 12 to these accounts.

(c) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Jersey Property Unit Trusts ("JPUTS") are all controlled via voting rights and hence those entities are consolidated.

(d) Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which is pounds sterling. The financial statements are also presented in Pounds Sterling. All figures in the financial statements are rounded to the nearest thousand unless otherwise stated.

(e) Revenue Recognition

Rental income, excluding VAT, arising from operating leases (including those containing stepped and fixed rent increases) is accounted for in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Lease premiums paid and rent free periods granted, are recognised as assets and are amortised over the non-cancellable lease term.

IFRS15 requires the Group to determine whether it is a principal or an agent when goods or services are transferred to a customer. An entity is a principal if the entity controls the promised good or service before the entity transfers the goods or services to a customer.

An entity is an agent if the entity's performance obligation is to arrange for the provision of goods and services by another party. Any leases entered into between the Group and a tenant require the Group to provide ancillary services to the tenant such as maintenance works etc, therefore these service charge obligations belong to the Group. However, to meet this obligation the Group appoints a property agent, Jones Lang Lasalle Inc "JLL" and directs it to fulfil the obligation on its behalf. The contract between the Group and the managing agent creates both a right to services and the ability to direct those services. This is a clear indication that the Group operates as a principal and the managing agent operates as an agent. Therefore it is necessary to recognise the gross service charge revenue and expenditure billed to tenants as opposed to recognising the net amount.

Interest income is accounted on an accruals basis and included in operating profit.

(f) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged through the Consolidated Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(h) Investment Properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the property.

After initial recognition, investment properties are measured at fair value, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the external valuation provided by CBRE Limited, chartered surveyors, at the Balance Sheet date. The assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

On derecognition, gains and losses on disposals of investment properties are recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve.

Recognition and derecognition occurs when the significant risks and rewards of ownership of the properties have transferred between a willing buyer and a willing seller.

Investment property is transferred to current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

The Group has entered into forward funding agreements with third party developers in respect of certain properties. Under these agreements the Group will make payments to the developer as construction progresses. The value of these payments is assessed and certified by an expert. Investment properties are recognised for accounting purposes upon completion of contract. Properties purchased under forward funding contracts are recognised at the lower of the certified value to date or a corresponding residual appraisal valuation. The residual appraisal method estimates the fair value of the completed property less estimated costs to completion and a risk premium. As a development approaches completion, within three to six months of practical completion, an income capitalisation method will be used at that stage with any remaining cost commitments being deducted to give the fair value.

Management considers each property transaction separately, with an assessment carried out to determine whether the transaction represents an asset acquisition or business combination. In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management consider whether the integrated set of assets and activities acquired contain both input and processes along with the ability to create outputs.

(i) Operating Lease Contracts

The Group has entered into commercial property leases on its investment property portfolio.

The Group as Lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. The Group has assessed all leases where it acts as a lessor, based on an evaluation of the terms and conditions of the arrangements, and has determined that the Group retains all the significant risks and rewards of ownership of these properties therefore, the leases are accounted for as operating leases. Where the Group does not retain all the significant risks and rewards of ownership these leases would be classified as finance leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. The Group has assessed all leases where it acts as an intermediate lessor, based on an evaluation of the terms and conditions of the arrangements, and has identified that all head leases have low value at the lease commencement date.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group classifies the sub-leases as operating leases and accounts for the lease payments on a straight-line basis over the lease terms.

(j) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to capital reserves.

(k) Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business being property investment in the United Kingdom. The Directors are of the opinion that the four property sectors analysed throughout the financial statements constitute this single segment, and are not separate operating segments as defined by IFRS 8 Operating Segments.

(l) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value. Cash invested in the abrdn Global Liquidity Fund can be accessed on the same business day.

(m) Trade and Other Receivables

Trade receivables are recognised initially at their transaction price unless they contain a significant financing component, when they are recognised at fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method.

Other receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group loss allowance is based on expected credit loss as calculated using the "provision matrix" approach and a forward looking component based on individual tenant profiles. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

A provision for impairment of trade receivables is established where the Investment Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Consolidated Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income.

(n) Trade and Other Payables

Rental income received in advance represents the pro-rated rental income invoiced before the year end that relates to the period post the year end. VAT payable is the difference between output and input VAT at the year end. Other payables are accounted for on an accruals basis and include amounts which are due for settlement by the Group as at the year end and are generally carried at the original invoice amount. An estimate is made for any services incurred at the year end but for which no invoice has been received.

(o) Reserves

Share Capital

This represents the proceeds from issuing ordinary shares.

Special Distributable Reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buyback of shares and the payment of dividends. Dividends can be paid from all of the below listed reserves.

Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the disposal of investment properties;
- increases and decreases in the fair value of investment properties held at the year end.

Revenue Reserve

Any surplus arising from the net profit on ordinary activities after taxation and payment of dividends is taken to this reserve, with any deficit charged to the special distributable reserve.

Treasury Share Reserve

This represents the cost of shares bought back by the Company and held in Treasury. The balance within this reserve is currently nil.

(p) Interest-bearing Borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of arrangement costs associated with the borrowing. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

On maturity, bank loans are recognised at par, which is equivalent to amortised cost. Bank loans redeemed before maturity are recognised at amortised cost with any charges associated with early redemptions being taken to the Statement of Comprehensive Income.

(q) New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- a change in accounting estimate that results from new information or new developments is not the correction of an error; and
- the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors;

The IASB added two examples (Examples 4–5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

IFRIC: Lessor forgiveness of lease payments (IFRS 9 'Financial Instruments' and IFRS 16 'Leases')

Concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2021, the IASB issued an amendment to IFRS 16 which provided lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. However, the amendments do not apply to lessors. In October 2022, the IFRS Interpretations Committee issued an Agenda Decision that clarified the accounting for rent concessions by lessors.

Lessors must apply IFRS 9 to a rent concession, or a part of a rent concession, that is a forgiveness of rent payments that are recognised as an operating lease receivable on the balance sheet. This includes applying the expected credit loss model to the operating lease receivables in periods prior to the forgiveness, considering expectations around any forgiveness of these amounts. Lessors must apply IFRS 16 lease modification accounting to a rent concession, or a part of a rent concession, that forgives lease payments not yet recognized as an operating lease receivable.

The amendment is effective immediately, the directors of the Group is determining the impact but don't expect it to be material.

Annual Improvements to IFRS

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018–2020 Cycle for the first time in the current year. The Annual improvements include amendments to four standards.

The amendment is effective immediately, the directors of the Group is determining the impact but don't expect it to be material.

- IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

2. RENTAL INCOME

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Rental income	66,930	58,307

3. SERVICE CHARGE INCOME

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Service charge income	6,451	6,063

Service charges on rented properties are detailed in note 5.

Service charge expenses, are recharged to tenants.

The service charge paid by the Group in respect of void units was £0.7 million (2021: £0.7 million) and is included within note 5 Direct Property Expenses.

4. INVESTMENT MANAGEMENT FEES

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Investment management fee	8,617	8,500

The Group's Investment Manager is abrdn Fund Managers Limited.

From 1 April 2022, the Investment Manager received an annual fee from the Group at a revised rate of 0.525 per cent (2021: 0.60 per cent) on Total Assets up to £1.75 billion, excluding any cash held over £50 million. The fee rate for Total Assets over £1.75 billion, adjusted for the £50 million cash tier, will remained at 0.475 per cent.

In 2022, the Company paid the Investment Manager £396,000 (2021: £396,000) for marketing services which is included in other expenses.

The Investment Management agreement is terminable by either of the parties to it on 12 months' notice.

5. EXPENSES

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
DIRECT PROPERTY EXPENSES		
Direct property expenses of let rental units	4,951	4,927
Direct property expenses of vacant units	675	670
Bad debts recognised during the year, net	896	1,192
	6,522	**6,789**
Service charge expenses	**6,451**	**6,063**
OTHER EXPENSES		
Professional fees	705	605
Abortive transaction costs	380	—
Valuation fees*	152	131
Directors' fees and expenses**	263	326
Marketing fees	396	396
Administration and company secretarial fees	161	115
Regulatory fees	92	80
Auditor's remuneration for:		
Statutory audit	150	130
Non audit services	—	—
	2,299	**1,783**

* Valuation fees are charged at the agreed basis being, 0.0022% of valuation plus a cash flow fee per property of £75 per quarter. Fees are billed quarterly consistent with the valuation cycle. The independent valuation agreement is effective from November 2016, initially for 5 years, moving to a quarterly rolling basis.

** Composition and analysis of the Director fees is provided within the Directors Renumeration report on page 65.

6. FINANCE COSTS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest on principal loan amount	7,922	5,835
Facility fees	735	963
Amortisation of loan set up fees	524	485
	9,181	**7,283**

7. TAXATION

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	(222,329)	236,233
UK Corporation tax at a rate of 19 per cent (2021: 19%)	(42,243)	44,884
Effect of:		
Capital losses/(gains) on Investment properties not taxable	49,987	(38,333)
Income not taxable, including interest receivable	(59)	(22)
UK REIT exemption on net income	(7,685)	(6,529)
Total tax charge	—	—

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 July 2018. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate. From 1 April 2023, the rate of UK Corporation Tax will increase to 25%.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that also are required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future. Accordingly, deferred tax is no longer recognised on temporary differences relating to the property rental business or income tax losses previously built up.

The Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. No charge to Guernsey taxation will arise on capital gains.

8. DIVIDENDS AND PROPERTY INCOME DISTRIBUTIONS (PID) GROSS OF INCOME TAX

DIVIDENDS ON ORDINARY SHARES	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interim dividends paid per ordinary share:		
2021 Fourth interim: PID of 0.466p per share, Non-PID of 0.284p per share paid 25 February 2022 (2020 Fourth interim: PID of 0.460p per share)	9,746	5,977
2021 Fifth interim of nil (2020 Fifth interim: PID of 0.531p per share)	—	6,900
2022 First interim: PID of 0.800p paid 27 May 2022 (2021 First interim: PID of 0.644p per share)	10,395	8,368
2022 Second interim: PID of 0.850p per share paid 31 August 2022 (2021 Second interim: PID of 0.644p per share)	11,045	8,368
2022 Special dividend: 1.92p per share paid 31 August 2022	24,949	—
2022 Third interim: PID of 0.500p per share, Non-PID of 0.350p per share paid 30 November 2022 (2021 Third interim: PID of 0.423p per share, Non-PID of 0.221p per share)	11,045	8,368
	67,180	**37,981**

A fourth interim, PID of 0.680p per share, Non-PID of 0.170p per share was paid on 28 February 2023 to shareholders on the register on 10 February 2023. Although this payment relates to the year ended 31 December 2022, under International Financial Reporting Standards it will be accounted for in the year ending 31 December 2023.

9. BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December 2022	Year ended 31 December 2021
Weighted average number of shares	1,299,412,465	1,299,412,465
Net (loss)/profit (£)	(222,329,000)	236,233,000
Basic and diluted Earnings per share (pence)	(17.11)	18.18
EPRA earnings per share (pence)*	**3.15**	**2.65**

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share are based on the net profit of the year divided by the weighted average number of Ordinary Shares in issue during the period.

* A breakdown of the calculation is detailed in the table A. EPRA Earnings on page 101.

10. INVESTMENT PROPERTIES

FREEHOLD AND LEASEHOLD PROPERTIES	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Opening valuation	1,508,368	1,182,812
Purchase at cost	6,934	179,861
Capital expenditure	48,517	18,077
(Loss)/gain on revaluation to market value	(264,295)	209,635
Disposals at prior year valuation	(21,554)	(76,140)
Lease incentive movement	(2,360)	(5,877)
Fair value as at 31 December	**1,275,610**	**1,508,368**

(LOSSES)/GAINS ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE		
Valuation (losses)/gains	(264,295)	209,635
Movement in provision for lease incentives	(2,360)	(5,877)
Gain/(loss) on disposal	3,565	(2,005)
	(263,090)	**201,753**

GAIN/(LOSS) ON INVESTMENT PROPERTIES SOLD		
Original cost of investment properties	(22,972)	(76,483)
Sale proceeds less sales costs	25,119	74,478
Gain/(loss) on investment properties sold	2,147	(2,005)
Recognised in previous periods	(1,418)	(2,285)
Recognised in current period	3,565	280
	2,147	**(2,005)**

Given the objectives of the Group and the nature of its investments, the Directors believe that the Group has only one asset class, that of Commercial Property.

CBRE Limited, (the "Property Valuer") completed a valuation of Group investment properties as at 31 December 2022 on the basis of fair value in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) 'RICS Valuation — Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the 'Red Book'). For most practical purposes there would be no difference between Fair Value (as defined in IFRS 13) and Market Value.

The Property Valuer, in valuing the portfolio, is acting as an 'External Valuer', as defined in the Red Book, exercising independence and objectivity. The Property Valuer's opinion of Fair Value has been primarily derived using comparable recent market transactions in order to determine the price that would be received to sell an asset in an orderly transaction between market participants at the valuation date. The fair value of these investment properties amounted to £1,308,025,000 (2021: £1,537,450,000).

The difference between the fair value and the value per the consolidated balance sheet at 31 December 2022 consists, in the main, to accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling £32,541,000 (2021: £30,181,000) which is separately recorded in the accounts as a current asset. In addition a balance of £126,000 (2021: £321,000) has been offset against the lease incentive representing the reduction in the lease incentive provided for as part of the provision for bad debts giving a net lease incentive balance of £32,415,000 (2021: £29,860,000).

The Group has entered into leases on its property portfolio as lessor (See note 20 for further information).

- No one property accounts for more than 15 per cent of the gross assets of the Group.
- All leasehold properties have more than 60 years remaining on the lease term.
- There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal.

However, the Group's investments comprise UK commercial property, which may be difficult to realise.

The property portfolio's fair value as at 31 December 2022 has been prepared adopting the following assumptions:

- That, where let, the Estimated Net Annual Rent (after void and rent free period assumptions) for each property, or part of a property, reflects the terms of the leases as at the date of valuation. If the property, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent the Property Valuer considers would be obtainable on an open market letting as at the date of valuation.
- The Property Valuer has assumed that, where let, all rent reviews are to be assessed by reference to the estimated rental value calculated in accordance with the terms of the lease. Also there is the assumption that all tenants will meet their obligations under their leases and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge.
- The Property Valuer has not made any adjustments to reflect any liability to taxation that may arise on disposal, nor any costs associated with disposals incurred by the owner.
- The Property Valuer assumes an initial yield in the region of 2.33 to 9.90 per cent, based on market evidence. For the majority of properties, the Property Valuer assumes a reversionary yield in the region of 3.89 to 13.87 per cent.
- The Property Valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of Fair Value when the Investment Manager advises of the presence of such materials.

The majority of the leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs or maintenance to its investment properties.

The following disclosure is provided in relation to the adoption of IFRS 13 Fair Value Measurement. All properties are deemed Level 3 for the purposes of fair value measurement and the current use of each property is considered the highest and best use. There have been no transfers from Level 3 in the year. The fair value of completed investment property is determined using a yield methodology. Under this method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, this method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate (capitalisation rate) is applied to establish the present value of the cash inflows associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related void or rent free periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. Set out below are the valuation techniques used for each property sector plus a description and quantification of the key unobservable inputs relating to each sector. There has been no change in valuation technique in the year.

Fair Value by sector as at 31 December 2022

Sector	Fair Value at 31 December 2022 (£m)	Valuation techniques	Unobservable inputs	Range (weighted average)
Industrial	773.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£5 – £15 (£7) 4.9% – 7.7% (5.6%)
Office	171.2	Yield methodology	Annual rent per sq ft Capitalisation rate	£7 – £53 (£23) 4.0% – 8.5% (6.6%)
Retail	180.3	Yield methodology	Annual rent per sq ft Capitalisation rate	£12 – £30 (£19) 4.8% – 6.5% (5.8%)
Alternatives	183.1	Yield methodology	Annual rent per sq ft Capitalisation rate	£0 – £19 (£16) 6.3% – 10.5% (4.7%)

Fair Value by sector as at 31 December 2021

Sector	Fair Value at 31 December 2021 (£m)	Valuation techniques	Unobservable inputs	Range (weighted average)
Industrial	960.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£4 – £19 (£9) 3.0% – 7.0% (3.7%)
Office	215.9	Yield methodology	Annual rent per sq ft Capitalisation rate	£21 – £51 (£29) 3.4% – 7.3% (5.8%)
Retail	163.7	Yield methodology	Annual rent per sq ft Capitalisation rate	£11 – £25 (£17) 4.4% – 6.9% (5.5%)
Alternatives	168.4	Yield methodology	Annual rent per sq ft Capitalisation rate	£0 – £18 (£15) 6.2% – 7.8% (5.5%)

Sensitivity Analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, which could be caused by a number of factors. The movement of 50 basis points is based on past observed data.

As at 31 December 2022

Sector	Assumption	Movement	Effect on valuation
Industrial	Capitalisation rate	+50 basis points −50 basis points	Decrease £67.2 million Increase £80.4 million
Office	Capitalisation rate	+50 basis points −50 basis points	Decrease £14.3 million Increase £16.8 million
Retail	Capitalisation rate	+50 basis points −50 basis points	Decrease £14.1 million Increase £18.8 million
Alternatives	Capitalisation rate	+50 basis points −50 basis points	Decrease £12.7 million Increase £14.7 million

As at 31 December 2021

Sector	Assumption	Movement	Effect on valuation
Industrial	Capitalisation rate	+50 basis points −50 basis points	Decrease £122.3 million Increase £163.4 million
Office	Capitalisation rate	+50 basis points −50 basis points	Decrease £20.5 million Increase £24.8 million
Retail	Capitalisation rate	+50 basis points −50 basis points	Decrease £15.6 million Increase £18.8 million
Alternatives	Capitalisation rate	+50 basis points −50 basis points	Decrease £6.7 million Increase £7.8 million

This represents the Group's best estimate of a reasonable possible shift in capitalisation rate, having regard to historical volatility of the value.

Investment Property Valuation Process

The valuations of investment properties are performed quarterly on the basis of valuation reports prepared by independent and qualified valuers and reviewed by the Property Valuation Committee of the Company.

These reports are based on both:

- Information provided by the Investment Manager such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Investment Manager's financial and property management systems and is subject to the Investment Manager's overall control environment.
- Assumptions and valuation models used by the valuers — the assumptions are typically market related, such as yields. These are based on their professional judgment and market observation.

The information provided to the valuers and the assumptions and valuation models used by the valuers are reviewed by the Investment Manager. This includes a review of fair value movements over the period.

11. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL Limited owns 100 per cent of the issued share capital of UK Commercial Property Estates Limited, a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income and, 100% of the issued share capital of Duke Distribution Centres Sarl and Duke Offices & Developments Sarl, both companies are incorporated in Luxembourg with the principal business being to hold and manage investment properties for rental income.

UKCPEHL also owned 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both were UK companies, whose principal business was that of an investment and property company. UKCPEHL successfully completed the dissolution of both of these companies during the year, effective dissolution date 9 July 2022.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCPFHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL owned 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business was that of a nominee company. During the year UKCPFHL successfully completed the liquidation of UK Commercial Property Nominee Limited, effective 21 December 2022.

UKCPT Limited Partnership, (LP), was a Guernsey limited partnership, whose principal business was to hold and manage investment properties for rental income. UKCPHL and the GP, had a partnership interest of 99 and 1 per cent respectively in the LP. The GP was the general partner and UKCPHL was a limited partner of the LP. During the year UKCPHL successfully completed the dissolution of UKCPT Limited Partnership, effective 31 March 2021 and the liquidation of the GP, effective 28 December 2022.

In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

During the year the Group successfully completed the voluntary liquidation of Kew Retail Park, effective 10 June 2022, a JPUT whose principal business prior to liquidation was that of investment in property.

12. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Rental debtors	20,605	17,978
Rental deposits	3,000	2,439
Provision for bad debts	(5,071)	(5,327)
Lease incentives	32,541	30,181
VAT receivable	—	2,549
Other debtors and prepayments	1,573	2,943
	52,648	**50,763**

Provision for bad debts as at 1 January	5,327	5,739
Bad debts recognised during the year, net	896	1,192
Bad debts written off during the year as uncollectable	(1,152)	(1,604)
Provision for bad debts as at 31 December	**5,071**	**5,327**

The ageing of these receivables is as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Less than 6 months	697	953
Between 6 and 12 months	578	1,403
Over 12 months	3,796	2,971
	5,071	**5,327**

All other debtors are due within one year. No other debts past due are impaired in either year.

13. TRADE AND OTHER PAYABLES

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Rental income received in advance	14,223	12,161
Investment Manager fee payable	3,819	2,327
Rental deposits	3,000	2,439
Bank loan interest	2,402	1,637
Transaction costs	798	4,120
VAT payable	3,622	—
Other payables	3,850	5,014
	31,714	**27,698**

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

14. BANK LOANS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total facilities available	380,000	350,000
Drawn down:		
Barclays facility	93,000	50,000
Barings facility	200,000	200,000
Set up costs incurred	(6,792)	(6,628)
Accumulated amortisation of set up costs	5,478	4,954
	291,686	**248,326**

Movements in bank loans arising from financing activities	Cash and cash equivalents £'000	Interest-bearing loans £'000	2022 net debt £'000	Cash and cash equivalents £'000	Interest-bearing loans £'000	2021 net debt £'000
Opening balance	42,121	(248,326)	(206,205)	122,742	(197,849)	(75,107)
Cash movement	(11,260)	(42,836)	(54,096)	(80,621)	(50,000)	(130,621)
Amortisation of arrangement costs	—	(524)	(524)	—	(477)	(477)
Closing balance	**30,861**	**(291,686)**	**(260,825)**	**42,121**	**(248,326)**	**(206,206)**

(i) Barclays Facility £180 million

The Group has a £150 million revolving credit facility ("RCF"), maturing in February 2024, with Barclays Bank plc. The RCF was increased to £180 million on 19 August 2022. Initially this facility was granted at a margin of 1.70 per cent above LIBOR, however as part of the interest rate reform guidelines this facility has transitioned to a risk-free rate (RFR), (SONIA) interest basis. The RCF was taken out by UKCPEHL and is cancellable at any time. As at 31 December 2022 UKCPEHL drew down a further £43 million from the facility (2021: £50 million). The RCF has a non-utilisation fee of 0.68 per cent per annum (2021: 0.68 per cent per annum) charged on the proportion of the RCF not utilised on a pro-rata basis.

As at 31 December 2022, £87 million (2021: £100 million) remained unutilised. The RCF is secured on the property portfolio held by UKCPEHL. Under bank covenants related to the RCF, UKCPEHL is to ensure that at all times:

- The loan to value percentage does not exceed 60 per cent.
- Interest cover at the relevant payment date is not less than 175 per cent and projected over the course of the proceeding 12 months is not less than 175 per cent.

UKCPEH met all covenant tests during the year for the RCF.

On 10 January 2023, UKCPEHL extended the facility with Barclays for a period of three years, the facility is now due to expire in January 2026 and at a slightly increased margin of 1.90 per cent.

(ii) Barings Facility £200 million

The Group has a £100 million facility , maturing in April 2027, with Barings Real Estate Advisers, a member of the MassMutual Financial Services Group. The loan was taken out by UKCFHL. As at 31 December 2022, the facility was fully drawn (31 December 2021: Fully drawn). The bank loan is secured on the portfolio of seven properties held within UKCFHL. Under bank covenants related to the loan UKCFHL is to ensure that at all times:

- The loan to value percentage does not exceed 75 per cent.
- Interest cover at the relevant payment date and also projected over the course of the proceeding 12 months is not less than 200 per cent.

UKCFHL met all covenant tests during the year for this facility.

Interest is payable by UKCFHL at a fixed rate equal to the aggregate of the equivalent 12 year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 3.03 per cent per annum. There are no interest rate swaps in place relating to this facility.

The Group took out a second £100 million facility in February 2019, maturing in February 2031, with Barings Real Estate Advisers. The loan was taken out by UKCFHL. As at 31 December 2022, the facility was fully drawn (31 December 2021: Fully drawn). The bank loan is secured on the portfolio of seven properties held within UKCFH. This facility has the same covenant tests as the 2027 facility outlined above. UKCFHL met all covenant tests during the year for this facility.

Interest is payable by UKCFHL at a fixed rate equal to the aggregate of the equivalent 12 year gilt yield, fixed at the time of drawdown and a margin. This resulted in a fixed rate of interest payable of 2.72 per cent per annum. There are no interest rate swaps in place relating to this facility.

In the event that the Barings facilities were repaid in advance of their maturity date, the Company would incur an early repayment charge. Although the Company has no intention of doing so, as at 31 December 2022, the charge would be £nil (2021: £20,509,000).

15. SHARE CAPITAL ACCOUNTS

SHARE CAPITAL	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Opening balance	539,872	539,872
Share capital as at 31 December	539,872	539,872

Number of shares in issue and fully paid at the year end being 1,299,412,465 (2021: 1,299,412,465) of 25p each.

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held. The Articles of Association of the Company allow for an unlimited number of shares to be issued, subject to restrictions placed by AGM resolutions. There are no restrictions on the shares in issue. There are currently no Treasury shares in issue.

16. NET ASSET VALUE PER SHARE

	Year ended 31 December 2022	Year ended 31 December 2021
Ordinary Shares	1,299,412,465	1,299,412,465
Net assets (£'000)	1,035,719	1,325,228
NAV per share (pence)	**79.7**	**102.0**
EPRA Net Tangible Assets per share[1]	79.7	102.0

[1] A breakdown of the calculation is detailed in the table B. EPRA Net Tangible Assets on page 102.

17. RELATED PARTY TRANSACTIONS

No Director has an interest in any transactions which are or were unusual in their nature or significant to the nature of the Group.

abrdn Fund Managers Limited, as the Investment Manager of the Group from 10 December 2018, received fees for their services as investment managers. Further details are provided in note 4. The total management fee charged to the Statement of Comprehensive Income during the year was £8,617,342 (2021: £8,500,385) of which £3,819,104 (2021: £2,326,894) remained payable at the year end. The Investment Manager also received £396,000 (£396,000 plus VAT) for marketing services incurred during the year of which £nil (2021: £396,000) remained payable at the year end.

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 65 to 66. Total fees for the year were £262,732 (2021: £325,225) none of which remained payable at the year end (2021: nil).

The Group invests in the abrdn Liquidity Fund which is managed by abrdn. As at 31 December 2022 the Group had invested £9.5 million in the Liquidity Fund (2021: £19.2 million). No additional fees are payable to abrdn as a result of this investment.

18. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities and swap instruments. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below and remained unchanged during the year.

Fair Value Hierarchy

The following table shows an analysis of the fair values of investment properties recognised in the balance sheet by level of the fair value hierarchy:

Explanation of the Fair Value Hierarchy:

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

31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,308,025	1,308,025

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,508,368	1,508,368

The lowest level of input is the underlying yield on each property which is an input not based on observable market data.

The following table shows an analysis of the fair value of bank loans recognised in the balance sheet by level of the fair value hierarchy:

31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	293,000	—	293,000

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Bank loans	—	257,486	—	257,486

The lowest level of input is the gilt yields (Note 14(ii)) applicable to each borrowing as at the balance sheet date which is a directly observable input.

The following table shows an analysis of the fair values of financial instruments and trade receivables and payables recognised at amortised cost in the balance sheet by level of the fair value hierarchy:

31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	52,648	—	52,648
Trade and other payables	—	31,714	—	31,714

31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	50,763	—	50,763
Trade and other payables	—	27,698	—	27,698

The lowest level of input was the daily SONIA rate, which is a directly observable input.

The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short-term maturities of these instruments. Expected maturities are estimated to be the same as contractual maturities.

The fair value of investment properties is calculated using unobservable inputs as described in note 10.

The fair value of the bank loans are estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

There have been no transfers between levels in the year for items held at fair value.

Real Estate Risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of any development schemes may increase if there are delays in the planning process given the inflationary environment. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees;
- The exposure of the fair values of the portfolio to market and occupier fundamentals such as tenants' financial position.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

At the reporting date, the maturity of the Group's financial assets was:

Financial Assets 2022	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash and cash equivalents	30,861	—	—	30,861
Rent receivable and provision for bad debts	15,534	—	—	15,534
Other debtors	1,573	—	—	1,573
	47,968	**—**	**—**	**47,968**

Financial Assets 2021	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash and cash equivalents	42,121	—	—	42,121
Rent receivable and provision for bad debts	12,651	—	—	12,651
Other debtors	5,492	—	—	5,492
	60,264	**—**	**—**	**60,264**

In the event of default by a tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until it is re-let. The Board receives regular reports on concentrations of risk and any tenants in arrears.

The Investment Manager has a credit department which has set out policies and procedures for managing exposure to credit. Some of the processes and policies include:

- An assessment of the credit worthiness of the lessee and its ability to pay is performed before credit is granted;
- Where appropriate, guarantees and collateral are held against such receivables;
- After granting the credit, the credit department assesses monthly the age analysis and follows up on all outstanding payments;
- Management of the credit department determines the appropriate provision, which receivables should be handed over for collection and which amounts should be written off.

The Company has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 31 December 2022 is £23,605,000 (2021: £15,090,000). The Group holds rental deposits of £3,000,000 (2021: £2,439,000) as potential collateral against tenant arrears/defaults. All tenant deposits are in line with market practice. There is no residual credit risk associated with the financial assets of the Group. Other than those included in the provision for bad debts, no financial assets past due are impaired. The provision for bad debts is adjusted, on a tenant by tenant basis, to reflect the evolving risk position. During the year this provision decreased by £256,000 to £5,071,000 (2021: to £5,327,000).

All of the cash is placed with financial institutions with a credit rating of A-1 or above £9,540,000 (2021: £19,242,000) of the year end cash balance is held in the abrdn Liquidity Fund, which is a money market fund and has a A-1 rating.

Bankruptcy or insolvency of a financial institution may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, the Investment Manager would move the cash holdings to another financial institution subject to restrictions under the loan facilities.

Fair value of trade and other receivables and payables are materially equivalent to their amortised cost.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. While commercial properties are not immediately realisable, the Group has sufficient cash resources to meet liabilities.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager investing in a diversified portfolio of prime real estate and placing cash in liquid deposits and accounts. This is monitored on a quarterly basis by the Board. In certain circumstances, the terms of the Group's bank loan entitles the lender to require early repayment, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the ordinary shares could be adversely affected.

As at 31 December 2022 the cash balance was £30,861,000 (2021: £42,121,000).

At the reporting date, the contractual maturity of the Group's liabilities, which are considered to be the same as expected maturities, was:

Financial Liabilities 2022	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	95,505	4,332	235,047	334,884
Other creditors	31,714	—	—	31,714
	127,219	**4,332**	**235,047**	**366,598**

Financial Liabilities 2021	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Bank loans	51,438	4,313	236,351	292,102
Other creditors	25,371	—	—	25,371
	76,809	**4,313**	**236,351**	**317,473**

The amounts in the table are based on contractual undiscounted payments.

Interest Rate Risk

The cash balance as shown in the Consolidated Balance Sheet, is its carrying amount and has a maturity of less than one year.

Interest is receivable on cash at a variable rate ranging from 0.2 per cent to 0.6 per cent at the year end and deposits are re-priced at intervals of less than one year.

An increase of 1 per cent in interest rates as at the reporting date would have increased the reported profit by £0.30 million (2021: increased the reported profit by £0.42 million). A decrease of 1 per cent would have reduced the reported profit £0.30 million (2021: decreased the reported profit by £0.42 million). The effect on equity is nil (excluding the impact of a change in retained earnings as a result of a change in net profit).

Interest rate risk arises on the interest payable on the RCF only, as the interest payable on the other facilities are at fixed rates. At 31 December 202, the draw down on the RCF was £93 million (2021: £50million) so an increase of 1% on the year-end SONIA rate would have a £0.93 million decrease on the reported profit (2021: £0.50 million). A decrease of 1% on the year-end SONIA rate would have a £0.93 million increase on the reported profit (2021: £0.50 million). Assumptions are based on the RCF drawdown remaining at £93 million for the full year (2021: £50 million), based on the exposure to interest rates at the reporting date, and all other variables being constant.

The other financial assets and liabilities of Group are non-interest bearing and are therefore not subject to interest rate risk.

Foreign Currency Risk

There was no foreign currency risk as at 31 December 2022 or 31 December 2021 as assets and liabilities of the Group are maintained in pounds Sterling.

Capital Management Policies

The Group considers that capital comprises issued ordinary shares, net of shares held in treasury, and long-term borrowings. The Group's capital is deployed in the acquisition and management of property assets meeting the Group's investment criteria with a view to earning returns for shareholders which are typically made by way of payment of regular dividends. The Group also has a policy on the buyback of shares which it sets out in the Directors' Authority to Buy Back Shares section of the Directors' Report.

The Group's capital is managed in accordance with its investment policy which is to hold a diversified property portfolio of freehold and long leasehold UK commercial properties. The Group invests in income producing properties. The Group principally invests in four commercial property sectors: office, retail, industrial and alternatives. The Group is permitted to invest up to 15 per cent of its Total Assets in indirect property funds and other listed investment companies. The Group is permitted to invest cash, held by it for working capital purposes and awaiting investments, in cash deposits, gilts and money market funds.

The Group monitors capital primarily through regular financial reporting and also through a gearing policy. Gearing is defined as gross borrowings divided by total assets less current liabilities. The Group's gearing policy is set out in the Investment Policy section of the Report of the Directors. The Group is not subject to externally imposed regulatory capital requirements but does have banking covenants on which it monitors and reports on a quarterly basis. Included in these covenants are requirements to monitor loan to value ratios which is calculated as the amount of outstanding debt divided by the market value of the properties secured. The Group's Loan to value ratio is shown below. The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan arrangements in the year to 31 December 2022.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Carrying amount of interest-bearing loans and borrowings	291,686	248,326
External valuation of completed investment property and assets held for sale (excluding lease incentive adjustment)	1,308,025	1,537,450
Loan-to-value ratio	22.3%	16.2%

The Group's capital balances are set out on page 77 and are regarded as the Group's equity and net debt.

19. CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 31 December 2022 of £54.2 million in relation to five developments.

The Group committed to forward fund a new 230-bed student accommodation development in Edinburgh together with a student residential development in Exeter. Gilmore Place, both developments are complete and in retention phase.

The Group continued to forward fund the development of a three warehouse unit site known as "Sussex Junction", completion took place in Q1-23.

Immediately prior to the 2021 year-end the Group acquired a multi asset site in Leamington Spa, Warwick. Precision Park is a multi asset site which includes, two industrial distribution units, office accommodation and land for development. Contractors commenced work on site during 2022 to develop the land into a third industrial distribution site, completion is expected during Q2-23.

During 2022 the Group acquired land located at Sovereign Square, Leeds, with the purpose to forward fund the development of a Hyatt Hotel. Total commitment is expected to be £62.7m, with £43.3m of that commitment outstanding at the year end. Completion is targeted during 2024.

20. LEASE ANALYSIS

The Group leases out its investment properties under operating leases.

The future income under non-cancellable operating leases, based on the unexpired lease length at the year end was as follows (based on total rentals):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Within one year	71,373	68,672
Between one and two years	67,990	66,842
Between two and three years	61,523	62,038
Between three and four years	54,581	55,589
Between four and five years	46,519	50,049
Over five years	308,269	316,141
Total	**610,254**	**619,331**

The largest single tenant at the year end accounted for 5.8 per cent (2021: 5.1 per cent) of the annualised rental income at 31 December 2022. The unoccupied property expressed as a percentage of annualised total rental value was 2.0 per cent (2021: 2.1 per cent) at the year end. The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years. Analysis of the nature of investment properties and leases are provided in the 'UKCM Portfolio in Numbers' pages 31 to 33.

21. EVENTS AFTER THE BALANCE SHEET DATE

On 10 January 2023, UKCPEHL extended the rolling credit facility with Barclays for a period of three years, the facility remains at £180 million and is now due to expire in January 2026 and at a slightly increased margin of 1.90%.

A fourth interim, PID of 0.680p per share, Non-PID of 0.170p per share was paid on 28 February 2023 to shareholders on the register on 10 February 2023.

EPRA PERFORMANCE MEASURES
Unaudited

The European Public Real Estate Association (EPRA) is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practice Recommendations (BPR) to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at epra.com.

EPRA performance measures: Summary Table

	Notes	31 December 2022 Total	31 December 2021 Total
EPRA earnings £'000	A	40,761	34,480
EPRA earnings per share (pence per share)	A	3.15	2.65
EPRA Net Tangible Assets ("NTA") £'000	B	1,035,719	1,325,228
EPRA NTA per share (pence per share)	B	79.7	102.0
EPRA Net Reinstatement Value ("NRV") £'000	C	1,124,665	1,429,775
EPRA NRV per share (pence per share)	C	86.6	110.0
EPRA Net Disposable Value ("NDV") £'000	D	1,034,405	1,316,068
EPRA NDV per share (pence per share)	D	79.6	101.3
EPRA Net Initial Yield	E	4.7%	3.6%
EPRA topped-up Net Initial Yield	E	5.0%	3.9%
EPRA Vacancy Rate		2.0%	2.1%
EPRA Cost Ratios – including direct vacancy costs	F	26.1%	29.3%
EPRA Cost Ratios – excluding direct vacancy costs	F	25.0%	28.1%
EPRA LTV	I	20.2%	13.6%

	31 December 2022 £'000	31 December 2021 £'000
A. EPRA Earnings		
Earnings per IFRS income statement	(222,329)	236,233
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	266,655	(203,758)
(Gain)/Loss on disposal of Investment properties	(3,565)	2,005
EPRA Earnings	40,761	34,480
Weighted average number of shares (000's)	1,299,412	1,299,412
EPRA Earnings per share (pence per share)	3.15	2.65

EPRA PERFORMANCE MEASURES
Unaudited

B. EPRA Net Tangible Assets	31 December 2022 £'000	31 December 2021 £'000
IFRS NAV	1,035,719	1,325,228
Fair value of financial instrument (assets)/liabilities	—	—
EPRA NTA	1,035,719	1,325,228
Shares in issue (000's)	1,299,412	1,299,412
EPRA NTA per share (pence per share)	79.7	102.0

C. EPRA Net Reinstatement Value	31 December 2022 £'000	31 December 2021 £'000
IFRS NAV	1,035,719	1,325,228
Real Estate Transfer Tax and other acquisition costs	86,236	101,633
EPRA NRV	1,121,955	1,426,861
Shares in issue (000's)	1,299,412	1,299,412
EPRA NRV per share (pence per share)	86.3	109.8

D. EPRA Net Disposal Value	31 December 2022 £'000	31 December 2021 £'000
IFRS NAV	1,035,719	1,325,228
Fair value of debt	(1,314)	(9,160)
EPRA NDV	1,034,405	1,316,068
Shares in issue (000's)	1,299,412	1,299,412
EPRA NDV per share (pence per share)	79.6	101.3
Fair value of debt per financial statements	293,000	257,486
Carrying value	291,686	248,326
Fair value of debt adjustment	1,314	9,160

E. EPRA Net Initial Yield and 'topped up' NIY Disclosure Completed Property Portfolio	31 December 2022 £'000	31 December 2021 £'000
Investment property — wholly owned	1,268,175	1,494,600
Allowance for estimated purchasers' costs	86,236	101,633
Gross up completed property valuation	1,354,411	1,596,233
Annualised cash passing rental income	69,353	62,900
Property outgoings	(5,626)	(5,597)
Annualised net rents	63,727	57,303
Add: notional rent expiration of rent free periods or other lease incentives	4,505	4,366
Topped-up net annualised rent	68,232	61,669
EPRA NIY	4.7%	3.6%
EPRA "topped-up" NIY	5.0%	3.9%

F. EPRA Cost Ratios	31 December 2022 £'000	31 December 2021 £'000
Administrative / property operating expense line per IFRS income statement	17,438	17,072
EPRA Costs (including direct vacancy costs)	17,438	17,072
Direct vacancy costs	(675)	(670)
EPRA Costs (excluding direct vacancy costs)	16,763	16,402
Gross Rental income less ground rent costs	66,930	58,307
EPRA Cost Ratio (including direct vacancy costs)	26.1%	29.3%
EPRA Cost Ratio (excluding direct vacancy costs)	25.0%	28.1%

No operating costs or overheads were capitalised in 2022 (2021: nil).

G. Like-for-like Rental Growth Reporting	Rental growth £'000 2022	Portfolio value by sector £'000 2023	Rental growth £'000 2021	Portfolio value by sector £'000 2021
Sector:				
Industrial	9,947	773,450	6,081	975,020
Offices	479	171,200	4,055	219,100
Retail	40	180,325	2,376	186,225
Alternatives	3,075	183,050	(126)	157,105
Total portfolio value	13,541	1,308,025	12,386	1,537,450

Rental growth figures have been computed based on the movement in estimated rental values from prior to current year-end.

All properties held within the portfolio are located within the UK.

EPRA PERFORMANCE MEASURES
Unaudited

	31 December 2022 £'000	31 December 2021 £'000
H. Property-related CapEx		
Acquisitions	6,934	179,861
Development	47,332	15,274
Investment properties:		
Incremental lettable space	—	—
No incremental lettable space	1,221	2,803
Tenant incentives	(911)	2,128
Other material non-allocated types of expenditure	—	—
Total capital expenditure incurred	54,576	200,066

	31 December 2022 £'000	31 December 2021 £'000
I. LTV		
Borrowings from Financial Institutions	293,000	250,000
Exclude Cash and cash equivalents	30,861	42,121
Net Debt (a)	262,139	207,879
Investment properties at fair value	1,235,760	1,465,518
Properties under development	39,850	42,850
Net Receivables	20,934	23,065
Total Property Value (b)	1,296,544	1,531,433
LTV (a/b)	20.2%	13.6%

UKCM 2023 Interim Financial Information

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2023

	Notes	Half year ended 30 June 2023 (unaudited) £'000	Half year ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
REVENUE				
Rental income		32,094	32,326	66,930
Impairment reversal on trade receivables		143	641	256
Service charge income		2,967	3,024	6,451
Gains/(Losses) on investment properties	7	21,428	141,768	(263,090)
Loss on liquidation of subsidiaries		—	—	(117)
Total income/(expense)		**56,632**	**177,759**	**(189,570)**
EXPENDITURE				
Investment management fee		(3,389)	(4,798)	(8,617)
Direct property expenses	2	(3,323)	(1,756)	(6,522)
Service charge expenses	2	(2,967)	(3,024)	(6,451)
Other expenses	2	(1,079)	(1,754)	(2,299)
Total expenditure		**(10,758)**	**(11,332)**	**(23,889)**
Operating profit/(loss) before finance costs		**45,874**	**166,427**	**(213,459)**
FINANCE COSTS				
Finance costs	3	(6,200)	(4,137)	(9,181)
Interest income		565	66	311
Net finance costs		(5,635)	(4,071)	(8,870)
Operating profit/(loss) after finance costs		**40,239**	**162,356**	**(222,329)**
Net profit/(loss) from ordinary activities before taxation		40,239	162,356	(222,329)
Taxation on profit on ordinary activities	4	—	—	0
Net profit/(loss) for the period		**40,239**	**162,356**	**(222,329)**
Total comprehensive income/(deficit) for the period		**40,239**	**162,356**	**(222,329)**
Basic and diluted earnings per share	6	**3.10p**	**12.49p**	**(17.11)p**
EPRA earnings per share	6	**1.67p**	**1.58p**	**3.15p**

All of the profit and total comprehensive income for the period is attributable to the owners of the Company.
All items in the above statement derive from continuing operations. The accompanying notes are an integral part of this statement.

Additional EPRA performance measures are on page 39.

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Notes	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
NON-CURRENT ASSETS				
Investment properties	7	1,235,791	1,655,915	1,275,610
		1,235,791	**1,655,915**	**1,275,610**
CURRENT ASSETS				
Investment properties held for sale	7	—	22,675	—
Trade and other receivables	9	43,669	56,198	52,648
Cash and cash equivalents		29,836	34,288	30,861
		73,505	113,161	83,509
Total assets		**1,309,296**	**1,769,076**	**1,359,119**
CURRENT LIABILITIES				
Trade and other payables	10	(29,881)	(35,095)	(31,714)
		(29,881)	**(35,095)**	**(31,714)**
NON-CURRENT LIABILITIES				
Bank loan	11	(225,547)	(266,538)	(291,686)
Total liabilities		**(255,428)**	**(301,633)**	**(323,400)**
Net assets		**1,053,868**	**1,467,443**	**1,035,719**
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		538,969	568,891	542,472
Capital reserve		(24,973)	358,233	(46,625)
Revenue reserve		—	447	—
Equity shareholders' funds		**1,053,868**	**1,467,443**	**1,035,719**
Net asset value per share	12	**81.1p**	**112.9p**	**79.7p**

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2023

HALF YEAR ENEDED 30 JUNE 2023 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2023		539,872	542,472	(46,625)	—	1,035,719
Total comprehensive income		—	—	—	40,239	40,239
Dividends paid	5	—	—	—	(22,090)	(22,090)
Transfer in respect of gain on investment property	7	—	—	21,652	(21,652)	—
Transfer from special distributable reserve		—	(3,503)	—	3,503	—
As 30 June 2023		**539,872**	**538,969**	**(24,973)**	**—**	**1,053,868**

HALF YEAR ENDED 30 JUNE 2022 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total Comprehensive income		—	—	—	162,356	162,356
Dividends paid	5	—	—	—	(20,141)	(20,141)
Transfer in respect of gains on investment property	7	—	—	141,768	(141,768)	—
As 30 June 2022		**539,872**	**568,891**	**358,233**	**447**	**1,467,443**

FOR THE YEAR ENDED 31 DECEMBER 2022 (AUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total comprehensive deficit		—	—	—	(222,329)	(222,329)
Dividends paid	5	—	—	—	(67,180)	(67,180)
Transfer in respect of loss on investment property	7	—	—	(263,090)	263,090	—
Transfer from special distributable reserve		—	(26,419)	—	26,419	—
As 31 December 2022		**539,872**	**542,472**	**(46,625)**	**—**	**1,035,719**

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2023

	Notes	Half year ended 30 June 2023 (unaudited) £'000	Half year ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the period before taxation		40,239	162,356	(222,329)
Adjustments for:				
Gains/(losses) on investment properties	7	(21,428)	(141,768)	263,090
Loss on liquidation of subsidiaries		—	—	116
Movement in lease incentives	7	4,402	(2,277)	(2,360)
Movement in provision for bad debts	9	143	641	256
Decrease/(increase) in operating trade and other receivables		2,794	(3,312)	219
(Decrease)/increase in operating trade and other payables		(1,833)	7,397	4,016
Finance costs	3	6,200	4,137	9,181
Cash generated by operations		30,517	27,174	52,189
Tax paid		—	—	—
Net cash inflow from operating activities		**30,517**	**27,174**	**52,189**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties	7	(225)	(6,552)	(8,304)
Sale of investment properties		73,424	—	25,609
Capital expenditure	7	(10,282)	(21,902)	(48,517)
Net cash inflow/(outflow) from investing activities		**62,917**	**(28,454)**	**(31,212)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Facility fee charges from bank financing		(313)	(657)	(727)
Dividends paid	5	(22,090)	(20,141)	(67,180)
Bank loan drawndown	11	—	18,000	43,000
Bank loan repaid	11	(66,000)	—	—
Bank loan interest paid	3	(5,306)	(3,755)	(7,166)
Loan facility set up costs		(750)	—	(164)
Net cash outflow from financing activities		**(94,459)**	**(6,553)**	**(32,237)**
Net decrease in cash and cash equivalents		**(1,025)**	**(7,833)**	**(11,260)**
Opening cash and cash equivalents		**30,861**	**42,121**	**42,121**
Closing cash and cash equivalents		**29,836**	**34,288**	**30,861**
REPRESENTED BY				
Cash at bank		11,694	17,800	21,321
Money market funds		18,142	16,488	9,540
		29,836	**34,288**	**30,861**

The accompanying notes are an integral part of this statement.

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2022.

The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022, which were prepared under full IFRS requirements.

These condensed interim financial statements were approved for issue on 27 September 2023.

2. EXPENSES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
DIRECT PROPERTY EXPENSES			
Direct property expenses of let rental units	2,810	1,885	4,951
Direct property expenses of vacant units	263	373	675
Bad debts recognised during the year, net	250	(502)	896
	3,323	**1,756**	**6,522**
Service charge expenses	2,967	**3,024**	**6,451**
OTHER EXPENSES			
Professional fees	289	1,030	705
Abortive transaction costs	41	7	380
Valuation fees	92	76	152
Directors' fees and expenses	151	134	263
Marketing fees	198	200	396
Administration and company secretarial fees	186	186	161
Regulatory fees	47	46	92
Auditor's remuneration for:			
Statutory audit	75	75	150
Non audit services	—	—	—
	1,079	**1,754**	**2,299**

3. FINANCE COSTS

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Interest on principal loan amount	5,212	3,480	7,922
Facility fees	377	446	735
Amortisation of loan set up fees	611	211	524
	6,200	**4,137**	**9,181**

4. TAXATION

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Net profit/(loss) from ordinary activities before tax	**40,239**	**162,356**	**(222,329)**
UK Corporation tax at a rate of 22% (2022: 19%)	8,853	30,848	(42,243)
Effect of:			
Capital (gains)/losses on Investment properties not taxable	(4,714)	(26,936)	49,987
Income not taxable, including interest receivable	(124)	–	(59)
UK REIT exemption on net income	(4,015)	(3,912)	(7,685)
Total tax charge	—	—	—

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 July 2018. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate. From 1 April 2023, the rate of UK Corporation Tax has increased to 25% from 19%.

5. DIVIDENDS AND PROPERTY INCOME DISTRIBUTIONS (PID) GROSS OF INCOME TAX

DIVIDENDS ON ORDINARY SHARES	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Interim dividends paid per ordinary share:			
2022 Fourth interim: PID of 0.68p per share, Non-PID of 0.17p per share paid 28 February 2023 2021 Fourth interim: PID of 0.466p per share, Non-PID of 0.284p per share paid 11 February 2022	11,045	9,746	9,746
2023 First interim: PID of 0.850p paid 31 May 2023 2022 First interim: PID of 0.800p paid 27 May 2022	11,045	10,395	10,395
2022 Second interim: PID of 0.850p per share paid 31 August 2022	—	—	11,045
2022 Special dividend: 1.92p per share paid 31 August 2022	—	—	24,949
2022 Third interim: PID of 0.500p per share, Non-PID of 0.350p per share paid 30 November 2022	—	—	11,045
	22,090	**20,141**	**67,180**

6. BASIC AND DILUTED EARNINGS PER SHARE

	Half year ended 30 June 2023	Half year ended 30 June 2022	Year ended 31 December 2022
Weighted average number of shares	1,299,412,465	1,299,412,465	1,299,412,465
Net profit/(loss) (£)	40,239,000	162,356,000	(222,329,000)
Basic and diluted earnings per share (pence)	3.10	12.49	(17.11)
EPRA earnings per share (pence)*	**1.67**	**1.58**	**3.15**

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share are based on the net profit of the period divided by the weighted average number of Ordinary Shares in issue during the period.

*A breakdown of the calculation is detailed on page 39.

7. INVESTMENT PROPERTIES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
FREEHOLD AND LEASEHOLD PROPERTIES			
Opening valuation	1,275,610	1,508,368	1,508,368
Purchase at cost	225	6,552	6,934
Capital expenditure	10,556	21,902	48,517
Gain/(Loss) on revaluation to market value	17,250	144,045	(264,295)
Disposals at prior year valuation	(72,252)	—	(21,554)
Lease incentive movement	4,402	(2,277)	(2,360)
Total fair value at 30 June / 31 December	1,235,791	1,678,590	1,275,610
Less: reclassified as held for sale	—	(22,675)	—
Fair value as at 30 June / 31 December	**1,235,791**	**1,655,915**	**1,275,610**

GAINS/(LOSSES) ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE			
Valuation gains/(losses)	17,250	144,045	(264,295)
Movement in provision for lease incentives	4,402	(2,277)	(2,360)
(Loss)/gain on disposal	(224)	—	3,565
	21,428	**141,768**	**(263,090)**

8. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL Limited owns 100 per cent of the issued share capital of UK Commercial Property Estates Limited, a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income and, 100% of the issued share capital of Duke Distribution Centres Sarl and Duke Offices & Developments Sarl, both companies are incorporated in Luxembourg with the principal business being to hold and manage investment properties for rental income. UKCPEHL also owned 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both were UK companies, whose principal business was that of an investment and property company. UKCPEHL completed the dissolution of both of these companies on 9 July 2022.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCPFHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income.

UKCPFHL owned 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business was that of a nominee company. During prior year UKCPFHL successfully completed the liquidation of UK Commercial Property Nominee Limited, effective 21 December 2022.

UKCPT Limited Partnership, (LP), was a Guernsey limited partnership, whose principal business was to hold and manage investment properties for rental income. UKCPHL and the GP, had a partnership interest of 99 and 1 per cent respectively in the LP. The GP was the general partner and UKCPHL was a limited partner of the LP. UKCPHL completed the dissolution of UKCPT Limited Partnership on 31 March 2021 and the liquidation of the GP, on 28 December 2022.

In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

During the prior year the Group successfully completed the voluntary liquidation of Kew Retail Park, effective 10 June 2022, a JPUT whose principal business prior to liquidation was that of investment in property.

9. TRADE AND OTHER RECEIVABLES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Rental debtors	15,692	20,251	20,605
Rental deposits	3,000	2,426	3,000
Provision for bad debts	(4,928)	(4,686)	(5,071)
Lease incentives	28,139	32,458	32,541
Other debtors and prepayments	1,766	5,749	1,573
	43,669	**56,198**	**52,648**

Provision for bad debts as at 1 January	5,071	5,327	5,327
Bad debts recognised/(derecognised) during the period net	250	(90)	896
Bad debts written off during the period as uncollectable	(393)	(551)	(1,152)
Provision for bad debts as at 30 June / 31 December	**4,928**	**4,686**	**5,071**

All other debtors are due within one year.

10. TRADE AND OTHER PAYABLES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Rental income received in advance	13,926	13,944	14,223
Investment Manager fee payable	1,665	4,798	3,819
Rental deposits	3,000	2,426	3,000
Bank loan interest	2,372	1,949	2,402
Transaction costs	798	—	798
VAT payable	3,061	3,907	3,622
Other payables	5,059	8,071	3,850
	29,881	**35,095**	**31,714**

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

11. BANK LOANS

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Total facilities available	380,000	350,000	380,000
Drawn down:			
Barclays facility	27,000	68,000	93,000
Barings facility	200,000	200,000	200,000
Set up costs incurred	(7,542)	(6,628)	(6,792)
Accumulated amortisation of set up costs	6,089	5,166	5,478
	225,547	**266,538**	**291,686**

12. NET ASSET VALUE PER SHARE

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Ordinary Shares	1,299,412,465	1,299,412,465	1,299,412,465
Net assets attributable at the period end (£'000)	1,053,868	1,467,443	1,035,719
NAV per share (pence)	**81.1**	**112.9**	**79.7**
EPRA Net Tangible Assets per share*	81.1	112.9	79.7

*A breakdown of the calculation is detailed on page 39.

13. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure.

These policies are summarised within the 2022 annual report and remained unchanged during the period. In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

During the prior year the Group successfully completed the voluntary liquidation of Kew Retail Park, effective 10 June 2022, a JPUT whose principal business prior to liquidation was that of investment in property.

14. CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 30 June 2023 of £38 million in relation to the development at Sovereign Square, Leeds, with the purpose to forward fund the development of a Hyatt Hotel. Completion is targeted during summer 2024.

15. EVENTS AFTER THE BALANCE SHEET DATE

A second interim dividend, PID of 0.50p, Non-PID of 0.35p was paid on 31 August 2023 to shareholders on the register on 17 August 2023.

EPRA AND ALTERNATIVE PERFORMANCE MEASURES

The European Public Real Estate Association (EPRA) is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practice Recommendations (BPR) to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at *epra.com*

The Company uses the following Alternative Performance Measures (APMs). APM do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

Further details can be found in the Glossary on pages 40 to 41.

EPRA EARNINGS	30 June 2023 £'000	30 June 2022 £'000
Earnings per IFRS Income statement	40,239	162,356
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	(21,428)	(141,768)
Cineworld rent smoothing adjustment	2,909	—
EPRA Earnings	21,720	20,588
Weighted average number of shares (000's)	1,299,412	1,299,412
EPRA Earnings per share (pence per share)	1.67	1.58

EPRA NET TANGIBLE ASSETS	30 June 2023 £'000	31 December 2022 £'000
IFRS NAV	1,053,868	1,035,719
Fair value of financial instrument (assets)/liabilities	—	—
EPRA NTA	1,053,868	1,035,719
Shares in issue (000's)	1,299,412	1,299,412
EPRA NTA per share (pence per share)	81.1	79.7

DIVIDEND COVER	30 June 2023 £'000	30 June 2022 £'000
Earnings per IFRS Income statement	40,239	162,356
Adjustments to calculate Dividend Cover, exclude:		
Net changes in value of investment properties	(21,428)	(141,768)
Cineworld rent smoothing adjustment	2,909	—
Profit for Dividend Cover	21,720	20,588
Dividends paid in period	22,090	20,141
Dividend Cover	98%	102%

GEARING	30 June 2023 £'000	31 December 2022 £'000
Gross borrowings	227,000	293,000
Less cash	(29,836)	(30,861)
	197,164	262,139
Portfolio valuation	1,263,825	1,308,025
Gearing	15.6%	20.0%

TOTAL RETURN	Net asset value	Share price
NAV/Share price per share at 31 December 2022 (pence)	79.7	58.4
NAV/Share price per share at 30 June 2023 (pence)	81.1	48.4
Change in the period	1.8%	(17.1)%
Impact of dividend reinvestment	2.1%	2.6%
Total return for the period	3.9%	(14.5)%