TRITAX BIG BOX

Results for the 12 months ended 31 December 2023

1 March 2024

TRITAX BIG BOX

Positive outlook supported by record portfolio reversion, significant development pipeline and resilient occupational demand

FY 2023 key figures

	31-Dec-23	31-Dec-22	Change
Operating profit[1]	£193.2m	£183.1m	5.5%
Adjusted earnings per share[2]	7.75p	7.79p	-0.5%
Adjusted earnings per share (ex. additional development management income) [3]	7.75p	7.51p	3.2%
IFRS earnings per share	3.72p	-32.08p	-111.6%
Dividend per share	7.30p	7.00p	4.3%
Dividend pay-out ratio (ex. additional development management income) [3]	94%	93%	1.0pts
Total Accounting Return	2.2%	-15.9%	18.1pts
EPRA cost ratio (including vacancy cost)	13.1%	15.7%	-2.6pts
	31-Dec-23	**31-Dec-22**	
Contracted annual rent roll	£225.3m	£224.0m	0.6%
EPRA Net Tangible Assets per share	177.15p	180.37p	-1.8%
IFRS net asset value per share	175.13p	179.25p	-2.3%
Portfolio value[4]	5.03bn	£5.06bn	-0.6%
Loan to value (LTV)	31.6%	31.2%	0.4pts

Increased rental income and lower costs delivering resilient adjusted earnings growth, excluding DMA income

- Adjusted EPS of 7.75 pence (2022: 7.79 pence) with higher underlying earnings growth impacted by £nil DMA income in period (FY22: £9.3 million DMA income).
  - 3.2% growth in Adjusted EPS (excluding additional DMA income), driven by rental income from completed developments, like-for-like rental growth and lower management fees, offset in part by the impact of disposals.
  - 6.2% Adjusted EPS growth excluding all DMA income in current and prior period.
  - Deferred 2023 DMA income expected to be recognised in 2024, with total 2024 DMA income expected to be in excess of £8 million.
- 4.3% increase in dividend per share to 7.30 pence (2022: 7.00 pence) reflecting payout of 94% of Adjusted EPS (excluding additional DMA income).
- 2.2% Total Accounting Return supported by growth in IFRS earnings and more stable portfolio valuation (2022: -15.9%).
- 5.8% increase in passing rent to £217.0 million (2022: £205.1 million).
  - Stable contracted rent reflects incremental £15.4 million from acquisitions, development lettings, rent reviews and asset management, offset by £14.1 million from disposals and a lease expiry.
- 13.1% EPRA cost ratio (2022: 15.7%), supported by 15.4% reduction in management fees and rental income growth.

Occupational market supported by enduring long-term structural drivers[6]

- 22.1 million sq ft of UK lettings in 2023 (2022: 38.0 million sq ft), in line with the 23.3 million sq ft pre-covid average.
- 5.1% vacancy rate at the period end (2022: 2.0%). Space under construction back to pre-covid levels at 21.4 million sq ft (31 December 2019: 21.6 million sq ft) and significantly below 2022 peak.
- 7.2% increase in UK ERVs in the year (2022: 10.6%) and prime yields stable across H2 2023 at 5.25% (2022: 5.0%).

High-quality and resilient portfolio delivering like-for-like ERV growth and stabilising values

- £5.03 billion total portfolio value as at 31 December 2023 (2022: £5.06 billion)
- 6.9% like-for-like estimated rental value (ERV) growth, supporting valuation and resulting in record 23.0% portfolio reversion.
  - Potential to capture 78% of the £51.7 million portfolio rental reversion and vacancy in three years.

- 0.8% decline in like-for-like value of investment assets (H2 2023: 1.7% reduction) with second half reductions offsetting gains in first half (2022: 15.2% reduction).
- 11.4 years WAULT (2022: 12.6 years) provides security of income, supporting tenth consecutive year of 100% rent collection.
- 2.5% portfolio vacancy (31 December 2022: 2.1%).
- 97.3% of portfolio rated EPC A-C.

Capturing portfolio reversion and recycling capital into higher-returning opportunities to optimise performance

- £4.9 million added to annual contracted rent from rent reviews and asset management initiatives.
  - 9.1% increase in passing rent across 22.5% of portfolio reviewed.
  - 27.2% average increase in passing rent across five open market rent reviews completed in period.
  - 3.6% EPRA like-for-like rental growth (2022: 3.6%) reflecting lower proportion of portfolio subject to review.
- £327 million of assets successfully sold in period, at or above book value, reflecting a blended net initial yield of 4.3%.
- Enhancing total returns by recycling capital into developments and carefully selected acquisitions.
  - Acquired two urban logistics estates for a total of £108 million, with attractive value-add opportunities reflecting a blended reversionary yield of 6.3%.
- Further integration of ESG performance across the investment lifecycle. Working in close collaboration with our customers and wider stakeholders within the supply chain we have delivered successful outcomes reflected in improved benchmark performance including GRESB (4 Green Stars; named Global leader for development), EPRA (sBPR Gold) and Sustainalytics (Industry & Regional top rated).

Future earnings growth supported by attractive development progress and improved yield on cost

- £13.6 million added to passing rent from 2.2 million sq ft of development lease completions in the year.
- £7.8 million of annual contracted rent added through 0.9 million sq ft of development lettings at a 6.7% yield on cost, let to a diverse range of customers, with a further 0.9 million sq ft (£8.3 million potential rent) in solicitors hands.
- 1.7 million sq ft of starts in 2023 with the potential to add £15.6 million per annum to contracted rent at a yield on cost of c.7.0%.
- 0.9 million sq ft of new planning consents secured, bringing total consented undeveloped land portfolio to 6.3 million sq ft.

Strong balance sheet with conservative leverage, low cost of debt and no near-term refinancings

- We continue to maintain balance sheet strength with significant liquidity, conservative leverage and a low cost of debt:
  - 31.6% LTV at 31 December 2023 (2022: 31.2%) 8.2x Net Debt/EBITDA[7] (2022: 8.6x)
  - 2.9% weighted average cost of debt - 96% of drawn debt either fixed or hedged
  - Over £550 million of available liquidity
  - Significant headroom on all debt covenants
  - 5.2 year average debt maturity - no debt facilities maturing before mid-2026.
- £450 million revolving credit facility refinanced and increased to £500 million at the same margin of 120bps, extending the term to 2028 and providing opportunities to reduce the margin by achieving sustainability performance targets.
- Credit rating of Baa1 with “Stable” outlook from Moody’s.

Post balance sheet activity

- On 12 February 2024 we announced that we had reached agreement on the key terms of a possible all-share offer for the entire issued and to be issued share capital of UK Commercial Property REIT Limited. A further announcement will be made in due course.

Aubrey Adams, Chairman of Tritax Big Box REIT plc, commented:

“We continue to drive portfolio performance by selling assets that have achieved their full potential in our ownership, reinvesting into higher-returning opportunities in our development pipeline and the investment market. Easing inflation, continuing rental growth, and improving yields on cost all reinforce our conviction in our development programme. In parallel, by leveraging our close customer relationships, we continue to create value through active management, making progress in capturing the record reversion embedded within our portfolio to further grow rental income."

“We are confident in delivering our strategy and are well positioned to take advantage of the opportunities both inherent within our business, and from an increasing number of opportunities in the market. The Group has very good potential for long-term income and capital growth, supported by enduring structural drivers in the logistics real estate market.”

Presentation for analysts and investors

A Company presentation for analysts and investors will take place via a webcast with live Q&A at 09.00am today and can be viewed at: https://brrmedia.news/BBOX_FY23

If you would like to ask questions verbally, please join the presentation via conference call:

UK: +44 (0) 33 0551 0200

US: +1 786 697 3501

Password: Tritax Big Box

The presentation will also be accessible on-demand later in the day on the Company website: https://www.tritaxbigbox.co.uk/investors/results-and-presentations/

Notes

1. Operating profit before changes in fair value and other adjustments.
2. See Note 13 to the financial statements for reconciliation.
3. The anticipated run rate for development management income is £3.0-5.0 million per annum over the medium term. We classify income above this as 'additional' development management income, which can be highly variable over time. We therefore present a calculation of Adjusted EPS that excludes additional development management income. £0.0 million of development management income is included in the 7.75p Adjusted earnings per share in 2023. In 2022, £9.3 million of development management income was included in the 7.79p Adjusted earnings per share and Adjusted EPS becomes 7.51p when excluding additional development management income.
4. The Portfolio Value includes the Group's investment assets and development assets, land assets held at cost, the Group's share of joint venture assets and other property assets.
5. Excludes development assets, land and land options.
6. All market data from CBRE. "Pre-pandemic demand" defined as demand for H1 2015 to H1 2019.
7. Based on net debt as at 31 December 2023 and EBITDA for the 12 months to 31 December 2023

For further information, please contact:

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Notes:

Tritax Big Box REIT plc (ticker: BBOX) is the largest listed investor in high-quality logistics warehouse assets and controls the largest logistics-focused 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. The Company 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. The Company seeks to exploit the significant opportunity provided by the imbalance between strong occupational demand and constrained supply of modern logistics real estate in the UK. The Company is a real estate investment trust to which Part 12 of the UK Corporation Tax Act 2010 applies, is listed on the premium segment of the Official List of the UK Financial Conduct Authority (Ticker: BBOX) and is a constituent of the FTSE 250, FTSE EPRA/NAREIT and MSCI indices. Further information on Tritax Big Box REIT is available at www.tritaxbigbox.co.uk. The Company's LEI is: 213800L6X88MIYPVR714

Chairman's statement

A high-quality, resilient and growing business

This year marked the Company's tenth anniversary. Over that time, we have built what we believe is the UK's best logistics real estate portfolio, with high-quality, modern and sustainable buildings, let on long leases to strong customers, including many global leaders in their respective fields. This quality underpins our attractive, resilient and growing income, as evidenced by ten years of 100% rent collection.

Our portfolio, and the extensive property experience within the Manager, is the strong platform from which we can continue to strengthen and grow our business. Building upon this platform, we have added components that enhance overall returns. The Group owns the UK's largest land platform for logistics development, which is generating best-in-class new assets that are increasingly contributing to our income growth and capital returns. More recently, we have taken advantage of market repricing to acquire smaller urban or last-mile buildings, which present regular opportunities to add value through active management. Our development pipeline also creates some smaller assets and together they complement the big boxes that make up most of the portfolio, allowing us to meet a broader range of customer needs.

Structural trends continue to underpin market fundamentals

Our sector is a key part of the UK's economic infrastructure and the long-term drivers of e-commerce, supply chain resilience and ESG continue to sustain strong demand for modern buildings. Occupiers continue to consolidate older logistics facilities into larger modern ones that can provide economies of scale, accommodate automation for e-commerce sales, add resilience to their supply chains and meet ESG objectives as well as improved working environments for staff.

Following a period of exceptional demand, 2023 has seen market fundamentals normalise, with UK-wide market vacancy rates increasing from the very low levels reported in 2022. In response to this, and heightened levels of economic uncertainty, construction starts of speculatively developed buildings have fallen back sharply through the year.

Overall, while the occupational market has softened compared to its all-time highs in 2021/22, it remains at levels which would historically be considered strong. Macro-economic improvement is likely to increase occupier demand, which could outstrip decreased levels of supply, causing reduced vacancy levels and maintaining rental growth at attractive rates.

A strong and prudently financed business delivering progressive dividends

Carefully managing the balance sheet remained a major focus for us during the year. We have demonstrated our ability to successfully recycle capital into higher-returning opportunities: our disposals in 2023 were conducted at or above their prevailing book value, underpinning the overall portfolio valuation and reflecting the attractiveness and liquidity of our assets.

Our business model gives us significant flexibility. We can adapt our development programme to market conditions and, given our balance sheet positioning, we are not compelled to raise funds by selling assets into a weak market. With low leverage and considerable headroom in our debt facilities, we can also be opportunistic in the market, as shown by our acquisitions during the year. We have a well-diversified and long-term debt book and, with the successful refinancing of our revolving credit facility, we now have no debt maturing before mid-2026.

The quality of our investment portfolio, the benefits of our development programme and our prudent approach to risk, result in a well-covered and progressive dividend. The Board has declared dividends totalling 7.30 pence per share for 2023, up 4.3% on 2022 and 94% covered by Adjusted earnings (excluding additional DMA income).

A Manager investing for the future

The Company's Manager, Tritax Management LLP, has been integral to our success over the last ten years and is a key component of our strong platform. With a team dedicated to Tritax Big Box, led by Colin Godfrey, it has managed the evolution of our strategy as the business has matured, and shown its ability to execute and deliver for shareholders, customers and our wider stakeholders, across the market cycle.

The structure of the Investment Management Agreement supports alignment between the Manager's interests and shareholders. The Manager's fee has reduced significantly this year, in line with the reduction in asset values. Despite this, the Manager has continued to invest in its team, adding strength and depth that will benefit the Group going forward.

Positive outlook supported by strength of our platform and attractive long-term market fundamentals

The Group has excellent long-term growth potential, as we capture significant reversion in the investment portfolio, drive returns through development and continue to optimise our portfolio by redeploying capital into higher returning opportunities. These inherent attributes for growth are further supported by the strong fundamentals of the UK logistics market.

Ongoing rental growth and either stable, or in some cases declining, construction costs, are having a positive impact on our development yield on cost which is expected to be at or marginally above the mid-point of our 6-8% guidance range. Improving yield on costs, combined with high levels of customer enquiries, supports our confidence in our long-term development starts guidance of 2-3 million sq ft.

Overall rental income growth will be supported by the significant reversion within the investment portfolio and the practical completion of let development assets throughout the year. Given the structural support within the market, we continue to expect to see overall positive movement in rental levels in the core markets in which we operate.

We remain focused on maintaining our balance sheet strength, while looking for further opportunities that will create value for shareholders. In this regard, on 12 February 2024 we announced that we had reached agreement on the key terms of a possible all-share offer for the entire issued and to be issued share capital of UK Commercial Property REIT Limited. A further announcement will be made in due course.

Manager's report

Market review

Favourable market dynamics supplement long-term structural drivers

Long-term structural demand drivers continue to support our sector. The growth of ecommerce, 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 are "mission critical"*. Logistics assets are a vital part of companies' supply chains and companies make long-term strategic decisions around their occupational needs. This means "mission-critical" buildings tend to prove resilient through periods of weaker economic growth.
- *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. The market continued to benefit from this diversity in 2023 notwithstanding short-term macro-economic challenges.
- *There are notable barriers to new supply in prime markets*. There are significant constraints on delivering new space in the best markets. Suitable land is scarce and securing planning consent is a difficult and often multi-

year process. Independent developers are also currently finding it challenging to raise finance and build costs remain elevated.

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

The economic backdrop was challenging in 2023, with high inflation, rising interest rates, lower growth, and still elevated energy costs impacting consumer and business confidence. The covenant strength of our customer base was demonstrated through 100% rent collection in the year. Occupier decision making was impacted however, with take-up dropping back to pre-pandemic levels after three years of` elevated demand.

UK take up totalled 22.1 million sq ft (2022: 38.0 million sq ft), broadly in line with the 2013-2019 average of 23.3 million sq ft. There was a notable pickup in demand in Q4 2023, with 8.8 million sq ft taken across 27 deals, including several large commitments. The East Midlands remained the top location, accounting for 43% of take up in 2023[1].

Longer term however, demand remains healthy. Our annual occupier survey[2] showed 38% of respondents expected to increase their warehouse requirements in the next two years, with just 7% looking to reduce their space. Savills reports a consistent level of enquiries across the year and our own enquiries hub is close to record levels. Many of these enquiries are for large units, where companies continue to see value in consolidating fragmented networks into more-efficient, technology enabled, and sustainable buildings. Network evolution remains a strategic priority for many organisations and will remain 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. This reflects the ongoing evolution of supply chains being seen across all industries, and in particular the need to increase resilience which includes a combination of re- or near-shoring, multi-sourcing, higher stock levels, and use of 3PLs to provide supply-chain expertise. We continue to see healthy interest from the sector and completed several lettings to manufacturing businesses in the year.

New space accounted for 67% of take-up[1], 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% of respondents to our 2023 occupier survey[2] highlighting staff wellbeing as important or critical in their warehouse choice. New buildings are being designed with this in mind.

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

This was a transitional year for new supply. Completions were relatively high at 30.2 million sq ft (2022: 33.0 million sq ft), as projects that started in the buoyant market of 2022 reached completion[1]. 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)[1]. Both speculatively developed and built-to-suit projects have declined through 2023 which reflects the challenging macro backdrop, higher cost of capital and normalised levels of demand.

Vacancy increased from 2.0% at Q4 2022 to 5.1% at Q4 2023[1]. However, this underlying supply is unevenly spread across the UK and is significantly influenced by a handful of locations. As a result, many of the best logistics locations remain supply constrained, with resilient occupational interest.

Control of a strategically located land portfolio which is capable of near-term development is therefore particularly attractive in the current environment. It positions us to capture the demand for new units, at a time when many trader-developers will struggle to bring new sites forward. We control most of these sites through capital-efficient options, which also link our land purchase price to prevailing open-market value less a prescribed discount, so we benefit at present

[1] Source: CBRE
[2] Source: Tritax and Savills Future Space occupier survey

from the overall reduction in land values across our future development pipeline. This enables us to maintain our 6-8% yield on cost development guidance.

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

Strong rental growth in 2023

Headline prime rents reported by CBRE reflect the top tier of rent for buildings of the highest quality and specification, in the best location in the market. They are not therefore directly comparable to the performance of a portfolio of buildings but do provide a consistent barometer by which to measure market performance. Despite the increase in vacancy, the ongoing mismatch between supply and demand in core locations helped prime headline rents increase further in 2023. The North West and Outer South East markets performed particularly well, with prime headline rents increasing by at least 10%. Across the Midlands, rents increased by 8%. London rents remain significantly higher at £27.50 psf having increased by a cumulative 61% in 2021 and 2022. London rental growth slowed to 4% in 2023[1].

While prime headline rents are a valuable metric to consistently track rental progress, MSCI data better reflects portfolio-wide performance and a broader mix of buildings. UK distribution warehouse ERVs grew by 7.2% in 2023 (2022: 10.6%)[3], highlighting the wider market's resilience through this cycle.

Logistics real estate transaction markets remain open but subdued

Transaction activity totalled £4.7 billion in 2023, down 40% on 2022[4].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. Nevertheless, we continue to see significant pools of global capital waiting to be deployed into the sector, attracted by the potential for further income growth, and relatively favourable returns that are now available following the rapid adjustment in pricing.

The steady flow of transactions continues to evidence market pricing, but 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 has not been reflected in real estate pricing. Having moved out rapidly in 2022, the prime yield remained stable across H2 2023 at 5.25%[1]. As a result, 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, we would expect to see an improvement in logistics real estate investment market sentiment and for activity to pick up in 2024. 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.

[3] Source: MSCI
[4] Source: DTRE

Strategy aligned with market drivers

Our strategy is aligned to the market drivers described above. It has three interlinked components that aim to deliver sustainable income and capital growth, robust performance through the economic cycle and an attractive and progressive dividend, while ensuring we meet our wider responsibilities and carefully manage risk.

The components of the strategy are:

1) High-quality assets attracting world-leading customers – delivering long-term, resilient and growing income.

2) Direct and active management – protecting, adding and realising value.

3) Insight driven development and innovation – creating value, future proofing and capturing occupier demand.

ESG is intrinsic to each of these elements. The Group's key ESG themes are:

- Sustainable buildings – integrating ESG across the investment lifecycle, from acquisition and development to asset management and exit;
- Climate and carbon – achieving net zero carbon and mitigating physical climate risks;
- Nature and wellbeing – enhancing biodiversity and wellbeing across the portfolio; and
- Social value – creating positive impact for people and communities.

Information on how we implemented the strategy during the year is set out in the following sections.

Investing in our capabilities

Tritax Management continued to invest significantly in its own capabilities which in turn enhances the service provided to Tritax Big Box. In addition to the dedicated senior team working exclusively on Tritax Big Box, Tritax Management has grown its broader team, developing people capabilities and broadening its skillset. External new hires have added further expertise to asset management capabilities and the support functions have also been expanded to ensure specialist expertise is in place to further support Tritax Big Box (e.g. Marketing, ESG and People Development). Learning and Development is a strategic priority and is provided to all staff as part of Continuous Professional Development, including technical, regulatory and sector-specific content. Soft skills training has also been widely introduced together with well-being topics (e.g. mental health). Training content is tailored to the needs of staff and so is either provided online, face-to-face, on an individual basis or in group format. We are pleased to report another strong result in our employee satisfaction survey in which 88% of employees took part and we recognised a 80% score, in line with our 2022 performance.

1) High-quality assets attracting world-leading customers

Investment portfolio key figures

	31-Dec-23	31-Dec-22	Change
Total portfolio value (£bn)	5.03	5.06	-0.6%
Number of investment assets	78	79	-1.3%
Gross lettable area (million sq ft)	35.6	37.5	-5.1%
Portfolio ERV (£m)	277.0	266.8m	3.8%
LFL ERV Growth	6.9%	9.2%	-2.3pts
Number of customers	61	51	19.6%
Portfolio Vacancy	2.5%	2.1%	0.4pts
WAULT (Years)	11.4yrs	12.6yrs	-1.2 yrs
Rent collection	100.0%	100.0%	0 pts

Our priorities for 2023

We set the following priorities for 2023 in relation to the investment portfolio:

Priority	Progress
Closely monitor customers' credit quality in the face of a potential UK recession.	Continued to regularly analyse customers' financial strength, based on third-party data, financial results, regular meetings with customers' senior management and our observations from conducting approximately 130 site inspections during the year. Customer credit quality is ultimately reflected in continuing to collect 100% of rent due in 2023, our tenth consecutive year of doing so.
Evaluate: • the weighting of the portfolio between Foundation and Value Add, to inform our approach to active management of the portfolio; and • the geographic composition and range of building sizes within the portfolio, to maintain an appropriate balance between rental growth, covenant strength and risk.	We continually evaluate individual assets and the overall shape of the portfolio, to identify opportunities for maximising future returns. During the year, we disposed of assets where business plans had been realised and acquired assets with the potential to add greater value. This was aligned with our objective of reinvesting into opportunities with higher risk-adjusted returns and broadening the range of building sizes, by adding smaller last-mile units through development and acquisitions.

Resilient portfolio with embedded opportunities for value creation

Our total portfolio comprises:

- the *investment portfolio* of assets with a lease or agreement for lease in place, which we believe to be the strongest in Europe in terms of asset quality, customer financial covenant strength and lease length, and which provides lower risk but attractive and resilient income; and
- the *development portfolio*, which provides best-in-class new assets for the investment portfolio (see *insight driven development and innovation* below).

The investment portfolio is split between Foundation assets, which provide our core long-term income, and Value Add assets, which offer opportunities for capital or income growth through asset management. Assets can move between these categories over time, as our asset management activity turns Value Add assets into Foundation, or as Foundation assets become Value Add, for example as the lease nears expiry.

Investment Portfolio		**Development Portfolio**	
Foundation assets	61.4%	Land and buildings under construction	7.7%
Value Add assets	30.9%		
Total Investment Portfolio	**92.3%**	**Total Development Portfolio**	**7.7%**

At the year end, the total portfolio value was £5.03 billion (31 December 2022: £5.06 billion), broadly in line with the previous year end. This reflects stabilising asset values across the year, development gains and our active asset management, including 6.9% like-for-like ERV growth and the net impact of asset acquisitions and disposals.

While “big boxes” make up most of our portfolio, we have continued to broaden our customer offer in terms of the range of building sizes we can provide, so we can meet customer needs for “first mile” mission critical logistics assets through to last-mile urban delivery units. Both our development programme and our investment strategy are increasing the number of urban and last-mile units in the portfolio. At the year end, the portfolio contained the following mix of building sizes:

Urban / last mile	**% of contracted rent**
<100k sq ft	1.7%
100 – 250k sq ft	9.7%
Big boxes	
250 – 500k sq ft	31.5%
>500k sq ft	57.1%

As at 31 December 2023, 97.3% of the investment portfolio had an EPC rating of C or above, and all assets certified by BREEAM (50.7%) have a rating of Very Good or above. For new developments 100% were built to EPC A and 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.

Secure customer base underpins income generation

The Group's diversified customer base includes some of the world's most-important companies, with 73% being part of groups included in major stock market indices, such as the DAX 30, FTSE All Share, SBF 120, NYSE and S&P 500.

The quality of the Group's assets and customers enabled us to continue to collect 100% of rent during the year; the tenth year running.

Portfolio vacancy at the year end was 2.5% (2022: 2.1%). The increase relating to one building being taken back for refurbishment just prior to the year end.

The table below lists the Group's top ten customers:

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

Upward-only rent reviews provide attractive income growth

All our leases benefit from upward-only rent reviews. Of total contracted rents:

- 17.2% are reviewed annually; and
- 82.8% are reviewed in five-yearly cycles, with the timings staggered so there are reviews taking place each year.

The table below shows the rent review types across the portfolio at the year end:

Rent review type	% of rent roll at 31 December 2023	% of rent roll at 31 December 2022
Fixed	8.7%	8.7%
RPI/CPI linked	48.9%	52.3%
Open market	29.9%	30.5%
Hybrid (higher of inflation or open market)	12.4%	8.5%

Leases with inflation-linked reviews typically specify minimum and maximum rental growth, which average 1.5% and 3.5% respectively. This gives certainty on the minimum rental increase within the portfolio, which we supplement through open market and hybrid rent reviews (totalling 42.3%, which combined provide opportunity to capture uncapped market rental growth) and other forms of active management.

Due to the balance of open market and inflation-linked rent reviews, and the growing rental reversion in the portfolio (see below), we remain positive about continuing to deliver attractive, long-term income growth from our investment portfolio.

Information on rent reviews in 2023 can be found in the *direct and active management* section below.

Increasing ERVs provide significant opportunity to grow rental income

At each valuation date, the valuer independently assesses the estimated rental value (ERV) of each asset in the investment portfolio. This is the rent the property would be expected to secure through an open-market letting at that date.

At 31 December 2023, the portfolio ERV was £277.0 million (2022: £266.8 million), which is £51.7 million or 23.0% (2022: 19.1%) above the contracted rent. The portfolio like-for-like ERV increased by 6.9% during the year. We have opportunities to capture this reversionary potential through open market rent reviews, lease renewals at expiry, new leases or lease regears.

Long duration, full repairing and insuring ("triple net") leases minimise capex and enhance income security

At the year end, the investment portfolio's WAULT was 11.4 years (2022: 12.6 years), with the Foundation assets having a WAULT of 15.0 years (2022: 15.9 years).

Of total rents:

- 33.7% is generated by leases with 15 or more years to run; and
- 26.1% comes from leases expiring in the next five years, providing near-term opportunities to capture the growing reversion within the portfolio (see below).

The vast majority of our leases are full repairing and insuring, equivalent to "triple net" leases in the United States. This means our customers are responsible for property maintenance during the lease and for dilapidations at the end of the lease term. This minimises our irrecoverable property costs, which resulted in 100% conversion of gross to net rental income for the year.

Our priorities for 2024

In 2024, our priorities in relation to the investment portfolio are:

- Evaluate the overall composition of the portfolio, identifying assets for potential disposals and to inform our asset management and investment activities.
- Evaluate the balance between larger and smaller assets with a view to selectively increasing our weighting to urban logistics.
- Continue to closely monitor customer financial performance.

2) Direct and active management

	31-Dec-23	31-Dec-22	Change
Disposals (£m gross proceeds)	327.0	0.0	-
Disposals (million sq ft)	3.0	0.0	-
Disposals (£m contracted rent)	14.1	0.0	-
Acquisitions (£m consideration)	108.0	0.0	-
Acquisitions (million sq ft)	0.5	0.0	-
Portfolio subject to rent review in year (%)	19.0	34.9	-15.9pts
Proportion of portfolio reviewed (%)	22.5	33.0	-10.5pts
Passing rent uplifts - reviews and lease events (£m)	4.9	5.1	-3.9%
Passing rent uplifts - reviews and lease events (%)	9.6	7.6	2.0pts
EPRA Like-For-Like Rental Growth (%)	3.6	3.6	0.0pts

Our priorities for 2023

We set the following priorities for 2023 in relation to active management:

Priority	Progress
Settle outstanding open market rent reviews.	Concluded five open market rent reviews in the year, including four of the six outstanding at the start of the year. A further three open market reviews were in negotiation at the end of 2023.
Continue to progress lease extension and renewal discussions with customers.	Signed two lease extensions of eight and ten years and had 12 negotiations on lease extensions ongoing at the year end.
In addition to the three assets disposed of at the start of the year for £125 million, make further selective asset disposals, in line with our annual target of £100 million to £200 million.	Completed a further £176 million of disposals in H2 2023, resulting in a total of £327 million of disposal proceeds in the year, at or ahead of book valuations and delivering an attractive blended Net Initial Yield of 4.3%.
Continue to evaluate opportunities for acquisitions.	Acquired two urban last-mile logistics estates for a total of £108.0 million and exchanged contracts on a 480,000 sq ft asset let to Co-Op, for £47.7 million, which completed shortly after the year end.
Work with customers on further initiatives to enhance the assets, including their ESG credentials.	Collaborated with customers on a wide range of ESG initiatives including our solar programme. Currently in discussions on a further 20MW of projects, including innovative private wire networking projects. Delivered good progress against all ESG targets.

Realising value and recycling capital through disposals

Capital recycling is a key part of our business model. As such, we have deliberately constructed the portfolio over the years to ensure it contains highly attractive assets with good liquidity, enabling us to dispose when we choose, reinvesting the proceeds into higher-returning opportunities – such as our development pipeline – and thereby improve and re-fine the overall quality of the portfolio.

We constantly review the Group's portfolio, to identify assets where:

1) we have completed our asset management plans and maximised value;

2) the asset's investment characteristics no longer fit our desired portfolio profile; or

3) the asset's future performance may be below others in the portfolio or have more risk attached to it.

We identify assets for disposal by analysing the associated risk and return profile. Risk criteria we consider include age, location, covenant strength, geographic and customer concentration, rental income profile, ESG performance and the opportunity for future rental growth. We analyse the potential future return expectations based on our asset management plans, view of rental growth, capex requirements and any marketing void and tenant incentive, in addition to considering further ESG performance enhancements.

We look closely at the capital market conditions to establish whether we are optimising our engagement and/or execution at the correct point during the prevailing market cycle. We continually profile the most active buyers to establish their desired income profile coupled with their transactional experience and credibility to ensure we engage with purchasers with high execution abilities.

We maintain regular contact with other investors to track forthcoming sales and establish the drivers behind the disposals and whether we can use our track record to our advantage. We have developed a strong reputation in the market for being both well capitalised and knowledgeable, enabling us to act quickly (subject to acquisition due diligence). In line with this, we regularly engage with landlords, developers and brokers to ensure we are informed on near/medium-term opportunities to reinvest in land, developments or income-producing acquisitions.

During the year we disposed of the following assets, which in aggregate achieved prices at or above their book values, thereby demonstrating the quality of our properties in what has been a difficult market to transact in over the last 12 months:

Asset	Sq Ft ('000s)	WAULT (years)	Occupier
Corby	848	15.3	Eddie Stobart
Raunds	659	22.9	Howdens
Knowsley	578	13.5	Matalan
Skelmersdale	470	1.4	DHL
Worksop	331	12.5	Cerealto
Littlebrook 4A/B (vacant)	84	n/a	n/a
	2,970		

Acquiring investments with asset management potential and that broaden our customer offer

While development remains the primary focus of our capital deployment given the attractive returns it delivers, we continue to look for investments that can generate accretive total returns, support our income growth and broaden our customer offer. This forms part of our ongoing portfolio optimisation and complements our development activity by typically offering lower risk and more immediate income.

In line with our objective of broadening our customer offer, and following the market repricing in 2022/23, we saw an opportunity to deliver an appropriate level of risk-adjusted return by acquiring smaller assets in strong urban locations, to complement our predominately big box portfolio. These smaller assets increase our scope for capturing market rental growth more frequently, as they typically have shorter leases than big boxes and therefore create more regular asset management opportunities. Consistent with our strategy and focus on portfolio quality, we continue to focus on assets which have strong fundamentals, are well-configured and have strong ESG credentials or the ability to reposition, thereby enhancing their overall quality.

We appraised many opportunities during the year and were highly selective in those we chose to take forward ensuring they meet our property quality, investment strategy and total return targets. As a result, we acquired:

- Junction 6 Logistics Park, a core urban logistics estate within 3 miles of the centre of the UK's second largest city, for £58.0 million. The asset is in a prime location near Birmingham and comprises 12 units totalling 384,000 sq ft. The WAULT of 1.6 years on acquisition provides opportunities to enhance the property specification, deliver improved ESG performance and capture rental reversion. The average passing rent at acquisition is c£7.30 psf compared with the ERV of c£10.90 psf, which is reflected in the reversionary yield of 6.7%.

- A three-unit scheme in Enfield totalling 130,000 sq ft plus an open storage site of c.1.2 acres for £49.9 million. The scheme, located in a well-established urban last-mile location, with immediate access from Junction 25 of the M25, had a WAULT of 0.9 years on acquisition. It offers significant value-add potential, with one unit vacant that has recently been refurbished to meet an A+ EPC rating. The average passing rent of c.£11.00 psf compares with an average ERV of c.£21.00psf, resulting in a reversionary yield of 5.9%.

We are already making progress with our value-creation plans for these schemes and have expanded our asset management team to add further resource and expertise. This is enabling us to engage directly with current and potential occupiers, to discuss our plans with them and understand their requirements. Early successes include agreeing a five-year lease on the vacant unit at Enfield, at a rent more than 20% ahead of the ERV, with other leasing discussions under way.

We also look to acquire prime big box investments that we consider mispriced. In November 2023, we exchanged contracts to acquire a c.480,000 sq ft asset on Castlewood Business Park, close to Derby, Sheffield and Nottingham. The asset is let to Co-Op, and is a mission critical temperature-controlled facility on a lease with nine years remaining. The Co-Op is an existing Group customer at two other buildings. The investment acquisition offers strong rental growth potential, with a passing rent of £5.86 psf compared to an ERV of c.£7.50 psf. The purchase price of £46.0 million equates to a NIY of 5.75% and a reversionary yield of 7.3%. The acquisition completed in January 2024.

Growing and lengthening income

The mix of rent review frequencies meant 19.0% of the portfolio was subject to review in 2023, compared to 34.9% in 2022 and 26.7% in 2024. During the year, we agreed 13 rent reviews, including four of the six open market rent reviews that were outstanding from 2022. The table below summarises the outcome of these reviews, showing the strong rental uplifts from the open market reviews concluded in the year. The relatively small proportion of the portfolio subject to review in the year was reflected in our EPRA like-for-like rental growth figure, which was 3.6%. A further three open-market or hybrid rent reviews were in negotiation at the year end.

Rent reviews completed in 2023 by type:

	Number	% of contracted rent	Growth in passing rent
Index linked	5	13.7%	3.0%
Open market / hybrid	5	5.6%	27.2%
Fixed	3	3.2%	3.7%
Total	**13**	**22.5%**	**9.1%**

During the year, we completed a reversionary lease extension with a customer, agreeing a ten-year lease from August 2023 that provides security of income and increases the value of the asset. We also extended a lease by eight years, to align with the term on a new lease with the same customer on a second unit, which came through our development programme. At the year end, lease negotiations were under way across 12 assets or units, including proposals for lease extensions and solar schemes with the potential to generate nearly 20 MW of renewable energy.

Enhancing ESG through integration, engagement and active management

By working in partnership with customers on ESG initiatives, we can increase rental income, asset liquidity and capital values, prolong an asset's life, reduce obsolescence risk and contribute to local communities. At the same time, our customers can enhance their working environments, reduce their operating costs and make progress towards their own ESG targets. To maximise the effectiveness of our approach, we have integrated ESG considerations throughout the investment lifecycle, from asset selection and development to asset management and disposal, as well as our engagement with occupiers and our management of the Group’s supply chain.

We made good progress against our ESG targets which relate to the four themes in our strategy. Specific achievements include:

- **Sustainable buildings:** We implemented a new ESG due diligence framework, embedding consideration of climate and carbon related risks into our day-to-day operations. Our commitment to sustainable development encompasses our standards for construction, which includes achieving a minimum of BREEAM ‘Excellent’ and EPC A grade on all new buildings. In addition, we have done significant work on the resilience of the power supplies to our assets and the demands they will face, for example as customers increase automation or charge increasing numbers of electric vehicles. Potential solutions include solar schemes or private wire networks, allowing occupiers to share renewable energy generated on-site.

- **Climate and carbon:** On operational carbon we continue to deliver and refine the Group’s net zero pathway. This is an ongoing process, as we integrate our current development programme and our asset management plans for each building into the pathway and engage with customers to understand their plans for decarbonising their operations, which are key for reducing Scope 3 emissions. We are aiming to publish an update to our net zero carbon pathway during the forthcoming financial year.

- **Nature and wellbeing**: During 2023, we continued our work to establish the current baseline for biodiversity across the investment portfolio. Having conducted an initial review of our portfolio to determine the best approach for each, our biodiversity initiatives include wildflower areas to support pollinators, as well as insect hotels, bird boxes and beehives. We have also put the necessary processes in place to ensure our developments will deliver the 10% biodiversity net gain that will be required under imminent legislation.

- **Social value:** During 2023 we established the Tritax Social Impact Foundation to provide an internal centre of excellence for the delivery of social impact. The foundation will help expedite and understand our delivery of social value.

In October 2023, we announced the signing of a new £500 million revolving credit facility, which gives us the ability to reduce the interest rate margin over time by meeting ESG-related targets. More information can be found in the *Debt capital* section of the Financial Review.

We ranked as the industrial sector's GRESB 2023 Listed Sector Leader and Sector Leader, both for Europe and globally. We also achieved a Sustainalytics score of 7.6 (Negligible Risk) and were awarded the Region and Industry Top Rated badges, whilst retaining our EPRA sBPR Gold Award. We are 'B' rated by CDP (formerly carbon disclosure project) which is the world's most comprehensive environmental dataset and the gold standard of environmental reporting.

Our priorities for 2024

In 2024, our priorities in relation to active management are:

- Seek to dispose of £100-200 million of assets, subject to market conditions and opportunities within the investment market, in line with our ongoing approach to capital rotation.
- Implement our asset management plans, with a particular focus on recently acquired urban logistics assets with significant reversionary potential.
- Enhance our ESG performance, including a programme to determine viable projects and costs for works to achieve net zero carbon.

3) Insight driven development and innovation

	31-Dec-23	31-Dec-22	Change
Development completions (million sq ft)	2.2	1.2	+83.3%
Development completions let (million sq ft)	1.9	0.6	+216.7%
Development completions let (£m to passing rent)	13.6	5.3	+156.6%
Development starts (million sq ft)	1.7	2.9	-41.4%
Development starts (£m ERV)	15.6	23.4	-33.3%
Development lettings (million sq ft)	0.9	3.1	-71.0%
Development lettings (£m)	7.8	23.3	-66.5%
Average development yield on cost (%)	6.7	6.2	+0.5pts
Planning consents secured (million sq ft)	0.9	1.6	-43.8%
Total planning consented land (million sq ft)	6.3	7.0	-10.0%

Our priorities for 2023

We set the following priorities for 2023 in relation to our development programme:

Priority	Progress
Commence construction of between 2 to 3 million sq ft of new developments while keeping a close eye on the macroeconomic backdrop, within our yield on cost guidance of 6-8%.	Construction starts totalled 1.7 million sq ft, just below our target range as we prudently scaled back our activity early on in the year into the face of heightened occupational and investment market uncertainty. We delivered an attractive yield on cost of 6.7% for our 2023 development lettings as rising rents coincided with a stabilisation, and in some cases declines, in construction costs.
Secure a blend of pre-let and speculative lettings.	Achieved lettings on 0.9 million sq ft of developments, adding £7.8 million or 3.5% to Dec 2022 Contracted annual rent, whilst noting that a further 0.9m sq ft remains in solicitors' hands.
Progress planning consents and ensure sufficient consented land is in a credible delivery state to support our long-term development activity, and aim to replenish land once developed.	Obtained new planning consents on 0.9 million sq ft, continued to transition land to a credible delivery state, and secured options on new sites.
Continue to develop our low-carbon baseline specification and work towards embodied and whole life carbon performance targets.	Completed projects in line with low carbon baseline specification including detailed monitoring of embodied carbon performance – see *Enhancing ESG through integration, engagement and active management* above.

A carefully considered and low-risk approach to development

Development is a key driver of our returns, as we target a yield on cost of 6-8% while carefully managing risk.

We control the UK's largest land portfolio for logistics development, capable of delivering approximately 42.5 million sq ft of new logistics space. Our development programme therefore has the potential to more than double the size of our business, by providing a pipeline of high-quality new assets for the investment portfolio through a blend of pre-let and speculative developments. The pipeline is diversified geographically and is highly flexible in terms of building size and location, enabling us to match our customers' requirements all the way from urban or last mile assets to "mega boxes". This means the balance of the investment portfolio will gradually evolve, to reflect this broader mix of building sizes and the attractive blend of lease profiles.

We hold most of the land portfolio through long-term option agreements. These are capital efficient and reduce risk, as we typically only buy the land once we have received planning consent and have flexibility over the quantum and timing of our purchases. The options include both a pre-defined discount to prevailing land prices and enable us to offset much of the planning and infrastructure costs associated with a site from the purchase price. This combination means we typically secure an attractive profit on the land on drawdown, in addition to minimising the impact to the business of changing land values.

While the primary intention of our development programme is to create income-producing assets for the investment portfolio, we will occasionally work with a customer to develop an asset for freehold sale to them, where this will help us to gain planning, open up a site and accelerate our profit capture.

Our Investment Policy limits land and development exposure to 15% of GAV, including a maximum exposure to speculative development of 5% of GAV. At the year end we remained well within these limits:

- land and development exposure was 7.7% of GAV; and
- speculative exposure (based on aggregated costs) was 2.3%.

Managing build costs

Following the rapid increase in build costs in 2022 we have seen a more stable environment in 2023, with the upward pressure on material pricing having eased. The reduction in speculative development programmes across the industry has also led to greater contractor capacity, leading to increased competition within tenders for new projects. We have excellent relationships with key suppliers and the scale of our development programme means we benefit from both contractor loyalty and considerable buying power. We closely monitor the financial strength of our contractors and place our main building contracts with contractors that are experienced in logistics warehousing and exhibit financial stability.

We maintain our guidance of delivering a 6-8% yield on cost on our overall development programme, with our current buildings under construction expected to be delivered at an estimated 7.0% yield on cost.

Significant development completions

In 2023, we made excellent operational progress, reaching practical completion on 2.2 million sq ft of leased buildings, which added £13.6 million to passing rents. We started 1.7 million sq ft of new developments, marginally below our long-term guidance of 2-3 million sq ft, having taken a more cautious approach to development activity in early 2023 given the challenging macro-economic backdrop. These developments have the potential to add £15.6 million to contracted annual rent.

In addition, we:

- achieved 0.9 million sq ft of development lettings, increasing contracted annual rent by £7.8 million;
- obtained outline planning consent for a further 0.9 million sq ft.

The UK's largest land portfolio for logistics development

We categorise our development portfolio as follows, based on the timing of opportunities:

1) Current Development Pipeline – assets under construction, which are either pre-let, let during construction or speculative developments. The Group owns these sites.

2) Near-term Development Pipeline – sites with planning consent received or submitted, and where we aim to begin construction in the next three years. The Group will own some of these sites, with others held under option pending planning consent or where we have achieved outline planning but have yet to acquire the land.

3) Future Development Pipeline – longer-term land opportunities, which are principally held under option, and which are typically progressing through the planning process.

1) Current Development Pipeline - assets under construction to be delivered in next 12 months

At 31 December 2023, the Group had the following assets in the Current Development Pipeline. The total estimated cost to complete is £128.1 million and the assets have the potential to add £18.9 million to annual passing rents.

	Estimated costs to completion					
	Total	**Period**			**Total sq ft**	**Contractual rent / ERV**
		H1 2024	H2 2024	H1 2025		
	£m	£m	£m	£m	m	£m
Current Speculative Development	124.7	49.7	64.1	10.9	1.7	15.7
Current Let / Pre-Let Development	3.4	2.5	0.8	0.1	0.4	3.2
Total	**128.1**	**52.2**	**64.9**	**11.0**	**2.1**	**18.9**

Note: In addition to the Current development pipeline the Group had one asset which had reached practical completion and has a lease commencing on 3 January 2024. Therefore, in addition to the contractual rent / ERV of £18.9 million within the above table, an additional £3.7 million of passing rent has already commenced in early 2024.

2) Near-term Development Pipeline - construction expected to commence in next 12 - 36 months

At the year end, the Near-term Development Pipeline consisted of land capable of accommodating 9.5 million sq ft of logistics space and delivering £86.0 million of annual rent. Of this:

- 5.4 million sq ft relates to land with planning consent; and
- 2.0 million sq ft relates to sites where we have submitted a planning application.

As at 31 December 2023, the Group was awaiting decisions on planning applications totalling 10.9 million sq ft.

The table below presents the Near-term Development Pipeline at the year end. Movements in the figures are driven by construction starting (which will move space to the Current Development Pipeline), or changes in our view on the likely timing of starts, resulting in movements between the two categories below.

The ERVs shown below are based on current market rents and therefore assume no further rental growth before the schemes become income producing.

	Total sq ft	**Current book value**	**Estimated cost to completion** *(Uncommitted)*	**ERV**
		£m	**£m**	**£m**
Potential near-term starts in the next 12 months	2.4m	22.3	285.0	22.1
Potential near-term starts in the following 24 months	7.1m	103.5	812.0	63.8
	9.5m	**125.8**	**1,097.0**	**85.9**

3) Future Development Pipeline

The Future Development Pipeline is predominantly controlled under longer-term option agreements. Most option agreements contain an extension clause, allowing us to extend the option expiry date where necessary.

The Future Development Pipeline has sites at various stages of the planning process, with multiple sites being currently promoted through local plans. We have continued to replenish the pipeline by securing options over new sites.

At 31 December 2023, the Future Development Pipeline comprised 1,476 net acres with the potential to support up to 31.3 million sq ft of development and generate around £277.5 million of contracted rent, again assuming no market rental growth.

Development Management Agreements (DMAs)

Under a DMA, the Group typically manages the development of an asset for a third-party funder, in return for a fee and/or profit share. The Group will not own the site during construction or the completed investment. DMAs are therefore excluded from the Group's asset portfolio. DMAs can provide the Group with an attractive but variable source of additional income for shareholders, with no capital funding requirements.

The treatment and impact of DMA income is discussed in the Financial Review.

Our priorities for 2024

In 2024, our priorities in relation to our development programme are:

- Commence construction on approximately 2-3 million sq ft of new developments in a range of building sizes, subject to changes in the macroeconomic backdrop.
- Secure a blend of pre-let and speculative lettings with an average targeted yield on cost of c.7.0%.
- Progress planning consents and ensure sufficient consented land is in a credible delivery state to support our long-term development activity, and aim to replenish land once developed.
- Continue to develop our low-carbon baseline specification and work towards embodied and whole life carbon performance targets.

Financial review

Our priorities for 2023

We set the following priorities for 2023 in relation to our financial performance and balance sheet:

Priority	Progress
Maintain the Group's strong balance sheet and liquidity, and keep the LTV within guidance of 30% to 35%.	Balance sheet management has been a key focus throughout 2023. The LTV at the year end was 31.6% (31 December 2022: 31.2%). The Group had liquidity of £567 million at 31 December 2023, comprising cash balances and undrawn debt facilities.
Target further growth in income and earnings and therefore enhance the dividend on a sustainable basis.	See *Overview* below.
Refinance the £450 million RCF maturing in December 2024.	We refinanced the Group's £450 million revolving credit facility and increased it to £500 million. The Group now has no debt facilities maturing before mid-2026.

Overview

The Group's financial performance has continued to reflect its strong operational performance. Net rental income grew on the back of development completions, rent reviews and asset acquisitions, partially offset by the impact of asset disposals. Adjusted earnings also benefited from a reduction in administrative costs, primarily reflecting the reduction in the investment management fee. However, the timing of DMA projects meant the Group recognised no DMA income in the year (2022: £9.3 million).

The key constituents of Adjusted EPS growth in the year are shown in the table below:

	Pence
Adjusted EPS in 2022	7.79
Investment asset rental growth	0.19
Development completions	0.96
Asset acquisitions	0.08
Asset disposals	(0.40)
Administrative expenses	0.16
Net finance costs	(0.38)
Other	(0.16)
DMA income	(0.49)
Adjusted EPS in 2023	**7.75**

The total dividend for the year was 7.30 pence per share (2022: 7.00 pence), an increase of 4.3% and in line with the Group's dividend policy.

A key focus for the year was around the preservation of balance sheet strength across key financial indicators. The Group managed its sources and uses of capital in a disciplined way with net debt and its loan to value remaining broadly stable across the year.

Presentation of financial information

The financial information is prepared under IFRS. The Group's subsidiaries are consolidated at 100% and its interests in joint ventures are equity accounted for.

The Board continues to see Adjusted EPS[1] as the most relevant measure when assessing dividend distributions. Adjusted EPS is based on EPRA's Best Practices Recommendations and excludes items considered to be exceptional, not in the ordinary course of business or not supported by recurring cash flows, but inclusive of finance income received under interest rate derivative arrangements.

Financial results

Net rental income

Net rental income grew by 7.8% to £222.1 million (2022: £206.0 million). EPRA like-for-like rental growth was 3.6%, reflecting the comparatively small number of rent reviews arising in the year.

Contracted annual rent at the year end was £225.3 million (31 December 2022: £224.0 million), with the movement reconciled below:

	£m
As at 31 December 2022	224.0
Developments	7.8
Rental reviews and asset management	4.9
Acquisitions	4.6
Disposals	(14.1)
Lease expiry	(1.9)
As at 31 December 2023	**225.3**

The annual passing rent at the year end was £217.0 million (31 December 2022: £205.1 million), with the increase of 5.8% driven by development completions, rent reviews and acquisitions, offset by disposals.

Administrative and other expenses

Administrative and other expenses, which include all the operational costs of running the Group, were £28.9 million (2022: £32.2 million). The Investment Management fee for the year fell by 15.4% to £22.0 million (2022: £26.0 million), reflecting the reduction in net asset value during the second half of 2022, as well as the lower fee scale with effect from 1 July 2022, following changes to the Investment Management Agreement announced in the prior year.

This contributed to the expected reduction in the EPRA Cost Ratio (including and excluding vacancy cost), which was 13.1% (2022: 15.7%).

Operating profit

Operating profit before changes in fair value and other adjustments was £193.2 million (2022: £183.1 million).

The Group earns DMA income from managing developments for third parties. DMA income is more variable than property rental income, and we include it within Adjusted earnings as it is supported by cash flows. We expect DMA

[1] Excluding additional development management agreement income

income in a typical year to be £3.0-5.0 million, over the medium term. However in 2023, the Group recognised no DMA income due to a timing delay on a certain project (2022: £9.3 million). Due to this deferment, we therefore expect the DMA income in 2024 to be in excess of £8 million.

Share-based payment charge and contingent consideration

Senior members of the Tritax Symmetry team were B and C shareholders in TSHL prior to the extinguishment of these shares (as noted below). Under IFRS, the B and C shareholders' value was split between:

i) contingent consideration, determined by certain provisions under the shareholder agreement between Tritax Symmetry HoldCo and the Tritax Symmetry Management Shareholders; and

ii) a share-based payment charge, which is the compensation the B and C shareholders received as a result of their economic right to a share of the future performance of Tritax Symmetry Development Assets.

Between 1 January and 17 August 2023, the date on which the Company completed the acquisition of the B and C shares, £2.9 million (2022: £1.9 million) was charged to the Group Statement of Comprehensive Income in respect of share-based payment charges and £0.4 million was charged in respect of contingent consideration (2022: £1.1 million gain).

Tritax Symmetry succession planning and extinguishment of B&C share liabilities

In August 2023, the Group completed the acquisition of the 13% of Symmetry Management Shareholders' equity interest in Tritax Symmetry Holdings Limited (TSHL), which formed part of the contingent consideration following the Symmetry acquisition in February 2019.

The B and C Non-Hurdle shares in TSHL, were acquired for a total consideration of £65.0 million, and were settled through a combination of cash and the issue of new ordinary shares in the Company. At this time the founding directors (excluding Andrew Dickman) fully stepped away from the business.

In conjunction, the Group also purchased the remaining C Hurdle shares in TSHL, awarded under the previous arrangements, valued at £1.6 million as at 30 June 2023 for a combination of cash and the issue of new Ordinary Shares.

The total consideration paid was £66.6 million. Subsequently £49.6 million was invested into 34.9 million new Ordinary Shares issued at a price of 142 pence per share.

Under the previous arrangement, the Company had an ability to buyback the remaining B and C shares post December 2026. This, was in part, an acceleration of the charge to EPRA NTA that would have been expected to be charged during the period June 2023 to December 2026, should the B shares have remained in place.

Following the acquisition, the full quota of B and C shares (equivalent to the 13% equity interest) were extinguished and the Company now owns 100% of TSHL and benefits from the full economic rights to all future value created from the Symmetry development portfolio. The B and C share liability recognised within the Statement of Financial Position, as at 30 June 2023, was £45.1 million and therefore a resultant early extinguishment charge has been recognised in the Statement of Comprehensive Income equalling £21.1 million during the year.

The charge to EPRA NTA resulting from the early settlement, including the issue of the new ordinary shares amounted to approximately 1.8 pence, or 1.0% of EPRA NTA.

We saw this as an excellent opportunity to further align the incentivisation of the remaining TSHL team, led by Andrew Dickman, with the Group and shareholders. Alongside the above purchase, we have therefore put in place a long-term scheme that rewards value created within the Symmetry development portfolio.

We believe that the new arrangement is likely to result in a better financial outcome for Shareholders over the period to December 2026, assuming a certain level of development is undertaken, based on existing business plans.

Financing costs

Net financing costs for the year were £44.9 million (2022: £37.8 million), excluding the loss in the fair value of interest rate derivatives of £11.2 million (2022: £14.9 million gain). The average cost of debt at the year-end had increased to 2.93% (31 December 2022: 2.57%), with 96% (2022: 100%) of the Group's drawn debt being either fixed rate or covered by interest rate caps (see hedging policy below). The movement in net financing costs therefore reflects the higher average cost of debt alongside the increase in average drawn debt throughout the period which stood at £1,629.2 million (2022: £1,488.0 million). £4.6 million of interest expense was capitalised (2022: £4.7 million), reflecting the level of capital deployed into active development projects in the period.

The interest cover ratio, calculated as operating profit before changes in fair value and other adjustments divided by net finance expenses, was 4.3x (FY 2022: 4.8x). The net debt to EBITDA ratio was 8.2x (FY 2022: 8.6x).

Tax

The Group has continued to comply with its obligations as a UK REIT and is exempt from corporation tax on its property rental business.

A tax charge of £0.6 million arose in the year (2022: £1.6 million credit), on profits not in relation to property rental business.

Profit and earnings

Profit before tax was £70.6 million (2022: £601.0 million loss), with the movement between the two years primarily reflecting the reduction in property valuations in 2022. Basic EPS was 3.72 pence (2022: 32.08 pence loss per share). Basic EPRA EPS, which excludes the impact of property valuation movements but for FY23 includes the one-off early extinguishment charge, was 6.01 pence (2022: 7.92 pence).

Adjusted EPS[1] for the year was 7.75 pence (2022: 7.79 pence) with the supporting calculation being found in note 13 to the accounts. The metric we see as closest to recurring earnings is Adjusted EPS[1] excluding DMA income above the anticipated run-rate. As there was no DMA income in 2023, this measure is the same as Adjusted EPS for the year. For 2022, Adjusted EPS[1] excluding additional DMA income was 7.51 pence.

Dividends

We aim to deliver an attractive and progressive dividend. The Board's policy is for the first three quarterly dividends to each represent 25% 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% of Adjusted earnings.

The Board has declared the following interim dividends in respect of 2023:

Declared	Amount per share	In respect of three months to	Paid/to be paid
4 May 2023	1.75p	31 March 2023	1 June 2023
3 August 2023	1.75p	30 June 2023	31 August 2023
20 October 2023	1.75p	30 September 2023	17 November 2023
1 March 2024	2.05p	31 December 2023	2 April 2024
Total dividend for 2023	**7.30p**		

[1] Excluding additional development management agreement income

The total dividend of 7.30 pence was 4.3% up on the 7.00 pence paid in respect of 2022. The pay-out ratio was 94% of Adjusted EPS.

Portfolio valuation

CBRE independently values the Group's assets that are leased, pre-leased or under construction. These assets are recognised in the Group Statement of Financial Position at fair value. Colliers independently values all owned and optioned land. Land options and any other property assets are recognised at cost, less amortisation or impairment charges under IFRS.

The share of joint ventures comprises 50% interests in two sites at Middlewich and Northampton, relating to land and land options. These two sites are equity accounted for and appear as a single line item in the Statement of Comprehensive Income and Statement of Financial Position.

The total portfolio value at 31 December 2023 was £5.03 billion (2022: £5.06 billion), including the Group's share of joint ventures:

	31 December 2023 £m	**31 December 2022 £m**
Investment properties	4,843.7	4,847.3
Other property assets	2.3	2.3
Land options (at cost)	157.4	157.4
Share of joint ventures	24.7	27.2
Asset held for sale	-	25.1
Portfolio value	**5,028.1**	**5,059.3**

The loss recognised on revaluation of the Group's Investment properties was £38.1 million (2022: £759.5 million loss). The portfolio equivalent yield at the year end was 5.6% (31 December 2022: 5.3%), with minor outward yield movement mitigated through income growth across the portfolio. This was supplemented by continued progress with the development programme and further growth in ERVs, which were 6.9% higher over the year.

Capital expenditure

Capital expenditure into developments was £208 million in 2023 (2022: £339 million), enabling construction starts across 1.7 million sq ft. This was within our guidance for 2023 of £200-250 million of development expenditure for the year. In addition, the Group acquired two urban assets totalling £108 million and made disposals realising proceeds of £327 million.

Embedded value within land options

Under IFRS, land options are recognised at cost and subject to impairment review. As at 31 December 2023, the Group's investment in land options totalled £157.4 million (31 December 2022: £157.4 million). We continue to progress strategic land through the planning process. During the year we transferred £16.8 million of land held under option to assets under construction.

As the land under option approaches the point of receiving planning consent, any associated risk should reduce and the fair value should increase. When calculating EPRA NTA, the Group therefore makes a fair value mark-to-market adjustment for land options. At the year end, the fair value of land options was £26.5 million greater (31 December 2022: £20.4 million greater) than costs expended to date.

Net assets

The EPRA NTA per share at 31 December 2023 was 177.15 pence (31 December 2022: 180.37 pence). The table below reconciles the movement during the year:

	p
As at 31 December 2022	180.37
Investment assets	(2.30)
Development assets	0.22
Land options	0.32
Operating profit	7.81
Charge for early settlement of B and C shares	(1.81)
Dividends paid	(7.12)
Other	(0.34)
As at 31 December 2023	**177.15**

The Total Accounting Return for 2023, which is the change in EPRA NTA plus dividends paid, was 2.2% (2022: -15.9%).

Debt capital

At 31 December 2023, the Group had the following borrowings:

Lender	Maturity	Loan commitment £m	Amount drawn at 31 December 2023 £m
Loan notes			
2.625% Bonds 2026	Dec-26	250.0	249.7
2.86% Loan notes 2028	Feb-28	250.0	250.0
2.98% Loan notes 2030	Feb-30	150.0	150.0
3.125% Bonds 2031	Dec-31	250.0	248.0
1.5% Green Bonds 2033	Nov-33	250.0	247.1
Bank borrowings			
RCF (syndicate of seven banks)	Oct-28	500.0	194.0
RCF (syndicate of six banks)	Jun-26	300.0	75.0
Helaba	Jul-28	50.9	50.9
PGIM Real Estate Finance	Mar-27	90.0	90.0
Canada Life	Apr-29	72.0	72.0
Total		**2,162.9**	**1,626.7**

In October 2023, the Group signed a £500 million sustainability-linked unsecured revolving credit facility (RCF) with a syndicate of its existing relationship banks and new lenders. This replaced the previous £450 million RCF, which was due to mature in December 2024. The new RCF has an initial five-year term, which may be extended to a maximum of seven years at the Company's request, subject to lender consent. It also contains an uncommitted £200 million accordion option.

The pricing is unchanged, with an opening margin of 120 bps over SONIA. The Group has the opportunity to improve the margin, subject to its performance against four sustainability-linked KPIs, which align with our ESG targets and strategy. The KPIs 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, and that EPC ratings should be improved across the investment portfolio.

Interest rates and hedging

Of the Group's drawn debt as at 31 December 2023, 80% was at fixed interest rates. For its variable rate debt, the Group uses interest rate caps which run coterminous with the respective loan and protect the Group from significant increases in interest rates. At the start of the year, the Group had interest rate caps in place across £299.3 million of debt, with an average cap rate of 1.19%. £150 million of legacy notional interest rate caps were due to expire in H2 2023, which were replaced with £100 million of new interest rate caps, leading to an average cap rate across £249.3 million of interest rate caps of 2.43% as at 31 December 2023. As a result, the Group had either fixed or capped rates on 96% of its drawn debt at the year end and the average cost of borrowing at 31 December 2023 increased to 2.93% (31 December 2022: 2.57%).

Debt maturity

At the year end, the Group's debt had an average maturity of 5.2 years (31 December 2022: 5.4 years). With the new RCF in place, the Group now has no debt maturing before mid-2026.

Loan to value (LTV)

The Group has a conservative leverage policy. At the year end, the LTV was 31.6% (31 December 2022: 31.2%), reflecting a stable net debt position and the modest decline in portfolio valuation.

Net debt and operating cash flow

Net debt at the year end was £1,590.3 million (31 December 2022 £1,576.4 million), comprising £1,626.7 million of gross debt less £36.4 million of cash (31 December 2022: £1,624.0 million gross debt, £71.1 million cash).

Net operating cash flow was £185.4 million for the year (2022: £177.4 million).

Priorities for 2024

Our financial priorities for 2024 are to:

- Maintain the Group’s strong balance sheet and liquidity, and keep the LTV within guidance of 30 to 35%.
- Target further growth in income and Adjusted earnings and therefore enhance the dividend on a sustainable basis.
- Continue to monitor the inherent shorter-term risks brought by the macro-economic environment with a view to providing the business with financial flexibility around the financing of its strategy.

Going concern

We continue to have a healthy liquidity position, with strong levels of rent collection, a favourable debt maturity profile which is substantially fixed or hedged.

The Directors have reviewed our current and projected financial position over a five-year period, making reasonable assumptions about our future trading performance. Various forms of sensitivity analysis have been performed, in particular regarding the financial performance of our customers and expectations over lease renewals. As at 31 December 2023, our property values would have to fall by approximately 45% before our loan covenants are breached at the corporate level.

At the year end, we had an aggregate of £531 million of undrawn commitments under our senior debt facilities and £36.2 million of cash, of which £175.8 million (see note 34) was committed under various development and purchase contracts. Our loan to value ratio stood at 31.6%, with the debt portfolio having an average maturity term of approximately 5.2 years.

As at the date of approval of this report, we had substantial headroom within our financial loan covenants. Our financial covenants have been complied with for all loans throughout the period and up to the date of approval of these financial statements. As a result, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which is considered to be to 31 March 2025.

Credit rating

The Group has a Baa1 long-term credit rating and stable outlook from Moody's Investor Services, which was reassessed during the year.

Alternative Investment Fund Manager (AIFM)

The Manager is authorised and regulated by the Financial Conduct Authority as a full-scope AIFM. The Manager is therefore authorised to provide services to the Group and the Group benefits from the rigorous reporting and ongoing compliance applicable to AIFMs in the UK.

As part of this regulatory process, Langham Hall UK Depositary LLP (Langham Hall) is responsible for cash monitoring, asset verification and oversight of the Company and the Manager. In performing its function, Langham Hall conducts a quarterly review during which it monitors and verifies all new acquisitions, share issues, loan facilities and other key events, together with shareholder distributions, the quarterly management accounts, bank reconciliations and the Company's general controls and processes. Langham Hall provides a written report of its findings to the Company and to the Manager, and to date it has not identified any issues. The Company therefore benefits from a continuous real-time audit check on its processes and controls.

Post balance sheet activity

On 12 February 2024 we announced that we had reached agreement on the key terms of a possible all-share offer for the entire issued and to be issued share capital of UK Commercial Property REIT Limited. In accordance with Rule 2.6(a) of the Code, the Company has until 5.00 pm on 8 March 2024, to either announce a firm intention to make an offer for UKCM in accordance with Rule 2.7 of the Code or announce that it does not intend to make such an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies.

Key performance indicators

Our objective is to deliver attractive, low-risk returns to Shareholders, by executing the Group's Investment Policy and operational strategy. Set out below are the key performance indicators we use to track our progress. For a more detailed explanation of performance, please refer to the Manager's Report.

KPI	Relevance to strategy	Performance
1. Total accounting return (TAR)	TAR calculates the change in the EPRA net tangible assets (EPRA NTA) over the period plus dividends paid. It measures the ultimate outcome of our strategy, which is to deliver value to our shareholders through our portfolio and to deliver a secure and growing income stream.	2.2% for the year to 31 December 2023 (2022: -15.9%)
2. Dividend	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our TAR.	7.30p per share for year to 31 December 2023 (2022: 7.00p)
3. EPRA NTA per share[1]	The EPRA NTA reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	177.15p at 31 December 2023 (31 December 2022: 180.37p).
4. Loan to value ratio (LTV)	The LTV measures the prudence of our financing strategy, balancing the potential amplification of returns and portfolio diversification that come with using debt against the need to successfully manage risk.	31.6% at 31 December 2023 (31 December 2022: 31.2%).
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	7.75p per share for the year to 31 December 2023 (2022: 7.79p)
6. Total Expense Ratio	This is a key measure of our operational performance. Keeping costs low supports our ambition to maximise returns for shareholders.	0.86% at 31 December 2022 (31 December 2022: 0.76%).
6. Weighted average unexpired lease term (WAULT)	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	11.4 years at 31 December 2023 (31 December 2022: 12.6 years).
7. Global Real Estate Sustainability Benchmark (GRESB) score	The GRESB score reflects the sustainability of our assets and how well we are managing ESG risks and opportunities. Sustainable assets protect us against climate change and help our customers to operate efficiently.	85/100 and 4 Green Star rating for 2023 (2022: 83/100, 4 Green Star rating) 99/100 and 5 Green Star rating for developments for 2023 and the GRESB 2023 Regional Listed Sector Leader and Regional Sector Leader for Europe, and Global Listed Sector Leader and Global Sector Leader, all for the Industrial sector

[1] EPRA NTA is calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We use these alternative metrics as they provide a transparent and consistent basis to enable comparison between European property companies.

TRITAX BIG BOX

EPRA performance indicators

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses.

For a full reconciliation of all EPRA performance indicators, please see Notes to the EPRA and other key performance indicators.

Measure and Definition	Purpose	Performance
1. EPRA Earnings (Diluted) See note 13	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£113.1m / 6.01p per share (2022: £144.8m / 7.66p per share).
2. EPRA Net Tangible Assets See note 30	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	£3,372.5m / 177.15p per share as at 31 December 2023 (31 December 2022: £3,370.8m / 180.37p per share).
3. EPRA Net Reinstatement Value (NRV)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£3,715.9m / 195.19p per share as at 31 December 2023 (31 December 2022: £3,759.6m / 201.17p per share).
4. EPRA Net Disposal Value (NDV)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	£3,501.9m / 183.95p per share as at 31 December 2023 (31 December 2022: £3,591.5m / 192.18p per share).
5 EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	4.15% as at 31 December 2023 (31 December 2022: 4.19%).
6 EPRA 'Topped-Up' NIY	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	4.60% as at 31 December 2023 (31 December 2022: 4.39%).
7. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	2.5% as at 31 December 2023 (31 December 2022: 2.1%).
8. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	13.1% (2022: 15.7%). Including or excluding vacancy costs does not change the ratios in either year.
9. EPRA LTV	A key shareholder-gearing metric to determine the percentage of debt comparing to the appraised value of the properties.	33.3% (31 December 2022: 32.9%).
10. Total expense ratio	A key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	0.86% (31 December 2022: 0.76%).

Principal risks and uncertainties

The Board has overall responsibility for risk management and internal controls, with the Audit and Risk Committee reviewing the effectiveness of the risk management process on its behalf. We aim to operate in a low-risk environment, focusing on a single subsector of the UK real estate market to deliver attractive, growing and secure income for Shareholders, together with the opportunity for capital appreciation. The Board recognises that effective risk management is important to our success. Risk management ensures a defined approach to decision making that decreases uncertainty surrounding anticipated outcomes, balanced against the objective of creating value for Shareholders.

Approach to managing risk

Our risk management process is designed to identify, evaluate, manage and mitigate (rather than eliminate) the significant risks we face. The process can therefore only provide reasonable, and not absolute, assurance. As an investment company, we outsource key services to the Manager, the Administrator and other service providers, and rely on their systems and controls.

At least twice a year, the Board undertakes a formal risk review, with the assistance of the Audit and Risk Committee, to assess the effectiveness of our risk management and internal control systems. During these reviews, the Board has not identified or been advised of any failings or weaknesses which it has determined to be material.

Risk appetite

The Group's risk appetite is reviewed annually and approved by the Board in order to guide the business. The risk appetite defines tolerances and targets for our approach to risk, with our risk appetite likely to vary over time due to broader economic or property cycles. In addition, we have a specific Investment Policy, which we adhere to and for which the Board has overall responsibility. For example, we have a limit within our Investment Policy, which allows our exposure to land and unlet development to be up to 15% of gross asset value, of which up to 5% can be invested in speculative development.

Principal risks and uncertainties

Further details of our principal risks and uncertainties are set out below. They have the potential to materially affect our business. Some risks are currently unknown, while others that we currently regard as immaterial and have therefore not been included here, may turn out to be material in the future. The principal risks are the same as detailed in the 2022 Annual Report.

Emerging Risks

As well as the Principal risks, the Directors have identified a number of emerging risks which are considered as part of the formal risk review. On a biannual basis the Directors, along with the Manager, undertake a horizon scanning exercise to identify possible emerging risks. Emerging risks encompass those that are rapidly evolving, for which the probability or severity are not yet fully understood. As a result, any appropriate mitigations are also still evolving. However, these emerging risks are not considered to pose a material threat to the Company in the short term, although this should, however, change depending on how these risks evolve over time. Senior members of the Manager are responsible for day-to-day matters and have a breadth of experience across all corporate areas; they consider emerging risks and any appropriate mitigation measures required. These emerging risks are then raised as part of the bi-annual risk assessment where it is considered whether these emerging risks have the potential to have a materially adverse affect on the Company. The emerging risks that could impact the Company's performance cover a range of subjects which include, but are not restricted to, technological advancement, inflation and supply chain disruption. The Board is conscious that current geopolitical events such as events in the Middle East as well as Russia and the Ukraine are ongoing events that still have the potential to cause great uncertainty in a short space of time, particularly around the global supply and cost of energy, which in turn could lead to further supply chain and inflationary pressure.

TRITAX BIG BOX

PROPERTY RISK

1. Tenant default – the risk around one or more of our tenants defaulting

Net probability
Moderate

Net Impact
Medium - The default of one or more of our tenants would immediately reduce revenue from the relevant asset(s). If the tenant cannot remedy the default and we have to evict the tenant, there may be a continuing reduction in revenues until we are able to find a suitable replacement tenant, which may affect our ability to pay dividends to Shareholders.

Mitigation
Our investment policy limits the exposure to any one tenant to 20% of gross assets or, where tenants are members of the FTSE, up to 30% each for two such tenants. This prevents significant exposure to a single retailer. To mitigate geographical shifts in tenants' focus, we invest in assets in a range of locations, with easy access to large ports and key motorway junctions. Before investing, we undertake thorough due diligence, particularly over the strength of the underlying covenant and the group of the covenants. We select assets with strong property fundamentals (good location, modern design, sound fabric), which should be attractive to other tenants if the current tenant fails. We continually monitor and keep the strength of our tenant covenants under review. In addition, we focus on assets let to tenants with strong financial covenant strength, and assets that are strategically important to the tenant's business. Our maximum exposure to any one tenant (calculated by contracted rental income) was 15% as at 31 December 2023.

2. Portfolio strategy and industry competition - the ability of the Company to execute on its strategy and deliver performance.

Net probability
Slight

Net impact
Medium – An adverse change in the performance of our property portfolio may lead to lower returns for Shareholders or a breach of our banking covenants. Market conditions may lead to a reduction in the revenues we earn from our property assets, which may affect our ability to pay dividends to Shareholders. A severe fall in values may result in a fall in our NAV as well as a need to sell assets to repay our loan commitments. In a high inflationary environment, certain caps within rent review clauses may prevent us from capturing the full benefit of higher inflation.

Competitors in the sector may be better placed to secure property acquisitions, as they may have greater financial resources, thereby partly restricting the ability to grow our NAV, deliver value to shareholders, further diversify the portfolio and add additional liquidity to our shares. The impact of inflation and increasing interest rates on transactions and investment pricing has reduced transactional activity in 2023.

Mitigation
The Group is focused on a single sector of the commercial property market, the property portfolio is 98% let, with long unexpired weighted average lease terms and an institutional-grade tenant base. The occupier demand is structurally supported by e-commerce and UK infrastructure. All the leases contain upward-only rent reviews, which are either fixed, RPI/CPI linked or at open market value. These factors help support our asset values and overall portfolio performance. We undertake ongoing reviews of asset performance along with a review over the balance of our portfolio, split between Foundation, Value Add and Land as well as considerations over covenant, location and building type. Our asset performance is regularly appraised and where we feel the assets are mature in terms of performance, they are ear-marked for potential disposal. Our development portfolio is executed in a low-risk manner, with significant capital targeted for deployment once we have secured a pre-let agreement.

3. Performance of the sectors tenants operate in

Net probability
Moderate

Net impact
Medium – Our focus on the UK logistics sector means we directly rely on the distribution requirements of UK retailers and manufacturers in particular. Insolvencies and CVA's among the larger retailers and online retailers could affect our revenues and property valuations. Poor performance and low profitability could affect our ability to collect rental income and the overall level of demand for space. This could in turn impact future rental growth. A greater proportion of sales

being made online to some degree compensates for this, as orders are fulfilled from the strategically important assets that we invest in.

Mitigation
The diversity of our institutional-grade tenant base means the impact of default of any one of our tenants is low-moderate. In addition to our due diligence on tenants before an acquisition or letting, we regularly review the performance of the retail sector, the position of our tenants against their competitors and, in particular, the financial performance of our tenants. We have also increasingly been diversifying our tenant exposure to various sub-sectors of the retail sector i.e. online, food, homeware, fashion, other. Our fashion retail exposure is 1.4%. The risk around traditional retail is mitigated by the increase in online retail sales and supply chain concerns which has driven occupational demand through 2022 into 2023. Our portfolio is modern and of a high-quality nature and therefore is attractive to those with an online presence.

4. Execution of development business plan - there may be a higher degree of risk within our development portfolio.

Net probability
Slight

Net impact
Medium – Our development activities are likely to involve a higher degree of risk than is associated with standing assets. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/ contractor default. If any of the risks associated with our developments materialise, this could affect the value of these assets or result in a delay to lease commencement and therefore rental income. The occupational market is strong and the UK is experiencing the lowest level of vacancy rates ever, this should be positive from a development perspective for TBBR.

Mitigation
The Company has a significant development pipeline, it represents 7.7% of our gross assets as of 31 December 2023. Our development strategy is low risk, and we target only investing significant capital into a development project once planning has been obtained or a pre-let agreement has been secured. Our appetite for speculative development is low and we have a limit of 5% of GAV exposed to speculative developments within our Investment Policy. The risk of cost overruns is mitigated by our experienced development team which includes a thorough procurement and tender process on all contracts, including agreeing fixed priced contracts. We undertake thorough covenant analysis and ongoing reviews of our contractors and secure guarantees in relation to build contracts where possible. In respect of pre-let forward funded developments, any risk is low, and mitigated by the fact the developer takes on a significant amount of construction risk and the risk of cost over-runs.

FINANCIAL RISK

5. Debt financing – LTV, availability and cost of debt

Net probability
Moderate

Net impact
Medium – Without sufficient debt funding, we may be unable to pursue suitable investment/development opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, either to increase the level of debt or re-finance existing debt, this may impair our ability to maintain our targeted dividend level and deliver attractive returns to shareholders. Interest rates on the majority of our debt facilities are fixed term, however we do have an exposure to variable rate debt. Noting the current environment with interest rates on the rise (UK Base rate at December 2023 – 5.25%), this is likely to mean that any new debt entered into is more expensive that our average cost of borrowing.

Mitigation
The Group has diversified sources of long-term unsecured borrowings in the form of £500 million in Public Bonds, £400 million in Unsecured Private Loan Notes and £250 million in Green Bonds. We also have £800 million of bank finance available split across two revolving credit facilities, and £212.9 million of secured debt across three separate facilities. This helps keep lending terms competitive. This access to multiple debt markets should enable the Group to raise future liquidity in a more efficient and effective manner via an unsecured platform whilst at competitive rates. The Board keeps liquidity and gearing levels under review, as well as monitoring the bank covenants and any associated headroom within covenant levels. We have undrawn headroom of £531 million within our current debt commitments, at 31 December

2023. The Group aims, where reasonable to minimise the level of unhedged debt with Sonia exposure, by using hedging instruments with a view to keeping variable rate debt approximately 90%+ hedged.

CORPORATE RISK

6. We rely on the continuance of the Manager

Net probability
Negligible

Net impact
Medium – We continue to rely on the Manager's services and its reputation in the property market. As a result, the Company's performance will, to a large extent, be underpinned by the Manager's abilities in the property market and its ability to asset manage and develop its property portfolio. Termination of the Investment Management Agreement would severely affect the Company's ability to effectively manage its operations and may have a negative impact on the share price of the Company.

Mitigation
Unless there is a default, either party may terminate the Investment Management Agreement by giving not less than 24 months' written notice. The Management Engagement Committee regularly reviews and monitors the Manager's performance. In addition, the Board meets regularly with the Manager, to ensure we maintain a positive working relationship. Following the acquisition of 60% of the Manager by abrdn, this enhances the resources available to the Manager. In May 2022, Shareholder approved the extension of the agreement with a new 5 year term. A 24 month written notice cannot be served by either party, unless there is a default, prior to May 2025.

TAXATION RISK

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

Net probability
Slight

Net impact
Low – If the Company fails to remain a REIT for UK tax purposes, our property profits and gains will be subject to UK corporation tax.

Mitigation
The Board is ultimately responsible for ensuring we adhere to the UK REIT regime. It monitors the REIT compliance reports provided by:

- the Manager on potential transactions;
- the Administrator on asset levels; and
- our Registrar and broker on shareholdings.

The Board has also engaged third-party tax advisers and auditors to help monitor REIT compliance requirements.

OTHER RISKS

8. Severe economic downturn

Net probability
Moderate

Net impact
Low – a severe downturn in the economy could impact a number of the Groups tenants, contractors, and service providers, which could mean a loss of rental income and disruption to operations. Following Covid-19, there has been severe pressure on supply chains 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 is putting pressure on profitability of corporates which in turn more recently has led to slower occupier decision making.

Mitigation
A severe economic downturn could be caused by civil unrest, terrorism or a pandemic.

The Group mitigates the impact of macro economic issues by investing in high-quality investment assets that operate in a sector that has strong structural drivers and a supply demand imbalance in favour of landlords. The Group monitors its Customer's financial health regularly and where possible enters into long leases.
The Manager continues to monitor the business continuity plan of its suppliers to ensure the impact to the Group and its service providers is minimised.
The Manager continues to monitor the impact that the current economic uncertainty and higher inflationary pressures are having on the Groups customers in order to protect the Groups cash flow regarding rent collection, impact on dividends and banking covenants.
Covid-19 has accelerated behavioural patterns such as online shopping, which, coupled with supply chain concerns has resulted in high levels of occupational demand. This is highly supportive of our business model.

9. Physical and transitional risks from climate change

Net probability
Slight

Net Impact
Medium - Environmental sustainability is a challenge that everyone is facing in the present day. Changes in social attitudes, laws, regulations, taxation, and particularly customer and investor preferences associated with this has the potential to cause significant reputational damage and financial impact on our business, should the Company not comply with laws and regulations, meet its ESG targets, or not meet stakeholder expectations in addressing these challenges. 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, including through impacts on the value and liquidity of real estate assets.

TCFD risk management response is included in the Annual Report.

Mitigation
The Manager operates with a dedicated ESG team as well as an ESG Committee who take operational responsibility for the Company's ESG matters. The Manager regularly reports to the Board, including monitoring against the Company's stated ESG targets and providing updates on future initiatives. ESG is embedded within our investment and development processes such that climate and carbon related risks are assessed when purchasing assets and minimum standards of BREEAM Excellent and net zero carbon in construction are targeted for development. We also actively participate and engage in several Real Estate and Sustainability organisations (such as GRESB, the Better Buildings Partnership, and the UK Green Building Council) to ensure we are aware of future initiatives and challenges. We measure and report annually on our key ESG metrics to demonstrate how we are managing our ESG risks.
TBBR conducted physical and transition climate risk assessments in 2021 (which were updated in 2022) to understand the impacts of climate change on standing assets, using scenario analysis. We are continuing to integrate the outcomes of the assessments into our investment processes, including pre-acquisition due diligence, design specifications, and asset management plans.
We are rated by ESG Rating Agencies that demonstrate our ability to manage ESG risks, for example:

- Sustainalytics - awarded industry and region top rating
- MSCI - AA ESG Rating
- We were awarded 4 Green Stars by GRESB and the Global Sector Leader for Development
- SBPR EPRA Gold.
- CDP – B Rating

TRITAX BIG BOX

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	**Year ended 31 December 2023 £m**	Year ended 31 December 2022 £m
Gross rental income	6	**222.2**	206.2
Service charge income	6	**6.2**	6.3
Service charge expense	7	**(6.3)**	(6.5)
Net rental income		**222.1**	206.0
Gross operating income		**-**	18.3
Other operating costs		**-**	(9.0)
Other operating income	6	**-**	9.3
Administrative and other expenses	8	**(28.9)**	(32.2)
Operating profit before changes in fair value and other adjustments[1]		**193.2**	183.1
Changes in fair value of investment properties	15	**(38.1)**	(759.5)
Loss on disposal of investment properties	15	**(1.6)**	-
Share of profit from joint ventures	17	**0.4**	0.5
Fair value movements in financial asset	26	**(0.1)**	-
Impairment of intangible and other property assets		**(2.7)**	(1.4)
Share-based payment charge	24	**(2.9)**	(1.9)
Changes in fair value of contingent consideration payable	24	**(0.4)**	1.1
Extinguishment of B and C share liabilities	24	**(21.1)**	-
Fair value movements in financial asset		**126.7**	(578.1)
Finance income	10	**10.4**	1.6
Finance expense	11	**(55.3)**	(39.4)
Changes in fair value of interest rate derivatives	26	**(11.2)**	14.9
Profit/(loss) before taxation		**70.6**	(601.0)
Taxation	12	**(0.6)**	1.6
Profit/(loss) and total comprehensive income/(expense)		**70.0**	(599.4)
Earnings per share – basic and diluted	13	**3.72p**	(32.08)p

[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.

GROUP STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	At 31 December 2023 £m	At 31 December 2022 £m
Non-current assets			
Intangible assets		**1.1**	1.4
Investment property	15	**4,843.6**	4,847.3
Investment in land options	16	**157.4**	157.4
Investment in joint ventures	17	**24.8**	27.2
Financial assets	26	**2.3**	-
Other property assets		**2.3**	2.3
Trade and other receivables	20	**1.0**	2.0
Interest rate derivatives	26	**11.1**	19.9
Total non-current assets		**5,043.6**	5,057.5
Current assets			
Trade and other receivables	20	**22.0**	24.9
Assets held for sale	18	**-**	25.1
Cash at bank	21	**36.4**	47.6
Total current assets		**58.4**	97.6
Total assets		**5,102.0**	5,155.1
Current liabilities			
Deferred rental income		**(38.6)**	(34.7)
Trade and other payables	22	**(106.9)**	(111.2)
Tax liabilities	12	**(2.2)**	(1.1)
Total current liabilities		**(147.7)**	(147.0)
Non-current liabilities			
Trade and other payables	22	**(1.0)**	(2.0)
Bank borrowings	25	**(474.7)**	(474.8)
Loan notes	25	**(1,140.5)**	(1,139.1)
Deferred Consideration		**(4.1)**	-
Amounts due to B and C shareholders	24	**-**	(42.2)
Total non-current liabilities		**(1,620.3)**	(1,658.1)
Total liabilities		**(1,768.0)**	(1,805.1)
Total net assets		**3,334.0**	3,350.0
Equity			
Share capital	29	**19.0**	18.7
Share premium reserve	29	**49.2**	764.3
Capital reduction reserve	29	**1,463.9**	835.1
Retained earnings	29	**1,801.9**	1,731.9
Total equity		**3,334.0**	3,350.0
Net asset value per share – basic and diluted	30	**175.13p**	179.25p
EPRA Net Tangible Asset per share – basic and diluted	30	**177.15p**	180.37p

These financial statements were approved by the Board of Directors on 29 February 2024 and signed on its behalf by:

Aubrey Adams, Chairman

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2023		**18.7**	**764.3**	**835.1**	**1,731.9**	**3,350.0**
Profit for the year and total comprehensive income		–	–	–	**70.0**	**70.0**
		18.7	**764.3**	**835.1**	**1,801.9**	**3,420.0**
Contributions and distributions:						
Shares issued in relation to extinguishment of share-based payment	29	**0.3**	**49.3**	**–**	**–**	**49.6**
Transfer between reserves		**–**	**(764.4)**	**764.4**	**–**	**–**
Share-based payments		**–**	**–**	**–**	**4.5**	**4.5**
Transfer of share-based payments to liabilities to reflect settlement		**–**	**–**	**–**	**(4.5)**	**(4.5)**
Dividends paid	14	**–**	**–**	**(135.6)**	**–**	**(135.6)**
31 December 2023		**19.0**	**49.2**	**1,463.9**	**1,801.9**	**3,334.0**

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2022		18.7	762.0	964.5	2,331.3	4,076.5
Profit for the year and total comprehensive income		–	–	–	(599.4)	(599.4)
		18.7	762.0	964.5	1,731.9	3,477.1
Contributions and distributions:						
Shares issued in relation to management contract	29	–	2.3	–	–	2.3
Share-based payments		–	–	–	5.3	5.3
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(5.3)	(5.3)
Dividends paid	14	–	–	(129.4)	–	(129.4)
31 December 2022		18.7	764.3	835.1	1,731.9	3,350.0

TRITAX BIG BOX

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2023

	Note	**Year ended 31 December 2023 £m**	Year ended 31 December 2022 £m
Cash flows from operating activities			
Profits for the period (attributable to the Shareholders)		**70.0**	(599.4)
Tax charge/(credit)		**0.6**	(1.6)
Changes in fair value of contingent consideration payable		**0.4**	(1.1)
Finance expense		**55.3**	39.4
Changes in fair value of interest rate derivatives		**11.2**	(14.9)
Share-based payment charges		**2.9**	1.9
Extinguishment of B and C share liabilities		**21.1**	-
Impairment of intangible and other property assets		**2.7**	1.4
Amortisation of other property assets		**-**	1.7
Share of profit from joint ventures		**(0.4)**	(0.5)
Loss on disposal of investment properties		**1.6**	-
Changes in fair value of investment properties		**38.1**	759.5
Finance income		**(10.4)**	(1.6)
Accretion of tenant lease incentive	6	**(16.2)**	(11.1)
Decrease in trade and other receivables		**3.5**	12.1
Increase/(decrease) in deferred income		**3.9**	(3.9)
Decrease/(increase) in trade and other payables		**0.6**	(2.9)
Cash generated from operations		**184.9**	179.0
Taxation credit/(charge)	12	**0.4**	(1.6)
Net cash flow generated from operating activities		**185.3**	177.4
Investing activities			
Additions to investment properties		**(308.9)**	(286.8)
Additions to land options		**(16.8)**	(13.1)
Purchase of equity investment		**(66.6)**	-
Purchase of financial asset		**(2.4)**	-
Additions to joint ventures		**(0.3)**	(2.8)
Net proceeds from disposal of investment properties		**326.8**	-
Interest received		**0.2**	0.1
Dividends received from joint ventures		**0.8**	0.5
Net cash flow used in investing activities		**(67.2)**	(302.1)
Financing activities			
Proceeds from issue of Ordinary Share capital		**49.6**	2.3
Bank borrowings drawn	25	**409.0**	319.0
Bank and other borrowings repaid	25	**(407.0)**	(52.0)
Interest derivatives received	10	**9.9**	1.5
Loan arrangement fees paid		**(5.1)**	(1.4)
Bank interest paid		**(47.9)**	(35.8)
Interest cap premium paid		**(2.4)**	(3.2)
Dividends paid to equity holders		**(135.3)**	(129.2)
Net cash flow generated from financing activities		**(129.2)**	101.2
Net increase in cash and cash equivalents for the year		**(11.2)**	(23.5)
Cash and cash equivalents at start of year	21	**47.4**	70.9
Cash and cash equivalents at end of year	21	**36.2**	47.4

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2023 comprise the results of Tritax Big Box REIT plc (the "Company") and its subsidiaries (together, the "Group") and were approved by the Board for issue on 1 March 2024. The Company is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are admitted to the official list of the UK Listing Authority, a division of the Financial Conduct Authority, and traded on the London Stock Exchange. The registered address of the Company is disclosed in the Company information.

The nature of the Group's operations and its principal activities are set out in the Strategic Report.

Accounting policies

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The comparative information disclosed relates to the year ended 31 December 2022.

The Group's financial statements have been prepared on a historical cost basis, other than as explained in the accounting policies below.

The consolidated financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest £0.1 million, except where otherwise indicated.

The Group has chosen to adopt European Public Real Estate Association ("EPRA") best practice guidelines for calculating key metrics such as net asset value and earnings per share (www.epra.com/finance/financial-reporting/guidelines).

2.1. Going concern

Given the uncertain macroeconomic backdrop present throughout the course of the year, the Board has paid particular attention to the appropriateness of the going concern basis in preparing these financial statements. Any going concern assessment considers the Group's financial position, cash flows, liquidity and capital commitments including its continued access to its debt facilities and headroom under financial loan covenants.

The Directors have considered the cash flow forecasts for the Group for a period of 12 months from the date of approval of these financial statements. These forecasts include the Directors' assessment of the impact of the future performance of the Group, taking into account any relevant information and include various levels of stress testing of financial forecasts with consideration over downside scenarios. The Directors have reviewed the current and projected financial position of the Group, making varying assumptions about its future trading performance. Various forms of sensitivity analysis have been performed having a particular regard to the current financial performance of the Group's customers, and assumptions made around upcoming lease expiries. The analysis included sensitivities over the following: portfolio valuation movements due to market volatility, rates of rent collection, the risk around any customer default, future levels of inflation across the business and future interest rate movements.

The Group has a strong track record with regards to rent collection and has continued to receive 100% of all rent falling due in respect of 2023. The Directors have also considered the arrears position in light of IFRS 9, expected credit loss model; see note 20 for further details.

As at 31 December 2023, the Group had an aggregate £531 million of undrawn commitments under its senior debt facilities, as well as £36.2m of cash held at bank, of which £128.1 million was committed under various development related contracts as well as exchanging on an asset purchase for £47.7million. The Group's loan to value ratio stood at 31.6%, with the debt portfolio having an average maturity term of approximately 5.2 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants, which include loan to value covenants at 60% and interest cover covenants at 1.5 times on its tightest loans. The Group's financial covenants have also been complied with for all loans throughout the year and up to the date of approval of these financial statements. As at 31 December 2023, property values would have to fall by more than 45% before loan covenants at the corporate level are breached.

The Directors have assessed the Group's ability to continue as a going concern and are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the Directors are satisfied that the Group has the resources to continue in business until at least 31 March 2025.

3. 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 reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1. Judgements

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

Other operating income

Other operating income is receivable from development management agreements in place with third parties. Development management income is recognised in the accounting period in which the services are rendered and a significant reversal is not expected in future periods.

Judgement is exercised in identifying performance obligations including achieving a pre-let, drawing down of land, managing the building of an asset and arranging for lease completion. Certain performance obligations, such as achieving a pre-let or letting and the drawing down of land, are recognised at a point in time and others, such as managing the construction of an asset, are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services. Management determines the stage of completion of an asset by assessing the total costs incurred on a project, as a proportion of the total costs expected to be incurred. A judgement is formed over the level of other operating income to be recognised in any accounting period, which also takes into account any associated costs borne under the corresponding development management agreements.

Land options

Measurement

Land options, and other non-financial assets, are initially capitalised at cost and considered for any impairment indication annually. The impairment review includes consideration of the resale value of the option, likelihood of achieving planning consent and current recoverable value as determined by an independent valuer. In the calculation of the resale value or recoverable value of land options, several estimates are required which includes the expected size of the development, expected rental and capitalisation rates, estimated build costs, the time to complete the development and anticipated progress with achieving planning consent, as well as the associated risks of achieving the above.

B and C Shares

As part of the acquisition of Tritax Symmetry which completed on 19 February 2019, shares were issued in Tritax Symmetry Limited to the management Shareholders of Tritax Symmetry ("Symmetry Management Shareholders") in the form of B and C shares (the "B and C Shares"). The terms of these shares were complex and as a result the Directors have had to make a number of judgements in order to conclude on the appropriate accounting treatment. The significant judgements applied in relation to the B and C Shares were as follows:

1. Subject to remaining in continued employment these shares entitle the holders to 13% of the Adjusted NAV of Tritax Symmetry Limited. Were an individual to leave employment and be deemed a bad leaver, the amount payable is the lower of the value of the shares on the completion date and 50% of Adjusted NAV. The Directors have therefore concluded that the unconditional amount payable to the B and C Shareholders, being 50% of the value of the B and C Shares on acquisition, should be treated as contingent consideration in accordance with IFRS 3. The fair value of the contingent consideration was, until the point of extinguishment, remeasured at each reporting date. Any additional amounts paid to the B and C Shareholders as a result of their continued service is accounted for as payment for the provision of post-combination services.
2. The B and C Shares had put options in place at various points in time over an eight-year period to February 2027, along with a put and call option at February 2027. The B and C Shares were not considered to represent a present ownership interest in the Group as an element of the amount due to the B and C Shareholders is dependent on them continuing to remain in employment and provide services to the Group. Therefore, the Directors have concluded that the B and C Shares do not represent a non-controlling interest and the amounts owed to the B and C Shareholders should instead be presented as a financial liability.
3. When settled the B and C Shares were to be settled 25% was assumed in cash with the remaining 75% settled in either cash or shares at the discretion of the Company. Both elements are considered to represent share-based payments as the amounts due were based on the Adjusted NAV of the underlying business of Tritax Symmetry Limited. The Directors endeavoured to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the

Group. In accordance with IFRS 2 this was accounted for as a cash settled share-based payment. In conformity with the requirements of IFRS 2 for cash settled share-based payments, the share-based payment charge is the fair value of the settlement value of the B and C Shares in Tritax Symmetry Limited, established by a Monte Carlo simulation model and reassessed at each reporting date.

During the year, early settlement of the B and C Shares was agreed. The B and C Non-Hurdle Shares were acquired for total consideration of £65 million. In addition, the C Hurdle Shares were acquired for £1.6 million. The consideration of cash and newly issued shares.

Following the settlement, the full quota of B and C Shares (equivalent to the 13% equity interest) will be fully extinguished, and the Group will own 100% of TSHL. As a result of the settlement, an accelerated charge is chargeable to the Group Statement of Comprehensive income.

3.2 Estimates

Fair valuation of investment property

The market value of investment property is determined by an independent property valuation expert (see note 15) to be the estimated amount for which a property should exchange on the date of the valuation in an arm's-length transaction. Properties have been valued on an individual basis. The valuation expert uses recognised valuation techniques and the principles of both IAS 40 and IFRS 13.

The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 (the "Red Book"). Factors reflected comprise current market conditions including Net Initial Yield applied, annual rents and estimated rental values, lease lengths, location and building specification which would include climate-related considerations. The Net Initial Yield, being the most significant estimate, is subject to changes depending on the market conditions which are assessed on a periodic basis. The significant methods and assumptions used by the valuers in estimating the fair value of investment property, together with the sensitivity analysis on the most subjective inputs, are set out in note 15.

4 Material Accounting Policies

4.1. Segmental information

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in UK logistics assets and land options with a view to developing logistics and holding these for investment purposes. The Directors consider that these properties have similar economic characteristics in nature and as a result they have been reported as a single reportable operating business. All of the Group's revenue and assets are based in the United Kingdom.

4.2. Investment property and investment property under construction

Investment property comprises completed property that is held to earn rentals or for capital appreciation, or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

The corresponding entry upon recognising lease incentives or fixed/minimum rental uplifts is made to investment property. For further details see accounting policy note 4.11.1.

Investment property is recognised once practical completion is achieved and is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the Group profit or loss in the year in which they arise under IAS 40 "Investment Property".

Long leaseholds are accounted for as investment property as they meet the criteria for right of use assets.

Investment properties under construction are financed by the Group through development contracts to build logistics assets, in the form of pre-let development and with an allowance of up to 5% of GAV in speculative development (with no pre-let secured). Investment properties under construction are initially measured at cost (including the transaction costs), which reflect the Group's investment in the assets. Subsequently, the assets are remeasured to fair value at each reporting date. The fair value of investment properties under construction is estimated as the fair value of the completed asset less any costs still payable in order to complete, which include an appropriate developer's margin.

Additions to properties include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits, which are expected to accrue to the Group. Capitalised expenditure also includes finance costs incurred on qualifying assets under construction. All other property expenditure is expensed in the Group profit or loss as incurred.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected from disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the Group profit or loss in the year of retirement or disposal.

4.3. Financial instruments

Fair value hierarchy

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

4.3.1. Financial assets

The Group classifies its financial assets into one of the categories discussed below. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the Group Statement of Financial Position at fair value with changes in fair value recognised in the Group profit or loss in the finance income or expense line. It also comprises of non-controlling minority interest equity investments, the Group has voluntarily classified these assets to be held at fair value through profit and loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost, being the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from tenant default (being the failure of a tenant to timely pay rent due) to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Group Statement of Financial Position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

4.3.2 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value; and the amounts due to B and C Shareholders. They are carried in the Group Statement of Financial Position at fair value with changes in fair value recognised in the Group profit or loss. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and the Group's loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Group Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payment while the liability is outstanding.

Debt modification

Debt modifications are subject to a qualitative and quantitative test to determine if a substantial modification has occurred. The outcome of the tests will determine if the modification should be treated as a substantial modification under extinguishment accounting or an adjustment to the existing liability under modification accounting.

4.4 Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

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

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

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

The Group does not have any joint operations.

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

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

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Provision for impairment in value is made where there is objective evidence that the investment in a joint venture has been impaired.

4.5. Goodwill

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

4.6. Intangible assets

As a result of the acquisition of Tritax Symmetry, the DMA between the Company and Tritax Symmetry Management Limited is assessed as a favourable contract. It is recognised as an intangible asset on the Group Statement of Financial Position and is amortised over the original eight year term of the DMA. The favourable element of the DMA was assessed with reference to a reasonable mark-up that may be expected for these services if the agreement were set up at arm's length, discounted over the eight-year period.

4.7. Land options

Land options are classified as non-financial assets as they are non-liquid assets with no active market and they cannot be readily converted into cash. The options are exercisable at a future date subject to receiving planning consent. They are initially carried at cost and are tested for impairment annually and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (the higher of value in use and fair value less costs to sell), the option is written down accordingly as a charge to the Group profit or loss. Once the options are exercised and the land is drawn down, they are transferred into investment property.

4.8. Impairment of assets

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

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

Impairment charges are included in Group profit or loss. An impairment loss recognised for goodwill is not reversed.

4.9. Business combination

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Under the Definition of a Business (Amendments to IFRS 3 "Business Combinations"), to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The optional "concentration test" is also applied; where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. Therefore the Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

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

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

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

4.10. Share-based payments

The Company entered into an agreement with the Symmetry Management Shareholders where future amounts payable are based on the Adjusted NAV of Tritax Symmetry Limited and subject to certain provisions around continuing employment. 25% of the amounts payable are to be settled in cash with the remaining 75% settled in cash or shares at the discretion of the Company. Where the Company had a present obligation to settle the amounts in cash, either through its stated intention or past practice, the Company accounted for the amounts as cash settled share-based payments. The fair value of the cash settled obligation was recognised over the vesting period and presented as a liability in the Group Statement of Financial Position. The liability was remeasured at each reporting date with the charge to the profit or loss updated over the vesting period.

4.11. Property income

4.11.1 Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross rental income in the Group profit or loss. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, where the Directors are reasonably certain that the rental uplift will be agreed. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is invoiced, either monthly or quarterly in advance, and for all rental income that relates to a future period this is deferred and appears within current liabilities on the Group Statement of Financial Position.

For leases, which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term.

Tenant lease incentives are recognised as a reduction of gross rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

When the Group enters into a forward funded transaction, the future tenant signs an agreement for lease. No rental income is recognised under the agreement for lease, but once practical completion has taken place the formal lease is signed, at which point rental income commences to be recognised in the Group profit or loss from the rent commencement date.

4.11.2. Other operating income

The other operating income is generated through the Group providing development management services to third parties. It is recognised on an accruals basis in the period in which the services have been rendered, performance obligations have been satisfied and a significant reversal is not expected in future periods.

4.12. Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any profit not relating to the property rental business for the year, using tax rates enacted or substantively enacted at the year-end date, including any adjustment to tax payable in respect of previous years. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

5. New standards issued

5.1 New standard issued and effective from 1 January 2023

There was no material effect from the adoption of other amendments to IFRS effective in the year. They have no significant impact on the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

5.2. New standards issued but not yet effective

Amendments to IAS 1 on Classification of Liabilities as Current or Non-Current are effective for the financial years commencing on or after 1 January 2024 and are to be applied retrospectively. The amendments are not expected to have an impact on the presentation and classification of liabilities in the Group Statement of Financial Position based on rights that are in existence at the end of the reporting period.

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

6. Total property income

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Rental income – freehold property	**175.3**	162.3
Rental income – long leasehold property	**30.5**	32.6
Spreading of tenant incentives and guaranteed rental uplifts	**16.2**	11.1
Other income	**0.2**	0.2
Gross rental income	**222.2**	206.2
Property insurance recoverable	**4.5**	4.2
Service charges recoverable	1.7	2.1
Total property insurance and service charge income	**6.2**	6.3
Total property income	**228.4**	212.5

There was one individual tenant representing more than 10% of gross rental income, constituting £32.6 million of rental income in 2023 (2022: £32.2 million).

There was £nil of other operating income recognised during the year. Included in the prior year other operating income of £9.3 million, was a charge of £1.7 million being amortisation of other property assets. The other operating income is generated through the Group providing development management services to third parties.

7. Service charge expenses

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Property insurance expense	**4.6**	4.3
Service charge expense	**1.7**	2.2
Total property expenses	**6.3**	6.5

8. Administrative and other expenses

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Investment management fees	**22.0**	26.0
Directors' remuneration (note 9)	**0.5**	0.5
Auditor's fees:		
Fees payable for the audit of the Company's annual accounts	**0.4**	0.4
Fees payable for the review of the Company's interim accounts	**0.1**	0.1
Fees payable for the audit of the Company's subsidiaries	**0.1**	0.1
Total Auditor's fee	**0.6**	0.6
Development management fees	**1.0**	1.0
Corporate administration fees	**0.6**	0.5
Regulatory fees	**0.2**	0.1
Legal and professional fees	**1.6**	1.9
Marketing and promotional fees	**0.6**	0.5
Other costs	**1.8**	1.1
Total administrative and other expenses	**28.9**	32.2

9. Directors' remuneration

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Directors' fees	**0.4**	0.4
Employer's National Insurance	**0.1**	0.1
	0.5	0.5

10. Finance income

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest received on bank deposits	**0.2**	0.1
Interest received on swaps and other derivatives	**10.2**	1.5
	10.4	1.6

11. Finance expense

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest payable on bank borrowings	**23.7**	9.3
Interest payable on loan notes	**29.7**	29.8
Commitment fees payable on bank borrowings	**2.0**	1.7
Swap interest payable	**-**	0.1
Unwinding of deferred consideration	**0.1**	-
Amortisation of loan arrangement fees	**4.4**	3.2
	59.9	44.1
Borrowing costs capitalised against development properties	**(4.6)**	(4.7)
	55.3	39.4

The rate at which interest is capitalised rate is the Group's weighted average cost of debt as detailed in note 25.

12. Taxation

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Tax (charge)/credit	**(0.6)**	1.6

The UK corporation tax rate for the financial year is 19% to 5 April 2023 and 25% from 6 April 2023. Accordingly, a blended rate of 23.5% has been applied in the measurement of the Group's tax liability at 31 December 2023.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit/(loss) on ordinary activities before taxation	**70.6**	(601.0)
Theoretical tax at UK corporation tax rate of 23.52% (31 December 2022: 19.0%)	**16.6**	(114.2)
REIT exempt income	**(37.3)**	(25.0)
Non-taxable items	**15.6**	141.5
Residual losses	**5.7**	(3.9)
Total tax charge/(credit)	**0.6**	(1.6)

Non-taxable items include income and gains that are derived from the property rental business and are therefore exempt from UK corporation tax in accordance with Part 12 of CTA 2010.

REIT exempt income includes property rental income that is exempt from UK corporation tax in accordance with Part 12 of CTA 2010.

The current year tax liability of £2.2 million (2022: £1.1 million) relates to tax payable on non-property profits arising in the year and appropriation tax charges in relation to the business combination which occurred in 2019.

A deferred tax asset is not recognised for UK revenue losses or capital losses where their future utilisation is uncertain. At 31 December 2023, the total of such losses was £41.0 million (2022: £34.1 million) and the potential tax effect of these was £10.3 million (2022: £8.5 million).

13. Earnings per share

Earnings per share “EPS” are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. . In the prior year there was a dilutive instruments outstanding and therefore basic and diluted earnings per share are shown below.

The dilutive shares to be issued in respect of the B and C Shares is only applicable to 2022 following their settlement in 2023. The Directors had indicated an intention to settle these 100% in cash. The calculation of basic and diluted earnings per share is based on the following:

For the year ended 31 December 2023	**Net profit attributable to Ordinary Shareholders £m**	**Weighted average number of Ordinary Shares[1] ‘000**	**Earnings per share pence**
Basic EPS	70.0	1,881,931	3.72p
Diluted EPS	70.0	1,881,931	3.72p
Adjustments to remove:			
Changes in fair value of investment property	38.1		
Changes in fair value of interest rate derivatives	11.2		
Finance income received on interest rate derivatives[3]	(10.2)		
Share of profit from joint ventures	(0.4)		
Loss on disposal of investment properties	1.6		
Share of profit from joint ventures	2.30		
Changes in fair value of financial asset	0.1		
Impairment of intangible contract and other property assets	0.4		
EPRA EPS and EPRA diluted EPS [2]	**113.1**	**1,881,931**	**6.01p**
Adjustments to include:			
Share-based payment charge	2.9		
Fair value movement in contingent consideration	0.4		
Extinguishment of B & C share liabilities[4]	21.1		
Fixed rental uplift adjustments	(6.2)		
Amortisation of loan arrangement fees and intangibles (see note 11)	4.4		
Finance income received on interest rate derivatives[3]	10.2		
Adjusted EPS and adjusted diluted EPS [2]	**145.9**	**1,881,931**	**7.75p**

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

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

3. Prior to 2023 there was minimal impact on earnings from Group's interest rate hedges. However, due to the change of interest rates in the current year this resulted in a large receipt from these hedging instruments. In accordance with the EPRA guidance it has been taken out of EPRA earnings however it has been added back into adjusted earnings as this gives a better reflection of the Group's net interest expense which is supported by cashflows.

4. This is a once-off charge in the current year relating to the B&C settlement (please refer to note 24 for further details).

For the year ended 31 December 2022	Net (loss)/profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares[1] '000	Earnings per share pence
Basic EPS	(599.4)	1,868,638	(32.08)
Diluted EPS	(599.4)	1,868,638	(32.08)
Adjustments to remove:			
Changes in fair value of investment property	759.5		
Changes in fair value of interest rate derivatives	(14.9)		
Amortisation of other property assets	1.7		
Share of profit from joint ventures	(0.5)		
Impairment of intangible contract and other property assets	1.5		
EPRA EPS	147.9	1,868,638	7.92
Dilutive shared based payment charge	(2.0)		
Fair value movement in contingent consideration	(1.1)	14,040	
Dilutive shares in respect of B and C Shareholders		8,775	
EPRA diluted EPS[2]	144.8	1,891,453	7.66
Adjustments to include:			
Share-based payment charge	2.0		
Fair value movement in contingent consideration	1.1		
Fixed rental uplift adjustments	(6.1)		
Share-based payments charges	1.9		
Changes in fair value of contingent consideration payable	(1.1)		
Amortisation of loan arrangement fees and intangibles (see note 11)	3.0		
Adjusted EPS	145.6	1,868,638	7.79
Dilutive shared-based payment charge	(2.0)		
Fair value movement in contingent consideration	(1.1)	14,040	
Dilutive shares in respect of B and C Shareholders		8,775	
Adjusted diluted EPS[2]	142.5	1,891,453	7.54

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

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

3. Relates to dilutive shares in respect of contingent consideration. This being the 75% of the amounts due to the B and C shareholders that could potentially be settled as equity. The share-based payments charges are dilutive to EPRA and Adjusted EPS only at year end.

Adjusted earnings is a performance measure used by the Board to assess the Group's dividend payments. The metric reduces EPRA earnings by other non-cash items credited or charged to the Group Statement of Comprehensive Income, such as fixed rental uplift adjustments, amortisation of loan arrangement fees and also for one-off items such as the early extinguishment of the liability to the B&C shareholders. EPRA guidance requires the removal of cash received from interest rate hedges, but it has been added back into adjusted earnings as this gives a better reflection of the Group's net interest expense which is supported by cashflows.

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

Share-based payment charges relate to the B and C Shareholders. Whilst impacting on earnings, this value is considered capital in nature from the perspective it relates to a B&C Share equity holding in Tritax Symmetry Limited. It is therefore removed from Adjusted earnings.

14. Dividends paid

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Fourth interim dividend in respect of period ended 31 December 2022 at 1.975 pence per Ordinary Share (fourth interim for 31 December 2021 at 1.900 pence per Ordinary Share)	**36.9**	35.5
First interim dividend in respect of year ended 31 December 2023 at 1.750 pence per Ordinary Share (31 December 2022: 1.675 pence)	**32.7**	31.3
Second interim dividend in respect of year ended 31 December 2023 at 1.750 pence per Ordinary Share (31 December 2022: 1.675 pence)	**32.7**	31.3
Third interim dividend in respect of year ended 31 December 2023 at 1.750 pence per Ordinary Share (31 December 2022: 1.675 pence)	**33.3**	31.3
Total dividends paid	**135.6**	129.4
Total dividends paid per share for the year (per share)	**5.250p**	5.025p
Total dividends unpaid but declared for the year (per share)	**2.050p**	1.975p
Total dividends declared for the year (per share)	**7.300p**	7.000p

On 29 February 2024, the Company approved the fourth interim dividend for declaration in respect of the year ended 31 December 2023 of 2.05 pence per share payable on 2 April 2024. The total dividends declared for the year of 7.30 pence are all property income distribution ("PID").

15. Investment property

In accordance with IAS 40, investment property are stated at fair value as at 31 December 2023. The investment property has been independently valued by CBRE Limited ("CBRE") and Colliers International Valuation UK LLP ("Colliers"), both accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. CBRE values all investment property with leases attached or assets under construction. Colliers values all land holdings and land options. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 (the "Red Book") and incorporate the recommendations of the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (Revised April 2015) which are consistent with the principles set out in IFRS 13.

The valuers, in forming their opinion, makes a series of assumptions, which are market related, such as Net Initial Yields and expected rental values, and are based on the valuer's professional judgement. The valuers have sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently. There have been no changes to the assumptions made in the year as a result of a range of factors including the macro-economic environment, availability of debt finance and physical and transition risks relating to climate change.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. Currently assets with the highest standards of ESG are commanding higher rental levels, have lower future capital expenditure requirements, and are transacting at lower yields.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

All corporate acquisitions during the year and prior year have been treated as asset purchases rather than business combinations because they are considered to be acquisitions of properties rather than businesses.

	Investment property freehold	Investment property long leasehold	Investment property under construction	Total
	£m	**£m**	**£m**	**£m**
As at 1 January 2023	**3,811.2**	**637.2**	**398.9**	**4,847.3**
Property additions	**109.1**	**0.1**	**195.8**	**305.0**
Fixed rental uplift and tenant lease incentives[1]	**20.3**	**0.7**	**-**	**21.0**
Disposals	**(256.2)**	**(52.2)**	**-**	**(308.4)**
Transfer of completed property to investment property	**357.2**	**-**	**(357.2)**	**-**
Transfer from land options	**-**	**-**	**16.8**	**16.8**
Change in fair value during the year	**(37.3)**	**(4.9)**	**4.1**	**(38.1)**
As at 31 December 2023	**4,004.3**	**580.9**	**258.4**	**4,843.6**

	Investment property freehold	Investment property long leasehold	Investment property under construction	Total
	£m	£m	£m	£m
As at 1 January 2022	4,208.7	812.5	227.9	5,249.1
Property additions[1]	4.9	0.1	366.7	371.7
Fixed rental uplift and tenant lease incentives[2]	10.4	0.7	-	11.1
Assets transferred to held for sale	-	-	(25.1)	(25.1)
Transfer of completed property to investment property	200.4	-	(200.4)	-
Change in fair value during the year	(613.2)	(176.1)	29.8	(759.5)
As at 31 December 2022	3,811.2	637.2	398.9	4,847.3

	31 December 2023	31 December 2022
	£m	£m
Investment property at fair value per Group Statement of Financial Position	**4,843.6**	4,847.3
Assets held for sale at fair value	**-**	25.1
Total investment property valuation	**4,843.6**	4,872.4

The Group has other capital commitments which represent commitments made in respect of direct construction, asset management initiatives and development land. The Group had also exchange to purchase an investment asset at year end(refer to note 34).

Cash received in respect of future rent-free periods represents amounts that were topped up by the vendor on acquisition of the property to cover future rent-free periods on the lease. The valuation assumes the property to be income generating throughout the lease and therefore includes this cash in the value.

Fees payable under the DMA totalling £nil million (2022: £2.3 million) have been capitalised in the year being directly attributable to completed development projects during the year.

The valuation summary is set out in the Strategic Report.

Fair value hierarchy

The Group considers that all of its investment properties fall within Level 3 of the fair value hierarchy as defined by IFRS 13. There have been no transfers between Level 1 and Level 2 during any of the periods, nor have there been any transfers between Level 2 and Level 3 during any of the periods.

The valuations have been prepared on the basis of market value (MV), which is defined in the RICS Valuation Standards, as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Market Value as defined in the RICS Valuation Standards is the equivalent of fair value under IFRS.

The following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

Valuation techniques

The yield methodology approach is used when valuing the Group's properties which uses market rental values capitalised with a market capitalisation rate. This is sense-checked against the market comparable method (or market comparable approach) where a property's fair value is estimated based on comparable transactions in the market.

For investment property under construction and the majority of land held for development, properties are valued using a residual method approach. Under this approach, the valuer initially assesses the investment value (using the above methodology for completed properties). Then, the total estimated costs to complete (including notional finance costs and developer's profit) are deducted from the value to take into account the hypothetical purchaser's management of the remaining development process and their perception of risk with regard to construction and the property market (such as the potential cost overruns and letting risks). Land values are sense-checked against the rate per acre derived from actual market transactions.

The key unobservable inputs made in determining fair values are as follows:

Unobservable input: estimated rental value ("ERV")

The rent per square foot at which space could be let in the market conditions prevailing at the date of valuation.

Passing rents are dependent upon a number of variables in relation to the Group's property. These include: size, location, tenant covenant strength and terms of the lease.

Unobservable input: Net Initial Yield

The Net Initial Yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase.

	ERV range £ psf	ERV Average £ psf	Net initial yield range%	Net initial yield average%
South East	**5.46 - 16.81**	**10.2**	**3.86 - 5.82**	**4.77%**
South West	**6.50 - 6.50**	**6.5**	**4.75 - 4.75**	**4.75%**
East Midlands	**6.39 - 11.25**	**7.9**	**3.75 - 5.82**	**4.72%**
West Midlands	**6.82 - 9.96**	**8.1**	**3.27 - 6.00**	**4.54%**
Yorkshire and the Humber	**6.20 - 8.00**	**7.0**	**4.32 - 6.00**	**4.96%**
North East	**3.91 - 4.25**	**4.1**	**4.75 - 4.83**	**4.79%**
North West	**5.00 - 11.25**	**7.9**	**4.23 - 5.75**	**4.90%**

	ERV range £ psf	ERV Average £ psf	Net initial yield range%	Net initial yield average%
South East	5.46 – 15.12	10.2	3.65 – 5.66	4.55%
South West	6.50 – 7.00	6.8	4.00 – 4.85	4.43%
East Midlands	5.75 – 11.25	7.3	3.60 – 5.82	4.52%
West Midlands	6.33 – 8.54	7.1	4.10 – 6.00	4.78%
Yorkshire and the Humber	5.96 – 7.25	6.6	4.30 – 5.25	4.68%
North East	3.91 – 4.25	4.1	4.63 – 4.80	4.72%
North West	4.95 – 11.25	7.0	4.05 – 6.31	4.84%

Sensitivities of measurement of significant unobservable inputs

As set out within significant accounting estimates and judgements above, the Group's property portfolio valuation is open to judgements and is inherently subjective by nature.

As a result the following sensitivity analysis has been prepared:

	£m	£m	£m	£m
(Decrease)/increase in the fair value of investment properties as at 31 December 2023	**(229.3)**	**229.3**	**(238.2)**	**265.9**
(Decrease)/increase in the fair value of investment properties as at 31 December 2022	(226.7)	226.7	(243.6)	273.0

The above includes data from the standing portfolio and does not include data from investment properties under construction. No reasonable change in unobservable input in relation to Investment properties under construction would have a material impact on the carrying value of investment properties.

16. Investment in land options

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Opening balance	**157.4**	201.5
Costs capitalised in the year	**16.8**	13.0
Transferred to investment property	**(16.8)**	(57.1)
Closing balance	**157.4**	157.4

The average maturity date across land options held is approximately eight years (2022: eight years) term remaining.

Fees payable under the DMA totalling £5.9 million (2022: £3.4 million) have been capitalised in the year being directly attributable to the ongoing development projects.

17. Investment in joint ventures

As at 31 December 2023 the Group has two joint ventures which have been equity accounted for. There were no equity accounted joint ventures prior to the acquisition of Tritax Symmetry in February 2019.

The Group has the following joint ventures as at 31 December 2023:

	Principal activity	**Country of incorporation**	**Ownership**	**Joint venture partner**
HBB (J16) LLP	Property development	UK	50%	HB Midway Limited
Magnitude Land LLP	Property investment	UK	50%	Pochin Midpoint Limited

The registered office for the above joint ventures is: Unit B, Grange Park Court, Roman Way, Northampton, England NN4 5EA.

Net investment	**31 December 2023**		31 December 2022	
	Total 100%	**Group's share**	Total 100%	Group's share
	£m	**£m**	£m	£m
At beginning of year	54.4	**27.2**	51.2	25.6
Total comprehensive income	0.8	**0.40**	1.0	0.5
Impairment of JV asset	(4.6)	**(2.3)**	(2.4)	(1.2)
Capital repaid	(1.6)	**(0.8)**	(1.0)	(0.5)
Cash contributed	**0.6**	**0.3**	5.6	2.8
As at 31 December 2023	49.6	**24.8**	54.4	27.2

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

Comprehensive Income Statement

Year ended 31 December 2023	**31 December 2023**		31 December 2022	
	Total 100%	**Group's share**	Total 100%	Group's share
	£m	**£m**	£m	£m
Net income	0.8	**0.4**	1.0	0.5
Administrative expenses	-	**-**	-	-
Profit before taxation	0.8	**0.40**	1.0	0.50
Taxation	-	**-**	-	-
Total comprehensive Profit	0.8	**0.40**	1.0	0.50

Statement of Financial Position

As at 31 December 2023	Total 100%	**Group's share**	Total 100%	Group's share
	£m	**£m**	£m	£m
Investment property	4.8	**2.4**	4.8	2.4
Options to acquire land	43.2	**21.6**	52.8	26.4
Non-current assets	48.0	24.0	57.6	28.8
Other receivables	-	**-**	0.4	0.2
Cash	1.9	**1.0**	0.2	0.1
Current assets	1.9	**1.0**	0.6	0.3
Trade and other payables	(0.3)	**(0.2)**	(3.8)	(1.9)
Current liabilities	(0.3)	**(0.2)**	(3.8)	(1.9)
Net assets	49.6	**24.8**	54.4	27.2

18. Assets held for sale

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Assets held for sale	-	25.1

Assets held for sale in the prior year related to investment property for which there was Board approval to dispose of at the year end date and the intention is to dispose of these assets within 12 months. These assets were disposed of on 18 January 2023. There are no assets currently held for sale at 31 December 2023.

19. Investments

The Group comprises a number of Special Purpose Vehicle (SPV) subsidiaries. All SPV subsidiaries that form these financial statements are noted within the Company financial statements in note 5.

20. Trade and other receivables

Non-current trade and other receivables	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash in public institutions	**1.0**	2.0

The cash in public institutions is a deposit of £1.0 million paid by certain tenants to the Company, as part of their lease agreements.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Trade receivables	**9.4**	16.4
Prepayments, accrued income and other receivables	**7.4**	2.9
VAT	**5.2**	5.6
	22.0	24.9

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The decrease in trade receivables in the period was due to a decrease in receivables relating to DMA projects.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The expected credit loss provision as at 31 December 2023 was £0.3 million (31 December 2022: £0.3 million). No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

21. Cash held at bank

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash and cash equivalents to agree with cash flow	**36.2**	47.4
Restricted cash	**0.2**	0.2
	36.4	47.6

Restricted cash is cash where there is a legal restriction to specify its type of use, i.e. this may be where there is a joint arrangement with a tenant under an asset management initiative.

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows totalled £36.2 million (2022: £47.4 million) as at the year end, which excludes long-term restricted and ring-fenced cash deposits totalling £0.2 million (2022: £0.2 million). Total cash held at bank as reported in the Group Statement of Financial Position is £36.4 million (2021: £47.6 million).

22. Trade and other payables

Non-current trade and other payables	**Year ended 31 December 2023 £m**	Year ended 31 December 2022 £m
Other payables	**1.0**	2.0

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Trade and other payables	**57.4**	75
Bank loan interest payable	**9.3**	6.5
Deferred Consideration	**4.8**	-
Accruals	**35.4**	29.7
	106.9	111.2

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

23. Business combination

The Group acquired an 87% economic interest in Tritax Symmetry on 19 February 2019, a development group with ownership of a combination of land and land options.

The B and C Shares issued to Symmetry Management Shareholders were treated as a combination of both contingent consideration for the acquisition of a 13% economic interest in the Symmetry portfolio and a 13% economic right held to their share of future performance of the Tritax Symmetry Development assets. This was a result of certain vesting conditions attached to the B and C Shares over the first five years of the contract (see note 24 below).

A non-controlling interest was not recognised at the acquisition date for the 13% economic interest held by the Symmetry Management Shareholders due to the put and call options attached to the shares issued.

In August 2023, the Group completed the early buy back of the 13% non-controlling interest in Tritax Symmetry. The Group paid £66.6 million for this interest, via a combination of cash and shares, thus settling the B and C liability which was carried on the Statement of Financial Position at £45.5 million, therefore incurring an accelerated early extinguishment charge of £21.1 million (see note 24 below).

The early buyback of the 13% non-controlling interest means that the full future value created within the Symmetry portfolio will now accrue to the Group.

24. Amounts due to B and C Shareholders

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

Amounts due to B and C Shareholders are detailed in the table below:

31 December 2023	**Contingent consideration £m**	**Share-based payment £m**	**Extinguishment £m**	**Fair value £m**
Opening balance	**25.6**	**16.6**	**-**	**42.2**
Fair value movement recognised	**0.4**	**-**	**-**	**0.4**
Share-based payment charge	**-**	**2.9**	**-**	**2.9**
Extinguishment of B and C share liabilities	**-**	**-**	**21.1**	**21.1**
Settlement of liabilities	**(26.0)**	**(19.5)**	**(21.1)**	**(66.6)**
Closing balance	**-**	**-**	**-**	**-**

31 December 2022	Contingent consideration	Share-based payment	Extinguishment	Fair value
	£m	£m	£m	£m
Opening balance	26.7	14.7	-	41.4
Fair value movement recognised	(1.1)	-	-	(1.1)
Share-based payment charge	-	1.9	-	1.9
Closing balance	25.6	16.6	-	42.2

The Group considers that the amounts due to the B and C Shareholders fall within Level 3 of the fair value hierarchy as defined by IFRS 13. There have been no transfers between Level 1 and Level 2 during any of the periods, nor have there been any transfers between Level 2 and Level 3 during any of the periods.

1) Contingent consideration

The B and C Shares vest over a five-year period and require the Symmetry Management Shareholders to, amongst other things, remain in the employment of the Symmetry ManCo for the vesting period. The value of the amount due (subject to certain vesting conditions) is the lower of 50% of the adjusted NAV of Tritax Symmetry at the relevant future point in time and the value of the B and C Shares at the original completion date. Based on the above, the range of possible outcome was between £nil to £38 million. In accordance with IFRS 3 "Business Combinations" the unconditional amount due under Shareholders agreement is accounted for as contingent consideration.

The adjusted NAV of Tritax Symmetry is the NAV of Tritax Symmetry at the reporting date, adjusted for various matters impacting on the fair value of those land options where planning permission has been obtained but the land has not been acquired along with the elimination of profits created from the Tritax Symmetry investment assets.

2) Share-based payment

In accordance with IFRS 3 "Business Combinations" the requirement to remain in continued employment in order to realise the full value of the B and C Shares has resulted in the excess value (over and above the amount recognised as contingent consideration) being accounted for as payments for post combination services which reflect the 13% economic right held to their share of future performance of the Tritax Symmetry Development assets over and above the completion NAV. The amount due to Symmetry Management Shareholders was based on the adjusted NAV of Tritax Symmetry and was to be settled in cash to the value of 25% with the balance settled in either cash and/or shares in the Company, at the sole discretion of the Company.

The fair value of the B and C Shares was previously calculated using a Monte Carlo simulation model, for the cash settled element of the liability. This approach has the benefits of being flexible, not reliant on a single case scenario and removes the inherent difficulties with determining discount rate to assign to a particular class of share as the risk would change every time the NAV moved. The change in volatility assumptions does not lead to a significant change in the resulting fair values of the B and C Shares because there are limited hurdles attached to them and it is assumed that all will be exercised at some point over the eight year horizon. The key unobservable inputs for the Monte Carlo simulation purposes are the Net Initial Yield of completed developments, future costs of debt and the timing of the completion of the developments.

Amounts due to B and C Shareholders were shown as a liability at fair value in the Group Statement of Financial Position. The liability is fair valued at each reporting date with a corresponding charge recognised in the Group profit or loss over the vesting period. For the year ended 31 December 2023, £2.9 million (2022: £1.9 million) was charged in the Group profit or loss for the share-based payment.

3) Extinguishment of B and C shares

In August 2023, the Group completed the acquisition of the 13% Symmetry Management Shareholders' equity interest in Tritax Symmetry Holdings Limited (TSHL), which formed part of the contingent consideration following its acquisition in February 2019.

The B and C Non-Hurdle Shares in TSHL, were acquired for a total consideration of £65.0 million, and were settled through a combination of cash and the issue of new Ordinary Shares in the Company, upon which meant the founding Directors (excluding Andrew Dickman) fully stepped away from the business.

In conjunction, the Group also purchased the remaining C Hurdle Shares in TSHL, awarded under the previous arrangements, valued at £1.6 million as at 30 June 2023, also for a combination of cash and the issue of new Ordinary Shares.

The total consideration paid was £66.6 million. Subsequently £49.6 million was invested into 34.9 million new Ordinary Shares issued at a price of 142 pence.

Under the previous arrangement, the Company had an ability to buyback the remaining B and C shares post December 2026, therefore this, was in part, an acceleration of the charge to EPRA NTA that would have been expected to be charged during the period June 2023 to December 2026.

Following the acquisition, the full quota of B and C shares (equivalent to the 13% equity interest) were extinguished and the Company now owns 100% of TSHL and the full economic rights to all future value created from the Symmetry development portfolio. The B and C share liability recognised within the Statement of Financial Position, as at 30 June 2023, was £45.1 million and therefore a resultant early extinguishment charge has been recognised in the Statement of Comprehensive Income of £21.1 million during the year.

The charge expected to EPRA NTA resulting from the early settlement, including the issue of the new Ordinary Shares amounts to approximately 1.8 pence, or 1.0% of EPRA NTA.

25. Borrowings

The Group has a £300 million unsecured revolving credit facility (“RCF”) with a syndicate of relationship lenders formed of large multi-national banks which terminates on 14 June 2026.

In October 2023, the Group agreed a new £500 million revolving credit facility (“New RCF) which terminates on 12 October 2028. The new RCF is available for general corporate purposes and was used to refinance the Group’s previous £450 million revolving credit facility.

The new RCF incorporates four sustainability-linked performance KPI’s which align with our ESG targets and sustainability strategy. The KPIs 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. It also specifies that EPC ratings should be improved across the investment portfolio. The Company has the opportunity to improve the margin, subject to performance against these KPIs.

The new RCF may be extended to a maximum seven-year term, subject to the lender consent. The New RCF also contains an uncommitted £200 million accordion option. The new RCF incorporates four sustainably linked performance KPI’s which align with our updated ESG targets and sustainability strategy.

As the £450 million RCF facility was discharged and new RCF was opened with new lenders and different terms the change was not deemed to be a modification under IFRS 9, but rather an extinguishment of the old facility and the recognition of a new facility at fair value.

The Group, as per the Group’s Green Finance Framework, has a £250 million unsecured Green Bond, maturing on 27 November 2033. The notes have an interest rate of 1.5%. An amount equivalent to the net proceeds of each Green Finance Transaction (“GFT”) has been used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects (“EGPs”) that met the Eligibility Criteria. The Group had published a Green Finance Report in 2021 that detailed the allocation of net proceeds of Green Finance Transactions and associated impact metrics during the year.

As at 31 December 2023, 61% (2022: 62%) of the Group’s debt facility commitments are fixed term, with 39% floating term (2022: 38%). When including interest rate hedging the Group has fixed term or hedged facilities totaling 96% of drawn debt (see note 26).

As at 31 December 2023, the weighted average cost of debt was 2.93% (2022: 2.57%). As at the same date the Group had undrawn debt commitments of £531.0 million.

The Group has been in compliance with all of the financial covenants across the Group’s bank facilities as applicable throughout the period covered by these financial statements.

The London Interbank Offered Rate (LIBOR) was phased out from the end of 2021 and has been replaced by various alternative risk-free-rates (RFRs) across the Global Financial Markets. The cessation of LIBOR took effect from 31 December 2021, this is an industry-wide change driven by the regulators. Financial regulatory authorities had expressed their concern that the interbank lending market which LIBOR is intended to reflect is no longer sufficiently active or liquid.

As a result and during the prior year, the Company transitioned all of its borrowings subject to a variable rate of interest from LIBOR to SONIA (Sterling Overnight Index Average). SONIA is an overnight rate, whereas LIBOR was a term rate. SONIA is close to a risk free measure of borrowing costs. It is compounded over a lending period to produce a backward-looking term interest rate.

From 1 January 2022, all borrowings under these agreements attract an interest rate of the borrowing margin, plus SONIA, plus a credit adjustment spread equal to 11.93 bps. The only exception is the interest on the new £500 million RCF is calculated at a rate of the borrowing margin plus SONIA.

A summary of the drawn and undrawn bank borrowings in the year is shown below:

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2023	**479.9**	**483.0**	**962.9**
Bank borrowings drawn in the year under existing facilities	**215.0**	**(215.0)**	**-**
Bank borrowings repaid in the year under existing facilities	**(260.0)**	**260.0**	**-**
Cancellation of bank borrowing facility	**(147.0)**	**(303.0)**	**(450.0)**
New bank borrowing facility	**194.0**	**306.0**	**500.0**
As at 31 December 2023	**481.9**	**531.0**	**1,012.9**

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2022	212.9	550.0	762.9
Bank borrowings drawn in the year under existing facilities	319.0	(319.0)	-
Bank borrowings repaid in the year under existing facilities	(52.0)	52.0	-
Extension of existing facilities	-	200.0	200.0
As at 31 December 2022	479.9	483.0	962.9

	31 December 2023 £m	31 December 2022 £m
Bank borrowings drawn: due in more than one year	**481.9**	479.9
Less: unamortised costs on bank borrowings	**(7.2)**	(5.1)
	474.7	474.8

Bonds	**31 December 2023 £m**	31 December 2022 £m
2.625% Bonds 2026	**249.7**	249.6
3.125% Bonds 2031	**248.0**	247.8
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**247.1**	246.7
Less: unamortised costs on loan notes	**(4.3)**	(5.0)
	1,140.5	1,139.1

The weighted average term to maturity of the Group’s debt as at the year end is 5.2 years (31 December 2022: 5.4 years).

Maturity of borrowings

	31 December 2023 £m	31 December 2022 £m
Repayable between one and two years	**-**	164.0
Repayable between two and five years	**909.9**	443.0
Repayable in over five years	**722.0**	1,022.9
	1,631.9	1,629.9

26. Financial Instruments and Fair Values

26.1 Financial assets

	31 December 2023 £m	31 December 2022 £m
Non-current assets: financial asset	**2.3**	-

On 31 March 2023, the Group retained a 4% interest after the disposal of certain investment properties. The asset is valued using Level 2 observable inputs.

	31 December 2023 £m	31 December 2022 £m
Financial asset valuation brought forward	**-**	-
Additions	**2.4**	-
Changes in fair value of financial asset	**(0.1)**	-
	2.3	-

26.2 Interest rate derivatives

To mitigate the interest rate risk that arises as a result of entering into variable rate loans, the Group has entered into a number of interest rate derivatives. A number of interest rate caps and one interest rate swap have been taken out in respect of the Group's variable rate debt to fix or cap the rate to which compounded SONIA can rise. These run coterminous to the initial term of the respective loans.

The weighted average capped rate, excluding any margin payable, for the Group as at the year end was 2.43% (2022: 1.19%), which effectively caps the level to which SONIA can rise to £249.3 million (2022: £299.3 million) of notional hedged debt, therefore limiting any effect on the Group of an interest rate rise across this notional amount. The interest rate derivatives mean that 96% of the Group's drawn borrowings at the year end have an all-inclusive interest rate payable of 2.93% (2022: 2.57%). The total premium payable in the year towards securing the interest rate caps was £2.4m (2022: £3.2m).

It is the Group's target to hedge at least 90% of the total drawn debt portfolio either using interest rate derivatives or entering fixed-rate loan arrangements. As at the year-end date the total proportion of drawn debt either hedged via interest rate derivatives or subject to fixed-rate loan agreements equated to 95.7%, as shown below:

	31 December 2023 £m	31 December 2022 £m
Non-current assets: interest rate derivatives	**11.1**	19.9

The interest rate derivatives are valued by the relevant counterparty banks on a quarterly basis in accordance with IFRS 9. Any movement in the mark-to-market values of the derivatives are taken to the Group profit or loss.

	31 December 2023 £m	31 December 2022 £m
Interest rate derivative valuation brought forward	**19.9**	1.8
Premium paid	**2.4**	3.2
Changes in fair value of interest rate derivatives	**(11.2)**	14.9
	11.1	19.9

	31 December 2023 Drawn £m	31 December 2022 Drawn £m
Total borrowings drawn (note 25)	**1,631.9**	1,629.9
Notional value of effective interest rate derivatives and fixed-rate loans	**1,561.4**	1,612.9
Proportion of hedged debt	**95.7%**	99.0%

Fair value hierarchy

The fair value of Group's interest rate derivatives is recorded in the Group Statement of Financial Position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end. This valuation technique falls within Level 2 of the fair value hierarchy as defined by IFRS 13. There have been no transfers between Level 1 and Level 2 during any of the years, nor have there been any transfers between Level 2 and Level 3 during any of the years.

27. Financial risk management

Financial instruments

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash held at bank. The Group's other principal financial assets and liabilities are amounts due to B and C Shareholders, bank borrowings and interest rate derivatives. The main purpose of bank borrowings and derivatives is to finance the acquisition and development of the Group's investment property portfolio and hedge against the interest rate risk arising.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	Book value 31 December 2023 £m	Fair value 31 December 2023 £m	Book value 31 December 2022 £m	Fair value 31 December 2022 £m
Financial assets				
Interest rate derivatives	**11.1**	**11.1**	19.9	19.9
Trade and other receivables[1]	**9.4**	**9.4**	17.2	17.2
Cash held at bank	**36.4**	**36.4**	47.6	47.6
Financial liabilities				
Trade and other payables[2]	**90.1**	**90.1**	87.3	87.3
Amounts due to B and C shareholders	-	-	42.2	42.2
Borrowings	**1,626.7**	**1,485.3**	1,624.0	1,402.8

1. Excludes certain VAT, prepayments and other debtors.

2. Excludes tax and VAT liabilities

Financial assets, interest rate derivatives and amounts due to B and C Shareholders are the only financial instruments measured at fair value through profit and loss. All other financial assets and all financial liabilities are measured at amortised cost. All financial instruments were designated in their current categories upon initial recognition.

The following table sets out the fair value of those financial liabilities measured at amortised cost where there is a difference between book value and fair value.

	Date of valuation	Total £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Borrowings	**31 December 2023**	**1,165.4**	**1,012.1**	**153.3**	-
Borrowings	31 December 2022	1,084.9	941.1	143.8	-

The Group has two fixed-rate loans totaling £162.0 million, provided by PGIM (£90.0 million) and Canada Life (£72.0 million). The fair value is determined by comparing the discounted future cash flows using the contracted yields with the reference gilts plus the margin implied. The reference gilts used were the Treasury 1.25% 2027 Gilt and Treasury 4.75% 2030 Gilt respectively, with an implied margin that is unchanged since the date of fixing. The loans are considered to be a Level 2 fair value measurement. For all other bank loans there is considered no other difference between fair value and carrying value.

The fair value of financial liabilities traded on active liquid markets, including the 2.625% Bonds 2026, 3.125% Bonds 2031, 1.5% Bonds 2033, 2.860% USPP 2028 and 2.980% USPP 2030, is determined with reference to the quoted market prices. These financial liabilities are considered to be a Level 1 fair value measure.

The fair value of the financial liabilities at Level 1 fair value measure were £1,012.1 million (2022: £941.1 million) and the financial liabilities at Level 2 fair value measure were £153.3 million (2022: £143.8 million).

Risk management

The Group is exposed to market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the Group's cash balances and bank borrowings along with a number of interest rate derivatives entered into to mitigate interest rate risk.

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis performed to ascertain the impact on the Group profit or loss and net assets of a 100 basis point shift in interest rates would result in an increase of £3.2 million (2022: £3.2 million) or a decrease of £3.2 million (2022: £3.2 million).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions. Credit risk is mitigated by tenants being required to pay rentals in advance under their lease obligations. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

Outstanding trade receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. We conduct ongoing covenant analysis of our customers and strengthened our team to support this work during the period. The analysis combines publicly available financial and trading information with our own observations and customer conversations as well as the opinions of third-party professionals to form a view over the credit risk of counter-parties under our leases.

Trade receivables

Trade receivables, primarily tenant rentals, are presented in the Group Statement of Financial Position net of allowances for doubtful receivables and are monitored on a case by case basis. Credit risk is primarily managed by requiring tenants to pay rentals in advance and performing tests around strength of covenant prior to acquisition and on an ongoing annual basis.

Credit risk related to financial instruments and cash deposits

One of the principal credit risks of the Group arises with the banks and financial institutions. The Board of Directors believes that the credit risk on short-term deposits and current account cash balances is limited because the counterparties are banks, who are committed lenders to the Group, with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk arises from the Group's management of working capital, the finance charges, principal repayments on its borrowings and its commitments under forward funded development arrangements. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Group's assets are property investments and are therefore not readily realisable. The Group's objective is to ensure it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management, ensuring it has appropriate levels of cash and available drawings to meet liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	<3 months £m	3-12 months	Between 1-2 years	Between 2-5 years	More than 5 years	Total
		£m	£m	£m	£m	£m
31 December 2023						
Borrowings	**13.7**	**41.0**	**54.6**	**1,033.8**	**832.1**	**1,975.2**
Amounts due to B and C Shareholders	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**106.9**	**-**	**-**	**-**	**1.0**	**107.9**
	120.6	**41.0**	**54.6**	**1,033.8**	**833.1**	**2,083.1**
31 December 2022						
Borrowings	12.3	36.7	212.6	469.7	1,178.8	1,910.1
Amounts due to B and C Shareholders	-	-	-	42.2	-	42.2
Trade and other payables	111.2	-	-	-	2.0	113.2
	123.5	36.7	212.6	511.9	1,180.8	2,065.5

Included within the contracted payments is 343.2 million (2022: £280.2 million) of loan interest payable up to the point of maturity across the facilities.

28. Capital management

The Board, with the assistance of the Investment Manager, monitors and reviews the Group's capital so as to promote the long-term success of the business, facilitate expansion and to maintain sustainable returns for Shareholders. The Group considers proceeds from share issuances, bank borrowings and retained earnings as capital. The Group's policy on borrowings is as set out below:

The level of borrowing will be on a prudent basis for the asset class, and will seek to achieve a low cost of funds, while maintaining flexibility in the underlying security requirements, and the structure of both the portfolio and the REIT Group.

The Directors intend that the Group will maintain a conservative level of aggregate borrowings with a medium-term target of 30% - 35% of the Group's gross assets.

The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include loan to value ("LTV"), interest cover ratio and loan to projected project cost ratio. The Group LTV at the year end was 31.6% (2022: 31.2%) and there is substantial headroom within existing covenants.

Debt is drawn at the asset and corporate level, subject to the assessment of the optimal financing structure for the Group and having consideration to key metrics including lender diversity, debt type and maturity profiles.

29. Equity reserves

Share capital

The share capital relates to amounts subscribed for share capital at its nominal value:

Issued and fully paid at 1 pence each	**31 December 2023 Number**	**31 December 2023 £m**	31 December 2022 Number	31 December 2022 £m
Balance at beginning of year – £0.01 Ordinary Shares	**1,868,826,992**	**18.7**	1,867,781,310	18.7
Shares issued in relation to extinguishment of share based payments	**34,911,333**	**0.3**	-	-
Shares issued in relation to management contract	-	-	1,045,682	-
Balance at end of year	**1,903,738,325**	**19.0**	1,868,826,992	18.7

Share premium

The share premium relates to amounts subscribed for share capital in excess of its nominal value.

Capital reduction reserve

In 2015, 2018 and 2023, the Company, by way of Special Resolution, cancelled the then value of its share premium account, by an Order of the High Court of Justice, Chancery Division. As a result of these cancellations, £422.6 million, £932.4 million and £764.4 million respectively were transferred from the share premium account into the capital reduction reserve account. The capital reduction reserve account is classed as a distributable reserve. Movements in the current year relate to dividends paid.

Retained earnings

Retained earnings relates to all net gains and losses not recognised elsewhere.

30. Net asset value (NAV) per share

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

	31 December 2023 £m	31 December 2022 £m
Net assets per Group Statement of Financial Position	**3,334.0**	3,350.0
EPRA NTA	**3,372.5**	3,370.8
Ordinary Shares:		
Issued share capital (number)	**1,903,738,325**	1,868,826,992
Basic and dilutive net asset value per share	**175.13p**	179.25

	31 December 2023			31 December 2022		
	EPRA NTA £m	**EPRA NRV £m**	**EPRA NDV £m**	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders	**3,334.0**	**3,334.0**	**3,334.0**	3,350.0	3,350.0	3,350.0
Revaluation of land options	**26.5**	**26.5**	**26.5**	20.4	20.4	20.4
Mark-to-market adjustments of derivatives	**13.1**	**13.1**	**-**	1.8	1.8	-
Intangibles	**(1.1)**	**-**	**-**	(1.4)	-	-
Fair value of debt	**-**	**-**	**141.4**	-	-	221.2
Real estate transfer tax[1]	**-**	**342.3**	**-**	-	387.4	-
NAV	**3,372.5**	**3,715.9**	**3,501.9**	3,370.8	3,759.6	3,591.5
NAV and Dilutive NAV per share	**177.15p**	**195.19p**	**183.95p**	180.37p	201.17p	192.17p

[1]See Notes to EPRA NAV calculations for further details.

31. Operating leases

The future minimum lease payments under non-cancellable operating leases receivable by the Group are as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m	£m	£m
31 December 2023	**201.9**	**204.5**	**199.3**	**195.1**	**179.6**	**1,808.5**	**2,788.9**
31 December 2022	197.3	195.3	191.0	183.3	179.7	1,836.1	2,782.7

The majority of the Group's investment properties are leased to single tenants, some of which have guarantees attached, under the terms of a commercial property lease. Each has upward-only rent reviews that are linked to either RPI/CPI, open market or with fixed uplifts. The weighted average unexpired lease term is 11.4 years (2022: 12.6 years).

32. Transactions with related parties

For the year ended 31 December 2023, all Directors and some of the Members of the Manager are considered key management personnel. The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. Details of the amount paid for services provided by Tritax Management LLP ("the Manager") are provided in note 8.

The total amount outstanding at the year end relating to the Investment Management Agreement was £5.6 million (2022: £6.7 million).

The total expense recognised in the Group profit or loss relating to share-based payments under the Investment Management Agreement was £4.5 million (2022: £5.3 million), of which £2.3 million (2022: £2.7 million) was outstanding at the year end.

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report.

During the year the six Members of the Manager included Colin Godfrey, James Dunlop, Henry Franklin, Petrina Austin, Bjorn Hobart and Frankie Whitehead.

During the year the Directors who served during the year received the following dividends Aubrey Adams: £17,340 (2022: £16,240), Alastair Hughes: £3,358 (2022: £3,001), Richard Laing: £3,613 (2022: £3,463), Karen Whitworth £2,218 (2022: £2,126) Wu Gang £188 (2022: £87) and Elizabeth Brown £1,255 (2022: £469). See note 9 and Directors' Remuneration Report for further details.

During the year the Members of the Manager received the following dividends: Colin Godfrey: £196,830 (2022: £174,834), James Dunlop: £194,074 (2022: £170,516), Henry Franklin: £144,283 (2022: £127,643), Petrina Austin: £25,334 (2022: £21,777), Bjorn Hobart: £29,198 (2022: £24,623) and Frankie Whitehead £13,766 (2022: £10,470).

33. Reconciliation of liabilities to cash flows from financing activities

	Borrowings	Derivative financial instruments	Loan notes	Total
	£m	£m	£m	£m
Balance on 1 January 2023	**474.8**	**(19.9)**	**1,139.1**	**1,594.0**
Cash flows from financing activities:				
Bank borrowings advanced	**409.0**	**-**	**-**	**409.0**
Bank borrowings repaid	**(407.0)**	**-**	**-**	**(407.0)**
Interest rate cap premium paid	**-**	**(2.4)**	**-**	**(2.4)**
Loan arrangement fees paid	**(5.1)**	**-**	**-**	**(5.1)**
Non-cash movements:				
Change in creditors for loan arrangement fees payable	**0.1**	**-**	**-**	**0.1**
Amortisation of loan arrangement fees	**2.9**	**-**	**1.4**	**4.3**
Fair value movement	**-**	**11.2**	**-**	**11.2**
Balance on 31 December 2023	**474.7**	**(11.1)**	**1,140.5**	**1,604.1**

In addition to the above cash flow movements in borrowings, interest was also paid of £47.9 (2022: £35.8m); this is included in the movement in accruals.

	Borrowings £m	Derivative financial instruments £m	Loan notes £m	Total £m
Balance on 1 January 2022	207.6	(1.8)	1,137.6	1,343.4
Cash flows from financing activities:				
Bank borrowings advanced	319.0	-	-	319.0
Bank borrowings repaid	(52.0)	-	-	(52.0)
Interest rate cap premium paid	-	(3.2)	-	(3.2)
Loan arrangement fees paid	(1.5)	-	0.1	(1.4)
Non-cash movements:				
Change in creditors for loan arrangement fees payable	-	-	0.1	0.1
Amortisation of loan arrangement fees	1.7	-	1.3	3.0
Fair value movement	-	(14.9)	-	(14.9)
Balance on 31 December 2022	474.8	(19.9)	1,139.1	1,594.0

34. Capital commitments

The Group had capital commitments of £128.1 million in relation to its development activity, asset management initiatives and commitments under development land, outstanding as at 31 December 2023 (31 December 2022: £99.9 million). All commitments fall due within one year from the date of this report.

As at 31 December 2023 the Group had exchanged on the purchase of an asset for the value of £47.7million.

35. Subsequent events

The Group has completed the purchase of an asset to the value of £47.7million on 9 January 2024.

On 12 February 2024 the Group announced that it had reached agreement on the key terms of a possible all-share offer for the entire issued and to be issued share capital of UK Commercial Property REIT Limited (UKCM). In accordance with Rule 2.6(a) of the Code, the Group will have until 5.00 pm on 8 March 2024, to either announce a firm intention to make an offer for UKCM in accordance with Rule 2.7 of the Code or announce that it does not intend to make such an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies.

There were no other significant events occurring after the reporting period, but before the financial statements were authorised for issue.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
Company Registration Number: 08215888

	Note	At 31 December 2023 £m	At 31 December 2022 £m
Fixed assets			
Investment in subsidiaries	5	**2,166.9**	2,243.3
Interest rate derivatives	10	**1.0**	-
Total fixed assets		**2,167.9**	2,243.3
Current assets			
Trade and other receivables	6	**1,710.9**	1,394.7
Cash held at bank	7	**1.1**	2.2
Total current assets		**1,712.0**	1,396.9
Total assets		**3,879.9**	3,640.2
Current liabilities			
Trade and other payables	8	**(19.4)**	(17.0)
Loans from Group companies		**(87.4)**	(88.2)
Total current liabilities		**(106.8)**	(105.2)
Non-current liabilities			
Bank borrowings	9	**(263.1)**	(101.1)
Loan notes	9	**(1,140.5)**	(1,139.1)
Total non-current liabilities		**(1,403.6)**	(1,240.2)
Total liabilities		**(1,510.4)**	(1,345.4)
Total net assets		**2,369.5**	2,294.8
Equity			
Share capital	11	**19.0**	18.7
Share premium reserve		**49.1**	764.4
Capital reduction reserve		**1,463.9**	835.1
Retained earnings		**837.5**	676.6
Total equity		**2,369.5**	2,294.8

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 31 December 2023 amounted to £160.8 million (31 December 2022: £132.1 million).

These financial statements were approved by the Board of Directors on 29 February 2024 and signed on its behalf by:

Aubrey Adams

Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

		Undistributable reserves		**Distributable reserves**		
	Note	**Share capital £m**	**Share premium £m**	**Capital reduction reserve £m**	**Retained earnings £m**	**Total £m**
1 January 2023		**18.7**	**764.3**	**835.1**	**676.7**	**2,294.8**
Profit for the year and total comprehensive income		**-**	**-**	**-**	**160.8**	**160.8**
		18.7	**764.3**	**835.1**	**837.5**	**2,455.6**
Contributions and distributions						
Shares issued in relation extinguishment of B and C liabilities		**0.3**	**49.2**	**-**	**-**	**49.5**
Transfer between reserves		**-**	**(764.4)**	**764.4**	**-**	**-**
Share-based payments		**-**	**-**	**-**	**4.5**	**4.5**
Transfer of share-based payments to liabilities to reflect settlement		**-**	**-**	**-**	**(4.5)**	**(4.5)**
Dividends paid	4	**-**	**-**	**(135.6)**	**-**	**(135.6)**
31 December 2023		**19.0**	**49.1**	**1,463.9**	**837.5**	**2,369.5**

		Undistributable reserves		Distributable reserves		
	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2022		18.7	762.0	964.5	544.6	2,289.8
Profit for the year and total comprehensive income		–	–	–	132.1	132.1
		18.7	762.0	964.5	676.6	2,421.9
Contributions and distributions						
Shares issued in relation to management contract		–	2.3	–	–	2.3
Share-based payments		–	–	–	5.3	5.3
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(5.3)	(5.3)
Dividends paid	4	–	–	(129.4)	–	(129.4)
31 December 2022		18.7	764.3	835.1	676.7	2,294.8

NOTES TO THE COMPANY ACCOUNTS

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Assets are classified in accordance with the definitions of fixed and current assets in the Companies Act 2006.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by adopted IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Tritax Big Box REIT plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share-based payments;
- financial instruments;
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

These financial statements have been presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and policies in the United Kingdom ("UK GAAP").

Currency

The Company financial statements are presented in Sterling which is also the Company's functional currency and all values are rounded to the nearest 0.1 million (£m), except where otherwise indicated.

Other income

Other income represents dividend income which has been declared by its subsidiaries and is recognised when it is received.

Dividends payable for Shareholders

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the Shareholders at an Annual General Meeting.

1.1 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the Company Balance Sheet at fair value with changes in fair value recognised in the profit or loss in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (such as trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less provision for impairment.

Impairment provisions for current receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Company Balance Sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Investments in subsidiaries

The investments in subsidiary companies are included in the Company's Balance Sheet at cost less provision for impairment.

Share-based payments

The expense relating to share-based payments is accrued over the year in which the service is received and is measured at the fair value of those services received. The extent to which the expense is not settled at the reporting period end is recognised as a liability as any shares outstanding remain contingently issuable. Contingently issuable shares are treated as dilutive to the extent that, based on market factors prevalent at the reporting year end, the shares would be issuable.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years. There were no significant accounting judgements, estimates or assumptions in preparing these financial statements.

2. Standards issued and effective from 1 January 2023

There was no material effect from the adoption of other amendments to IFRS effective in the year. They have no impact to the Company significantly as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

3. Taxation

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
UK corporation tax	**-**	-

The UK corporation tax rate for the financial year is 19% to 5 April 2023 and 25% from 6 April 2023. Accordingly, a blended rate of 23.52% has been applied in the measurement of the Group's tax liability at 31 December 2023.

4. Dividends paid

For detail of dividends paid by the Company during the year, refer to note 14 of the Group's financial statements.

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5. Investment in subsidiaries

	Shares £m	Loan £m	Total £m
As at 1 January 2023	**2,243.3**	**-**	**2,243.3**
Increase in investments via share purchase	**66.6**	**-**	**66.6**
Disposals	**(143.0)**	-	**(143.0)**
As at 31 December 2023	**2,166.9**	**-**	**2,166.9**
As at 1 January 2022	2,243.3	-	2,243.3
Increase in investments via share purchase	-	-	-
As at 31 December 2022	2,243.3	-	2,243.3

The increase in investments were as a result of capitalisation of inter-company loans and to fund the acquisitions made in the periods.

	Principal activity	**Country of Incorporation**	**Ownership %**
TBBR Holdings 1 Limited	Investment holding company	Jersey	100%*
TBBR Holdings 2 Limited	Investment holding company	Jersey	100%
Baljean Properties Limited	Property investment	Isle of Man	100%
Tritax Acquisition 2 Limited	Investment holding company	Jersey	100%
Tritax Acquisition 2 (SPV) Limited	Investment holding company	Jersey	100%
The Sherburn RDC Unit Trust	Property investment	Jersey	100%
G Avonmouth Unit Trust[#]	Property Investment	Jersey	100%
Tritax Acquisition 4 Limited	Property investment	Jersey	100%
Tritax Acquisition 5 Limited	Property investment	Jersey	100%
Sonoma Ventures Limited	Property investment	BVI	100%
Tritax REIT Acquisition 9 Limited	Investment holding company	UK[1]	100%*
Tritax Acquisition 10 Limited	Property investment	Jersey	100%
Tritax Acquisition 11 Limited	Property investment	Jersey	100%
Tritax Acquisition 12 Limited	Property investment	Jersey	100%
Tritax Acquisition 13 Limited	Property investment	Jersey	100%
Tritax Acquisition 14 Limited	Property investment	Jersey	100%
Tritax Worksop Limited	Property investment	BVI	100%
Tritax REIT Acquisition 16 Limited	Investment holding company	UK[1]	100%*
Tritax Acquisition 16 Limited	Property investment	Jersey	100%
Tritax Acquisition 17 Limited	Property investment	Jersey	100%
Tritax Acquisition 18 Limited	Property investment	Jersey	100%
Tritax Harlow Limited	Property investment	Guernsey	100%
Tritax Lymedale Limited	Property investment	Jersey	100%
Tritax Acquisition 21 Limited	Property investment	Jersey	100%
Tritax Acquisition 22 Limited	Property investment	Jersey	100%
Tritax Acquisition 23 Limited	Property investment	Jersey	100%
Tritax Acquisition 24 Limited	Property investment	Jersey	100%
Tritax Burton Upon Trent Limited	Property investment	BVI	100%
Tritax Acquisition 28 Limited	Property investment	Jersey	100%
Tritax Peterborough Limited	Property investment	Jersey	100%

Tritax Littlebrook 2 Limited	Property investment	Jersey	100%
Tritax Littlebrook 4 Limited	Property investment	Jersey	100%
Tritax Atherstone (UK) Limited	Property investment	UK[1]	100%
Tritax Stoke DC1&2 Limited	Investment holding company	Jersey	100%*
Tritax Stoke DC3 Limited	Investment holding company	Jersey	100%*
Tritax Holdings CL Debt Limited	Investment holding company	Jersey	100%*
Tritax Portbury Limited	Property investment	Jersey	100%
Tritax Newark Limited	Property investment	Jersey	100%
Tritax Carlisle Limited	Investment holding company	Jersey	100%*
Tritax Stoke Management Limited	Management company	UK[1]	100%
Tritax Holdings PGIM Debt Limited	Investment holding company	Jersey	100%*
Tritax Merlin 310 Trafford Park Limited	Property investment	Jersey	100%*
Tritax West Thurrock Limited	Property investment	Jersey	100%
Tritax Tamworth Limited	Property investment	Jersey	100%
Tritax Acquisition 35 Limited	Property investment	Jersey	100%
Tritax Acquisition 36 Limited	Property investment	Jersey	100%*
Tritax Acquisition 37 Limited	Property investment	Jersey	100%*
Tritax Acquisition 38 Limited	Property investment	Jersey	100%*
Tritax Acquisition 39 Limited	Property investment	Jersey	100%*
Tritax Acquisition 40 Limited	Property investment	Jersey	100%*
Tritax Acquisition 41 Limited	Property investment	Jersey	100%*
Tritax Littlebrook 1 Limited	Property investment	Jersey	100%
Tritax Littlebrook 3 Limited	Property investment	Jersey	100%
Tritax Atherstone Limited	Investment holding company	Jersey	100%*
Tritax Acquisition 42 Limited	Property investment	Jersey	100%*
Tritax Acquisition 43 Limited	Property investment	Jersey	100%*
Tritax Carlisle UK Limited	Investment holding company	UK[1]	100%
Tritax Edinburgh Way Harlow Limited	Property investment	Jersey	100%*
Tritax Crewe Limited	Investment holding company	Jersey	100%*
Tritax Acquisition 45 Limited	Property investment	Jersey	100%*
Tritax Acquisition 46 Limited	Property investment	Jersey	100%*
Tritax Acquisition 47 Limited	Property investment	Jersey	100%*
Tritax Acquisition 48 Limited	Property investment	Jersey	100%*
Tritax Acquisition 49 Limited	Property investment	Jersey	100%*
Tritax Littlebrook Management Limited	Property investment	UK[1]	100%*
TBBR Holdings 4 Limited[#]	Investment holding company	Jersey	100%*
Tritax Acquisition 50 Limited[#]	Property investment	Jersey	100%*
Tritax Acquisition Electric Avenue Limited[#]	Property investment	Jersey	100%*
Tritax Acquisition 51 Limited[#]	Property investment	Jersey	100%*
TBBR Finance (Jersey) Limited[#]	Financing Company	Jersey	100%*
Tritax Symmetry Holdings Limited	Investment holding company	Jersey	100%*
db Symmetry Group Ltd	Investment holding company	UK[2]	100%
db Symmetry Ltd	Investment holding company	UK[2]	100%
Tritax Symmetry Power Ltd	Investment holding company	UK[2]	100%
Tritax Symmetry Power Biggleswade Ltd	Investment holding company	UK[2]	100%

Tritax Symmetry (BVI) Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Holdings (Biggleswade) Co. Limited	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Biggleswade) Co. Limited	Property investment	British Virgin Islands	100%
Tritax Symmetry Holdings (Blyth) Co. Limited	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Blyth) Co. Limited	Property investment	British Virgin Islands	100%
Tritax Symmetry Holdings (Middlewich) Co. Limited	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Middlewich) Co. Limited	Property investment	British Virgin Islands	100%
Tritax Symmetry Development (Blyth) UK Ltd	Property development	UK[2]	100%
Tritax Symmetry Development (Biggleswade) UK Ltd	Property development	UK[2]	100%
Tritax Symmetry Ardley Ltd	Property investment	Jersey	100%
Tritax Symmetry Bicester 2 Ltd	Property investment	Jersey	100%
Tritax Symmetry Northampton West Ltd	Property investment	Jersey	100%
Tritax Symmetry Rugby South Ltd	Property investment	Jersey	100%
Tritax Symmetry St Helens Ltd	Property investment	Jersey	100%
Tritax Symmetry Wigan Ltd	Property investment	Jersey	100%
Tritax Symmetry Oxford Ltd	Property investment	Jersey	100%
Tritax Symmetry Northampton Ltd	Property investment	Jersey	100%
Tritax Symmetry Merseyside 1 Ltd	Property investment	Jersey	100%
Tritax Symmetry South Elmsall Ltd	Property investment	Jersey	100%
Tritax Symmetry (Goole) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Midlands) Ltd	Investment holding company	UK[2]	100%
Tritax Symmetry (Aston Clinton) Ltd	Property investment	UK[2]	100%
Tritax Symmetry Leicester South Ltd	Property investment	Jersey	100%
Tritax Symmetry Gloucester Ltd	Property investment	Jersey	100%
Tritax Symmetry (Speke) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Barwell) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Rugby) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Hinckley) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Darlington) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Blyth) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Bicester Reid) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Wigan) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Land) LLP	Investment holding company	UK[2]	100%
Tritax Symmetry (Kettering) LLP	Property investment	UK[2]	100%
Tritax Symmetry (Lutterworth) LLP	Property investment	UK[2]	100%
Tritax Symmetry (Northampton) LLP	Investment holding company	UK[2]	100%

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Symmetry Park Darlington Management Company Ltd	Management company	UK[2]	100%
Symmetry Park Aston Clinton Management Company Limited	Management company	UK[2]	100%
Tritax Symmetry Glasgow East Ltd	Property investment	Jersey	100%
Symmetry Park Biggleswade Management Company Limited	Management company	UK[2]	100%
Tritax Symmetry Biggleswade 2 Ltd	Property investment	Jersey	100%
Tritax Symmetry Biggleswade 3 Ltd	Property investment	Jersey	100%
Tritax Symmetry Middlewich 1 Ltd	Property investment	Jersey	100%
Tritax Symmetry Biggleswade 4 Ltd	Property investment	Jersey	100%
Tritax Symmetry Biggleswade Land Ltd	Property investment	UK[2]	100%
Symmetry Park Merseyside Management Company Limited	Management company	UK	100%
Symmetry Park Kettering Management Company Limited	Management company	UK	100%
Symmetry Park Wigan Management Company Limited	Management company	UK	100%
Symmetry Park Rugby Management Company Limited	Management company	UK	100%
Tritax Symmetry Merseyside Land Ltd	Property investment	UK	100%
Tritax Symmetry West Ltd	Property investment	Jersey	100%
Tritax Symmetry Darlington 2 Ltd[#]	Property investment	Jersey	100%
Tritax Symmetry SRFI North Ltd[#]	Property investment	Jersey	100%

*These are direct subsidiaries of the Company.
[#]These are new investments of the Company in the year.

The registered addresses for subsidiaries across the Group are consistent based on their country of incorporation and are as follows:

Jersey entities: 26 New Street, St Helier, Jersey JE2 3RA

Guernsey entities: PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY

Isle of Man entities: 33-37 Athol Street, Douglas, Isle of Man IM1 1LB

British Virgin Islands entities: Jayla Place, Wickhams Cay 1, Road Town, Tortola, BVI VG1110

UK[1] entities: 3rd Floor, 6 Duke Street St James's, London SW1Y 6BN

UK[2] entities: Unit B, Grange Park Court, Roman Way, Northampton, England NN4 5EA

The Company also has interests in the following joint arrangements as at 31 December 2023:

	Principal activity	**Country of incorporation**	**Ownership %**
Symmetry Park Doncaster Management Company Limited	Management company	UK[2]	50%
Symmetry Park Bicester Management Company Limited	Management company	UK[2]	33%

All of the companies registered offshore are managed onshore and are UK residents for UK corporation tax purposes, save for the Sherburn Unit Trust and G Avonmouth Trust.

6. Trade and other receivables

	31 December 2023 £m	31 December 2022 £m
Amounts receivable from Group companies	**1,709.7**	1,393.8
Prepayments	**0.1**	0.1
Other receivables	**1.1**	0.8
	1,710.9	1,394.7

All amounts that fall due for repayment within one year and are presented within current assets as required by the Companies Act. The loans to Group companies are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the group companies. Interest is charged between 0%–10% (2022: 0%–10%).

7. Cash held at bank

	31 December 2023 £m	31 December 2022 £m
Cash held at bank	**1.1**	2.2

8. Trade and other payables

	31 December 2023 £m	31 December 2022 £m
Trade and other payables	**12.9**	9.3
Accruals	**6.5**	7.7
	19.4	17.0

9. Borrowings

Bank borrowings drawn

	31 December 2023 £m	31 December 2022 £m
Bank borrowings drawn: due in more than one year	**269.0**	103.0
Less: unamortised costs on bank borrowings	**(5.9)**	(1.9)
	263.1	101.1

Loan notes

Bonds	31 December 2023 £m	31 December 2022 £m
2.625% Bonds 2026	**249.7**	249.6
3.125% Bonds 2031	**248.0**	247.8
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**247.1**	246.7
Less: unamortised costs on loan notes	**(4.3)**	(5.0)
Non-current liabilities: net borrowings	**1,140.5**	1,139.1

TRITAX BIG BOX

Maturity of loan notes	**31 December 2023 £m**	31 December 2022 £m
Repayable between one and two years	**-**	-
Repayable between two and five years	**249.7**	249.6
Repayable in over five years	**895.1**	894.6
	1,144.8	1,144.2

10. Interest rate derivatives

	31 December 2023 £m	31 December 2022 £m
Non-current assets: interest rate derivatives	**1.0**	-
Non-current liabilities: interest rate derivatives	**-**	-

The interest rate derivatives are valued by the relevant counterparty banks on a quarterly basis in accordance with IFRS 9. Any movement in the mark-to-market values of the derivatives are taken to the Group profit or loss.

	31 December 2023 £m	31 December 2022 £m
Interest rate derivative valuation brought forward	**-**	-
Premium paid	**1.2**	-
Changes in fair value of interest rate derivatives	**(0.2)**	-
	1.0	-

An interest rate cap is used to mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan to cap the rate to which SONIA can rise and is coterminous with the initial term of the loan.

The interest rate derivative is marked to market by the relevant counterparty banks on a quarterly basis in accordance with IFRS 9. Any movement in the mark to market values of the derivatives are taken to the Statement of Comprehensive Income.

11. Equity reserves

Refer to note 29 of the Group's financial statements.

12. Related party transactions

The Company has taken advantage of the exemption not to disclose transactions with other members of the Group as the Company's own financial statements are presented together with its consolidated financial statements.

For all other related party transactions make reference to note 32 of the Group's financial statements.

13. Directors' remuneration

Refer to note 9 of the Group's financial statements.

14. Subsequent events

Refer to note 35 of the Group's financial statements.

NOTES TO THE EPRA AND OTHER KEY PERFORMANCE INDICATORS (UNAUDITED)

Please note that the below measures may not be comparable with similarly titled measures presented by other companies and should not be viewed in isolation, but as supplementary information.

1. Adjusted earnings - income statement

The Adjusted earning reflects our ability to generate earnings from our portfolio, which ultimately underpins dividend payments.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Gross rental income	**222.2**	206.2
Service charge income	**6.2**	6.3
Service charge expense	**(6.3)**	(6.5)
Fixed rental uplift adjustments	**(6.2)**	(6.1)
Net rental income	**215.9**	199.9
Other operating income	**-**	9.3
Administrative expenses	**(28.9)**	(32.2)
Amortisation of other property assets	**-**	1.7
Adjusted operating profit before interest and tax	**187.0**	178.7
Net finance costs	**(44.9)**	(37.8)
Amortisation of loan arrangement fees	**4.4**	3.1
Adjusted earnings before tax	**146.5**	144.0
Tax on adjusted profit	**(0.6)**	1.6
Adjusted earnings after tax	**145.9**	145.6
Adjustment to remove additional DMA income	**-**	(5.3)
Adjusted earnings (Exc. additional DMA income)	**145.9**	140.3
Weighted average number of Ordinary Shares	**1,881,930,698**	1,868,637,910
Adjusted earnings per share	**7.75p**	7.79p
Adjusted earnings per share (Exc. additional DMA income)	**7.75p**	7.51p

TRITAX BIG BOX

2. EPRA Earnings per share

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Total comprehensive income (attributable to shareholders)	**70.0**	(599.4)
Adjustments to remove:		
Changes in fair value of investment properties	**38.1**	759.5
Changes in fair value of interest rate derivatives	**11.2**	(14.9)
Changes in fair value of financial asset	**0.1**	-
Share of loss/(profits) from joint ventures	**(0.4)**	(0.5)
Loss on disposal of investment properties	**1.6**	-
Finance income received on interest rate derivatives	**(10.2)**	-
Amortisation of other property assets	**-**	1.7
Impairment of intangible and other property assets	**2.7**	1.5
Profits to calculate EPRA Earnings per share	**113.1**	147.9
Add back: Dilutive shared based payment charge	**-**	(2.0)
Fair value movement in contingent consideration	**-**	(1.1)
Profits to calculate EPRA diluted earnings per share	**113.1**	144.8
Weighted average number of Ordinary Shares	**1,881,930,698**	1,868,637,910
EPRA Earnings per share – basic	**6.01p**	7.91p
Dilutive shares to be issued	**-**	22,814,350
EPRA Earnings per share – diluted	**6.01p**	7.66p

3. EPRA NAV per share

A net asset value per share calculated in accordance with EPRA's methodology

31 December 2023

	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders		**3,334.0**	**3,334.0**	**3,334.0**
Revaluation of land options		**26.5**	**26.5**	**26.5**
Mark-to-market adjustments of derivatives		**13.1**	**13.1**	**-**
Intangibles		**(1.1)**	**-**	**-**
Fair value of debt		**-**	**-**	**141.4**
Real estate transfer tax[1]		**-**	**342.3**	**-**
At 31 December 2023	**28**	**3,372.5**	**3,715.9**	**3,501.9**
NAV and Dilutive NAV per share		**177.15p**	**195.19p**	**183.95p**

31 December 2022

	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders		3,350.0	3,350.0	3,350.0
Revaluation of land options		20.4	20.4	20.4
Mark-to-market adjustments of derivatives		1.8	1.8	-
Intangibles		(1.4)	-	-
Fair value of debt		-	-	221.1
Real estate transfer tax[1]		-	387.4	-
At 31 December 2022	28	3,370.8	3,759.6	3,591.5
NAV per share		180.37	201.17	192.18
Dilutive NAV per share		180.37	201.17	192.18

[1]EPRA NTA and EPRA NDV reflect IFRS values which are net of RETT. RETT are added back when calculating EPRA NRV.

4. EPRA Net Initial Yield (NIY) and EPRA "Topped Up" NIY

A measure to make it easier for investors to judge for themselves how the valuations of two portfolios compare.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Investment property – wholly owned	**4,843.7**	4,872.4
Investment property – share of joint ventures	**4.2**	4.2
Less: development properties	**(262.7)**	(403.2)
Completed property portfolio	**4,585.2**	4,473.4
Allowance for estimated purchasers' costs	**309.5**	303.3
Gross up completed property portfolio valuation (B)	**4,894.7**	4,776.7
Annualised passing rental income	**225.3**	224.0
Less: contracted rental income in respect of development properties	**(4.6)**	(18.8)
Property outgoings	**(0.2)**	(0.2)
Less: contracted rent under rent-free period	**(17.5)**	(4.9)
Annualised net rents (A)	**203.0**	200.1
Contractual increases for fixed uplifts	**22.1**	9.7
Topped up annualised net rents (C)	**225.1**	209.8
EPRA net initial yield (A/B)	**4.15%**	4.19%
EPRA topped up net initial yield (C/B)	**4.60%**	4.39%

5. EPRA Vacancy rate

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

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Annualised estimated rental value of vacant premises	**6.7**	5.3
Portfolio estimated rental value[1]	**268.2**	247.2
EPRA Vacancy rate	**2.5%**	2.1%

[1] Excludes land held for development.

6. EPRA Cost Ratio

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Property operating costs	**0.2**	0.2
Administration expenses	**6.9**	6.2
Management fees	**22.0**	26.0
Exclude: Service charge costs recovered through rents but not separately invoiced	**-**	-
Total costs including and excluding vacant property costs (A)	**29.1**	32.4
Vacant property cost	**(0.1)**	-
Total costs excluding vacant property costs (B)	**29.0**	32.4
Gross rental income – per IFRS	**222.2**	206.2
Less: Service charge cost components of gross rental income	**-**	-
Gross rental income (C)	**222.2**	206.2
Total EPRA cost ratio (including vacant property costs)	**13.10%**	15.70%
Total EPRA cost ratio (excluding vacant property costs)	**13.05%**	15.70%

7. EPRA like-for-like rental income

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m	Change £m	Change %
Like-for-like rental income	**183.0**	176.6		
Other rental income	**0.2**	0.2		
Like-for-like gross rental income	**183.2**	**176.8**	6.4	3.62%
Irrecoverable property expenditure	**(0.2)**	(0.2)		
Like-for-like net rental income	**183.0**	**176.6**	6.4	3.62%
Reconciliation to Net rental income per Statement of Comprehensive Income:				
Development properties	**7.2**	0.2		
Properties acquired	**1.6**	-		
Properties disposed	**7.2**	14.6		
Properties under rent free periods	**6.8**	3.5		
Spreading of tenant incentives and guaranteed rental uplifts	**16.2**	11.1		
Total per Statement of Comprehensive Income	**222.0**	206.0	16.0	7.77%

TRITAX BIG BOX

8. EPRA property-related capital expenditure

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Acquisition[1]	**109.2**	4.9
Development[2]	**208.1**	375.1
Transfers to Investment Property	**(16.8)**	(57.1)
Investment properties:		
Tenant incentives[3]	**21.0**	11.1
Capitalised interest	**4.6**	4.7
Total Capex	**326.1**	338.7
Conversion from accrual to cash basis	**(17.2)**	(51.9)
Total Capex on a cash basis	**308.9**	286.8

[1] See note 15

[2]See note 15 and note 16

[3] Fixed rental uplift and tenant lease incentives after adjusting for amortisation on rental uplift and tenant lease incentives.

9. Total Accounting Return ("TAR")

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

	Year ended 31 December 2023	Year ended 31 December 2022
Opening EPRA NTA	**180.37p**	222.60p
Closing EPRA NTA	**177.15p**	180.37p
Change in EPRA NTA	**(3.22p)**	(42.23p)
Dividends paid	**7.23p**	6.93p
Total growth in EPRA NTA plus dividends paid	**4.01p**	(35.30p)
Total return	**2.22%**	(15.90)%
One-off transactional costs	**-**	-
Total return excluding one-off transactional costs	**2.22%**	(15.90)%

10. Total Expense Ratio

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

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Total operating costs	**28.9**	32.2
Average net assets over the period	**3,371.5**	4,219.2
Total Expense Ratio	**0.86%**	0.76%

11. Loan to value ratio

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

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Gross debt drawn	**1,626.7**	1,624.0
Less: cash	**(36.4)**	(47.6)
Net debt	**1,590.3**	1,576.4
Gross property value	**5,030.4**	5,059.3
Loan to value ratio	**31.6%**	31.2%

12. EPRA loan to value ratio

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

	Year ended 31 December 0 £m	Year ended 31 December 2022 £m
Gross debt drawn	**1,626.7**	1,624.0
Working capital	**87.1**	87.4
Less: cash	**(36.4)**	(47.6)
Net cebt	**1,677.4**	1,663.8
Gross property value	**5,030.4**	5,059.3
Loan to value ratio	**33.3%**	32.9%

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 December 2023 which are consistent with policies those adopted in the year ended 31 December 2022. Whilst the financial information included in this announcement has been computed in accordance with UK adopted international accounting standards, this announcement does not itself contain sufficient disclosures to comply with IFRS. The financial information does not constitute the Group's statutory financial statements for the years ended 31 December 2023 or 31 December 2022, but is derived from those financial statements. Financial statements for the year ended 31 December 2022 have been delivered to the Registrar of Companies and those for the year ended 31 December 2023 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2023 and 31 December 2022 financial statements were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Glossary of Terms

"Adjusted Earnings" Post-tax earnings attributable to shareholders, adjusted to include licence fees receivable on forward funded development assets, finance income on interest rate derivatives and adjusts for other earnings not supported by cash flows. "Adjusted Earnings per share" or "Adjusted EPS" on a per share basis.

"B and C Shares" The B and C Shares in Tritax Symmetry that were issued to the Symmetry Management shareholders.

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

"Board" The Directors of the Company.

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

"Company" Tritax Big Box REIT plc (company number 08215888).

"Contracted annual rent roll" Annualised rent, adjusting for the inclusion of rent free period

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

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

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

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

"Directors" The Directors of the Company as of the date of this report being Aubrey Adams, Elizabeth Brown, Alastair Hughes, Richard Laing, Karen Whitworth and Wu Gang.

"Dividend pay-out ratio" Dividend per share divided by Adjusted Earnings per share.

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

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

"EPC rating" A review of a property's energy efficiency.

"EPRA" European Public Real Estate Association.

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

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

"EPRA Triple Net Asset Value (NNNAV)" EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.

"EPRA Net Tangible Asset (NTA)" The 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.

"EPRA Net Reinstatement Value (NRV)" IFRS NAV adjusted to exclude the impact of any fair value adjustments to related derivatives. This includes the revaluation of land options and the Real estate transfer tax (RETT).

"EPRA Net Disposal Value (NDV)" IFRS NAV adjusted to include the fair values of debt and the revaluation of land options.

"EPRA Net Initial Yield (NIY)" Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs.

"EPRA 'Topped-Up' NIY" This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).

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

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

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

"Estimated rental value" or **"ERV"** The estimated annual market rental value of lettable space as determined biannually by the Group's valuers. This will normally be different from the rent being paid.

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

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

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

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

"Future Development Pipeline" The Group's land portfolio for future development typically controlled under option agreements which do not form part of the Current or Near Term development pipelines.

"Gearing" Net borrowings divided by total shareholders' equity excluding intangible assets and deferred tax provision.

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

"GAV" The Group's gross asset value.

"Global Real Estate Sustainability Benchmark (GRESB) Assessment" GRESB assesses the ESG performance of real estate and infrastructure portfolios and assets worldwide, providing standardised and validated data to the capital markets.

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

"Group" or **"REIT Group"** The Company and all of its subsidiary undertakings.

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

"IMA" The Investment Management Agreement between the Manager and the Company.

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

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

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

"Link" or **"Link Asset Services"** A trading name of Link Market Services Limited (company number 2605568).

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

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

"Loan to Value (LTV)" The proportion of our gross asset value that is funded by net borrowings.

"London Stock Exchange" London Stock Exchange plc.

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

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

"Near-term Development Pipeline" Sites which have either received planning consent or sites where planning applications have been submitted prior to the year end.

"Net Initial Yield (NIY)" The annual rent from a property divided by the combined total of its acquisition price and expenses.

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

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

"Non-PID Dividend" A dividend received by a shareholder of the principal company that is not a PID.

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

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

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

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

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

"Pre-let" A lease signed with a customer prior to commencement of a development.

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

"Rent roll" See **"Passing rent".**

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

"SDLT" Stamp Duty Land Tax – the tax imposed by the UK Government on the purchase of land and properties with values over a certain threshold. "Shareholders" The holders of Ordinary Shares.

"SONIA" Sterling Overnight Index Average

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

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

"Symmetry Management shareholders" The holders of B and C Shares in Tritax Symmetry.

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

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

"Total Expense Ratio" or **"TER"** The ratio of total administration and property operating costs expressed as a percentage of average net asset value throughout the period.

"Total Accounting Return" Net total return, being the percentage change in EPRA NTA over the relevant period plus dividends paid.

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

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

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

"True Equivalent Yield (TEY)" The internal rate of return from an Investment property, based on the value of the property assuming the current passing rent reverts to ERV on the basis of quarterly in advance rent receipts and assuming the property becomes fully occupied over time.

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

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

"WAULT" or **"Weighted Average Unexpired Lease Term"** The income for each property applied to the remaining certain term for an individual property or the lease and expressed as a portfolio average in years.

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