TRITAX BIG BOX

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6 March 2019

Tritax Big Box REIT plc

(the "**Group**" or the "**Company**")

FULL YEAR RESULTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

Tritax Big Box REIT plc (ticker: BBOX), the only real estate investment trust giving pure exposure to Big Box logistics assets in the UK, is today reporting its full year results for the Group for the period from 1 January 2018 to 31 December 2018.

Financial highlights

	31 December 2018	31 December 2017	Increase / Decrease
Dividend per share	6.70p	6.40p	+4.7%
Adjusted earnings per share	6.88p	6.37p	+8.0%
EPRA NAV	152.83p	142.24p	+7.4%
Total Return	12.1%	15.2%	(20.3%)
Portfolio value	£3.42bn	£2.61bn	+31.1%
Contracted annual rent roll	£161.12m	£125.95m	+27.9%
Operating profit	£113.76m	£93.78m	+21.3%
Weighted average unexpired lease term	14.4yrs	13.9yrs	+0.5yrs

- Dividends declared in relation to 2018 totalled 6.70 pence per share, in line with our target.
- Adjusted earnings per share increased by 8.0% to 6.88 pence per share for 2018 (2017: 6.37 pence per share).
- EPRA net asset value ("NAV") per share increased by 7.4% to 152.83 pence at 31 December 2018 (31 December 2017: 142.24 pence).
- Total return (being the increase in EPRA NAV plus dividends paid) for the year was 12.1%, compared to our target of in excess of 9% per annum over the medium term.
- Portfolio independently valued at £3.42 billion as at 31 December 2018, across 54 assets plus 114 acres of strategic land (including forward funded development commitments).
- The portfolio's contracted annual rent roll has increased to £161.12 million (31 December 2017: £125.95 million).
- Further diversified our sources of borrowing, with our debut unsecured loan notes totalling £400 million. Weighted average unexpired debt term maintained at 8.7 years (2017: 8.9 years). The Loan to Value ("LTV") as at 31 December 2018 was 27.3%.
- Low EPRA cost ratio of 13.7% (2017: 13.1%), reflecting the benefits of increased scale.
- Raised £156 million of equity during 2018, through an oversubscribed share issue.

Operational highlights

- Acquired 8 Big Boxes during the year with an aggregate purchase price of £641.45 million, further diversifying the portfolio by geography and tenant.
- Completion of a 10 year lease extension with Kellogg's at the Company's distribution centre at Trafford Park, Manchester, reflecting an increase in annual rent of 20.0% from the previous passing level.
- Completion of a new 15 year lease at the Company's distribution centre at Barlborough Links, Chesterfield, following the successful negotiation of a lease surrender with the previous tenant, reflecting an increase in annual rent of 25.4% from the previous passing level.
- As at the year-end our portfolio comprised 54 assets, covering more than 29.8 million sq ft of logistics space.
- At the year end, the weighted average unexpired lease term ("WAULT") was 14.4 years[1], against our target of at least 12 years.
- Detailed planning consent achieved for 450,000 sq ft on Phase 1 of our 114 acre strategic land site at Littlebrook, Dartford.
- Average net initial yield of the portfolio at acquisition is 5.5%[1], against our year-end valuation of 4.4%.
- Our portfolio was fully let, or pre-let and income producing during the year.[1]

Post Balance Sheet Highlights

- Progressive dividend target of 6.85 pence per share announced for 2019.
- £250 million of equity raised to fund the acquisition of db symmetry.
- An 87% economic interest was acquired in db symmetry, one of the UK's largest strategic land portfolios for logistics property, with the potential to deliver 38.2 million sq ft of logistics assets.[2]

[1] Includes all 54 assets held at 31 December 2018; excludes Littlebrook, Dartford.

[2] Including DMA, overage and profit share.

Sir Richard Jewson KCVO, JP, Chairman of Tritax Big Box REIT plc, commented:

"The quality of the Group's portfolio and Customer base mean that we are confident of continuing to deliver secure dividends to Shareholders, resulting in attractive returns in a low interest rate environment. While the continued delays and lack of clarity over Brexit presents a substantial uncertainty for the UK economy, our market has remained robust. Since the referendum in June 2016, occupiers have continued to search for space, rents have risen and yields have hardened. Brexit is also encouraging manufacturers and retailers to hold additional stock domestically, increasing occupational requirements for UK warehouse space while supply constraints continue. This reinforces the favourable dynamics for landlords. Nonetheless, Brexit does present significant risk for the UK economy which could impinge upon the current positive attributes of our market.

We see good opportunities to continue to add assets to the portfolio at prices that create value at the point of purchase. Following the db symmetry acquisition, we now have the ability to bring through our own developments which are expected to contribute materially to earnings growth and our progressive dividend policy over the medium term.”

FOR FURTHER INFORMATION, PLEASE CONTACT:

Tritax Group Colin Godfrey (Partner, Fund Manager)	via Maitland (below)
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Akur Limited Anthony Richardson Tom Frost Siobhan Sergeant	Tel: 020 7493 3631

The Company's LEI is: 213800L6X88MIYPVR714

NOTES:

Tritax Big Box REIT plc is the only listed vehicle dedicated to investing in very large logistics warehouse assets ("**Big Boxes**") in the UK and is committed to delivering attractive and sustainable returns for Shareholders. Investing in and actively managing existing built investments, land suitable for Big Box development and pre-let forward funded developments, the Company focuses on well-located, modern Big Box logistics assets, typically greater than 500,000 sq ft (measured by floor area, c. 69% of the Company's existing logistics facilities including forward funded developments are in excess of 500,000 sq ft), let to institutional-grade tenants on long-term leases (typically at least 12 years in length) with upward-only rent reviews and geographic and tenant diversification throughout the UK. The Company seeks to exploit the significant opportunity in this sub-sector of the UK logistics market owing to strong tenant demand and limited supply of Big Boxes.

The Company is a real estate investment trust to which Part 12 of the UK Corporation Tax Act 2010 applies ("**REIT**"), is listed on the premium segment of the Official List of the UK Financial Conduct Authority 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

Meeting for investors and analysts and audio recording of results available

A meeting for investors and analysts will be held at 8.45am today at:

Maitland

Havas Building

3 Pancras Square

London

N1C 4AG

In addition, later in the day an audio recording of this meeting and the presentation will also be available to download from the Company's website: www.tritaxbigbox.co.uk

The Annual Report and Accounts will today be available on the Company's website at www.tritaxbigbox.co.uk. In accordance with Listing Rule 9.6.1, copies of these documents will also be submitted today to the UK Listing Authority via the National Storage Mechanism and will be available for viewing shortly at www.morningstar.co.uk/uk/NSM.

Hard copies of the Annual Report and Accounts will be sent to Shareholders, along with the notice for Annual General Meeting 2019, on or around 15 April 2019.

CHAIRMAN'S STATEMENT

The value of income amidst economic uncertainty

2018 was another successful year for the Group and completed five years since our IPO. Amidst political and economic uncertainty on the world stage, Brexit loomed ever larger and the UK Stock Market ended the year on a downward trajectory. To date, our subsector has been largely insulated from the impact of these economic and political uncertainties. Our portfolio provides a high-quality income stream, supporting our aim of delivering secure and growing dividends to Shareholders. Over the last five years, the Group has carefully and deliberately constructed a portfolio of outstanding assets, let to equally impressive Customers. This allowed us to declare dividends totalling 6.70 pence per share in respect of 2018, as we once again met our annual dividend target. The total dividend for the year was fully covered by the Group's Adjusted earnings of 6.88 pence per share. The total return for 2018 was 12.1%, exceeding our target of at least 9% per annum.

Strengthening the portfolio

Robust investment demand for Big Box assets makes acquiring at attractive prices more challenging in the current environment. Nevertheless, during the year, all of our acquisitions were completed off market and the prices were attractive compared to valuation. Our first mover advantage has given us an unparalleled track record that makes us a first port of call for vendors looking to sell. The Manager's network of industry contacts, market intelligence and specialist focus on logistics assets are also key, allowing us to identify and exploit market imperfections. We also have a strong balance sheet and a well-developed debt financing platform, giving us flexibility of funding. Finally, patience and capital discipline ensure we never compromise on the quality of what we buy.

This approach allowed us to acquire eight assets in the year, of which seven were forward funded pre-let developments and one was a standing asset, for a total price of £641.5 million, excluding purchasing costs. These acquisitions added new Customers to the portfolio and further deepened our relationships with existing Customers such as Amazon and Howdens. At 31 December 2018, the Group owned 54 income-producing assets and 114 acres of strategic land at Littlebrook, Dartford. At the year end, the portfolio was independently valued at £3.42 billion including forward funding development commitments, reflecting a like-for-like annual valuation uplift of 4.7%.

The forward funded pre-let developments we acquired in 2018 mean that the Group has now forward funded 16 developments, of which 10 have completed successfully to date, all delivering substantial valuation uplifts over their acquisition prices. This level of activity makes us the leading development funder in the sector and our track record is a significant advantage when developers and their occupiers are looking for a credible partner.

We are making good progress at Littlebrook, where demolition of phases 1 and 2 has completed on time and within budget. In November, we secured a consolidated planning permission for a 450,000 sq ft logistics facility on phase 1 of the site.

Management focus

The Manager continued to add value through its asset management programme, including securing rent reviews, lease re-gears and amendments, re-letting, a new letting as well as physical enhancements to assets. Customer relationships are at the heart of the business and the team has worked closely with Customers throughout the year, including helping a number to plan for the potential impact of Brexit through additional space or automation.

Positioning the Group for future returns

With increased demand for existing logistics investments we believe that better value can be captured through the development of new assets. One of the year's key events was gaining Shareholder approval for an amendment to our Investment Policy. This allows us to increase the maximum exposure to strategic land, provides for modest speculative development and enables us to develop or acquire ancillary assets, including smaller distribution warehouses or "last mile" facilities.

A substantial part of the development profit can be captured by sourcing opportunities at an early stage. Our focus will remain primarily on the pre-let development of large-scale assets which tend to attract financially strong tenants on long leases, helping to maintain the modernity, income quality and WAULT of our portfolio.

Securing new financing

Implementing our growth plans requires us to raise an appropriate balance of equity and debt capital. In April 2018, we raised further equity funding through a heavily oversubscribed placing, which raised the maximum gross proceeds of £155.6 million. This equity was principally used to acquire forward funded pre-let developments.

Our debt financing reflects our growing maturity and scale. During the year, we built on our flexible, largely unsecured debt platform via the debut issue of unsecured loan notes in the private placement market, totalling £400 million. This further diversified our borrowings and has other attractive features, such as split maturities and a delayed draw down.

We have maintained a conservative LTV at 27.3%, while Moody's reaffirmed its Baa1 credit rating during the year.

Strong financial results and growing dividends

Our secure income and robust cost control mean that we continued to deliver a strong and predictable financial performance in 2018.

Operating profit before changes in the fair value of investment properties increased by 21.3% to £113.76 million (2017: £93.78 million). This contributed to Adjusted earnings per share of 6.88 pence (2017: 6.37 pence), which fully covered our dividends in respect of the year. The EPRA NAV per share rose by 10.59 pence or 7.4%, to 152.83 pence.

The Company has declared four interim dividends of 1.675 pence per share each in respect of the year. Further details of these dividends can be found in the Manager's Report. The dividend for the three months to 31 December 2018 will be paid on 28 March 2019, to Shareholders on the register at 15 March 2019.

We are targeting a progressive total dividend, paid quarterly, of 6.85 pence per share for 2019.

Enhancing the Board

We were pleased to welcome Richard Laing to the Board as a Non-Executive Director on 16 May 2018. Richard has joined both the Management Engagement and Nomination Committees and has taken over from Jim Prower as chairman of the Audit Committee. Jim remains a member of the Audit Committee and I thank him on behalf of the Board for his significant contribution in his time as committee chairman.

Two further changes to the Board took place after the year end. Mark Shaw, who is Chairman and Partner of the Manager, retired from the Board on 1 February 2019. We thank him for his significant and valuable contribution to the Company's creation and development over the last five years, and for his expertise and guidance.

Alastair Hughes joined the Board as a Non-Executive Director on 1 February 2019. As a result of these changes, all members of the Board are now independent, including me as Chairman.

Acquisition of db symmetry

Following our year end, the Company announced that it had completed the acquisition of an 87% economic interest in db symmetry, which owns one of the UK's largest strategic land portfolios for logistics property. This is a transaction that the Manager had been working on for an extensive period of time. It is a significant milestone for the Company and a natural extension following the amendment to our Investment Policy in 2018.

This acquisition includes both consented and strategic land, offering the Company phased access to deliver a potential 38.2 million sq ft of logistics assets across key logistics locations in the UK.

Attractive outlook

The quality of the Group's portfolio and Customer base mean that we are confident of continuing to deliver secure dividends to Shareholders, resulting in attractive returns in a low interest rate environment. While the continued delays and lack of clarity over Brexit presents a substantial uncertainty for the UK economy, our market has remained robust. Since the referendum in June 2016, occupiers have continued to search for space, rents have risen and yields have hardened. Brexit is also encouraging manufacturers and retailers to hold additional stock domestically, increasing occupational requirements for UK warehouse space while supply constraints continue. This reinforces the favourable dynamics for landlords. Nonetheless, Brexit does present significant risk for the UK economy which could impinge upon the current positive attributes of our market.

We see good opportunities to continue to add assets to the portfolio at prices that create value at the point of purchase. Following the db symmetry acquisition, we now have the ability to bring through our own developments which are expected to contribute materially to earnings growth and our progressive dividend policy over the medium term.

Sir Richard Jewson KCVO, JP, Chairman
6 March 2019

Who we are

Tritax Big Box REIT is a Real Estate Investment Trust. Our shares have been listed on the London Stock Exchange since December 2013 and are included in the FTSE 250 Index.

What we do

Tritax Big Box REIT is the UK's leading investment company focused on larger scale logistics real estate. We own the largest and most modern portfolio of these assets in the UK. We have assembled a portfolio unmatched in quality in the UK quoted real estate sector. We invest in, and actively manage, income-producing assets, land suitable for logistics development and pre-let forward funded developments. We follow a "core-plus" strategy, in which Foundation assets provide our core, low-risk income, and Value Add assets, Growth Covenant assets and Strategic land (including limited speculative development) offer the potential for enhanced returns. This strategy supports our objective of delivering secure, attractive and growing dividends whilst capturing capital growth for our Shareholders.

Why we do it

We invest in real estate that is central to modern logistics. Our properties are critically important to our Customers' long-term strategies, helping them to improve their operational efficiencies, generate cost savings and fulfil rapidly growing e-commerce sales.

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

Who we serve

Our Customers are some of the biggest names in logistics, manufacturing, consumer products, retail and automotive. We build long-term, mutually beneficial relationships with them, to enhance their business and ours.

Our vision

We are the UK's pre-eminent owner of Big Boxes. We aim to own and deliver the best logistic assets in the best locations providing our Customers with premises within which they can adapt and grow their businesses efficiently, profitably and sustainably.

Our culture

In our market we have built a reputation of trust and reliability. We have a forward-thinking, entrepreneurial culture, which enables us to move rapidly when attractive opportunities present themselves. We combine this with a rigorous approach to due diligence, controls and governance, designed to protect the interests of our Shareholders.

Delivering a Compelling Business

We have a number of significant strengths that make our business difficult to replicate. In a dynamic market, this makes us a compelling business for the long term.

1. We operate in an attractive market, benefiting from profound structural changes

In an era of low economic growth and pressure on margins, our Customers need Big Boxes to generate cost savings and efficiencies, so they can grow their profits. Big Boxes are also essential for managing the growth in e-commerce and the complexities of today's omni-channel supply chains. Occupational demand for logistics assets exceeds supply and this imbalance favours asset owners, creating powerful features in our markets. These include long leases and the potential for attractive rental growth.

2. We are highly selective, acquiring and managing some of the UK's best logistics assets

We were first movers in this subsector and our dedication to it differentiates us from our peers. We continue to strengthen the portfolio, which contains outstanding assets let to institutional-grade Customers.

3. The Manager gives us a competitive advantage

Our Investment Manager is Tritax Management LLP. We benefit significantly from the Manager's expertise, knowledge and specialist subsector focus, which give us an extensive network of high-quality industry contacts. This enables us to source and acquire off market at attractive prices and to use asset management to deliver outperformance.

4. We can deliver attractive returns for Shareholders

Long leases, growing rental income, increasing economies of scale and a largely fixed cost base allow us to offer secure and rising dividends for Shareholders. At the same time, tenant and investor demand for Big Boxes and our asset management programme help us to protect and grow capital values.

5. We are well positioned for further success

We believe the UK Big Box market is still in its relative infancy and there are good prospects for continued long-term growth. We see further opportunities to add standing investments and forward funded developments to our portfolio, and to develop new assets on strategic land, particularly following our acquisition of db symmetry. This approach is designed to support dividend growth for Shareholders and our total return ambitions.

- 31.5m sq ft* Highest ever level of occupational take up in 2018
- 86% Portfolio acquired off market since IPO
- 12.8% Average total return delivered per annum since IPO

* Source: CBRE – All assets over 100,000 sq ft

Why Big Boxes?

We believe that the Big Box logistics sector is one of the most exciting asset classes in the UK property market. Here we explain why Big Boxes are highly attractive to occupiers and investors alike.

Big Boxes are at the heart of modern logistics

Big Boxes are large logistics facilities that can be a strategic necessity for their occupiers. They are typically located near motorways or major roads enabling occupiers to deliver efficiently to several major towns and cities. They are also often near rail freight hubs, airports or ports and act as the breakdown point for bulk deliveries arriving by cargo ship. Their locations therefore allow for efficient stocking and onward distribution.

Big Boxes have increased in size both laterally and vertically. The consequent increased volume of space provides flexibility, allowing for the installation of high racking or mezzanine floors which can double or triple the operational floorspace. The buildings are also becoming smarter, with occupiers increasingly investing in advanced technology systems that allow them to stock and retrieve products rapidly and automatically. This high level of automation is usually only found in larger modern logistics buildings and the occupier's investment can exceed the cost of the building itself.

Demand for logistics space is strong

Demand for Big Boxes comes from three main sources: conventional and online retailers, third-party logistics companies (3PLs), and other companies such as manufacturers.

These occupiers need Big Boxes for three primary reasons:

1. To improve their operational efficiency, by centralising dispersed distribution frameworks into fewer, larger facilities. This allows them to optimise their supply chains, staffing and stock management, and benefit from economies of scale and automation. These efficiencies are crucial to protecting profitability in an increasingly competitive environment.

2. To meet the requirements of a fast-evolving retail market and in particular to fulfil e-commerce sales, which are growing relentlessly. The UK is one of the most advanced e-commerce markets in the world. Big Boxes are essential for fulfilling orders, handling returns, coping with surges in demand (for example, around events such as "Black Friday") and meeting consumer expectations for ever-faster delivery.

3. To meet their sustainability objectives, by occupying assets that are constructed using state of the art design and materials and incorporate initiatives such as low carbon technologies that not only minimise their environmental footprint, but ensure that natural resources are consumed as efficiently as possible.

The supply of Big Boxes is constrained

Land which can accommodate Big Boxes is scarce in key locations. The scale of Big Boxes and the traffic movements they generate can present planning challenges and it can take years to achieve the required consents. Big Boxes also require a large local labour pool, as they can employ more than 3,500 people during peak periods. They also have substantial power and infrastructure requirements, adding further complexity to site identification and delivery.

These factors mean that Big Box supply remains thin. Occupiers looking for a suitable building may therefore need to pre-let an asset either prior to or in the course of development, creating opportunities for investors to forward fund these developments and obtain brand new assets on long leases to high-quality tenants.

Market dynamics are favourable for landlords

The supply and demand imbalance described adjacent is highly favourable for asset owners. The scarcity of available units, coupled with the substantial investment occupiers make in automation and fitting out, mean that they are willing to sign long leases with upward-only rent reviews. High demand and constrained supply have resulted in attractive rental growth in recent years, with rising labour and construction costs now also feeding into rents. This provides secure and growing income for us.

Big Boxes also tend to be resilient. In the event of a vacancy, high-quality and well located real estate is likely to let quicker, to a higher-calibre occupier, at a higher rent, and with lower incentives.

- UK Online sales represented 18% of total annual retail sales for the year to December 2018[1]
- 51% of UK consumers say that they prefer to shop online rather than in store[2]
- Online spending on Black Friday has grown from 33% in 2014 to 61% of total sales in 2018[2]
- Online retail sales on "Black Friday" in 2018 totalled £1.49 billion[2]
- The growth in e-commerce has increased parcel delivery volumes by 11% in 2017-18 compared to 2016-17, reaching a total of 2.4 billion items[3]
- E-commerce is expected to grow to 26% by 2022[4]

[1] Source: ONS

[2] Source: EmpathyBroker 26/07/2018

[3] Source: Ofcom Annual monitoring update on the postal market Financial year 2017-18

[4] Source: eMarketer

The Logistics Property Market

Our market continues to be characterised by several very positive attributes: Demand is being driven principally by occupiers seeking improved supply chain efficiency and consumer structural change is providing strong tailwinds in the logistics market. In larger scale Big Box logistics properties, supply remains constrained.

Thriving demand continues

During 2018, economic and political uncertainty did not dampen occupational demand for UK Big Box logistics assets, unlike other commercial property sectors. Occupier demand remains strong across all the main regional areas in the UK and take-up was at the highest ever recorded level in 2018.

Demand remains buoyed by companies striving to deliver cost savings, economies of scale benefits and efficiencies which the consolidation from disparate older logistics networks to fewer larger volume, modern facilities can provide. Demand is also supported by the continued rise of e-commerce which typically requires larger, modern logistics facilities and commonly employs automation.

Notably "other retail", which includes high street retail, comprised only 10% of take-up in 2018.

Supply remains constrained

One indicator of subdued supply is the high level of purpose-built take-up, indicating a lack of readily available buildings of appropriate quality in the right locations for occupiers to lease.

The low level of supply encouraged an increase in speculative development in 2018 but this accounts for only a small percentage of identified demand. The supply of larger scale buildings is expected to remain constrained because only a few developers are willing to take the level of risk in a single location.

The planning system is long-term and naturally controls supply, particularly in the larger building size categories. There are a modest number of sites capable of delivering larger scale logistics buildings now or in the next few years and whilst further sites will gain planning consent, we expect these to be limited in number.

UK logistics take-up by sector, 2018 (%)

- 3PL/Distribution, 25%
- Other Manufacturing, 5%
- Construction, 2%
- Motor Industry, 2%
- Food Industry, 2%
- Post and Parcels, 4%
- Retail – Online, 32%
- Retail – Food, 10%
- Retail – Other, 10%
- Other, 8%

Demand highlights in 2018

Highest occupational take-up on record

Occupational take-up of 100,000 sq ft+ units totalled 31.5 million sq ft, according to CBRE.

63% of take-up was purpose built

Occupiers continued to take Big Boxes predominantly on a purpose built basis over 100,000 sq ft, driven by the lack of readily available modern, larger scale buildings.

Diverse sector take-up

A diverse range of occupiers took space in 2018; the largest appetite was from internet retailers who accounted for 32% of floorspace over 100,000 sq ft.

Big Boxes are getting bigger

Occupier appetite for Big Boxes of more than 500,000 sq ft continues. In 2018, this comprised 44% of total take-up over 100,000 sq ft.

Supply highlights in 2018

Demand continues to outstrip standing supply

Available supply of new and early marketed space over 100,000 sq ft currently represents 11.5 months' supply (based on five-year annual average take-up), according to CBRE.

Limited availability of units over 500,000 sq ft

Availability of buildings over 500,000 sq ft remains limited and represented just two months' supply based on total 2018 take-up.

Speculative development increased:

Speculative development is modest in comparison to the last speculative development cycle of 2005-2008 and remains largely focused on smaller 100,000-300,000 sq ft buildings.

Rents continue to rise

Continued strong occupier demand and limited supply of quality buildings have contributed to attractive levels of rental growth across all regions in recent years. All regions across the UK have witnessed different levels of rental growth at different points of the cycle depending on the supply and demand dynamic at any point in time, but the trend across all regions has been a positive trajectory since 2015.

This theme has continued during 2018 but has been most acute in London, the South East and the South West, which has in part been due to scarcity of appropriate land supply and increasing land values and lack of supply. Across the country, rents are expected to continue to grow in 2019.

UK prime logistics headline rental growth

Source: CBRE (relates to units of more than 100,000 sq ft)

Region	**Annual growth rate**
London/M25	+6.7%
Rest of South East	+11.1%
South West	+7.4%
East Midlands	+3.8%
West Midlands	+3.8%
North West	+3.8%
North East & Yorkshire	+2.4%
Total	**+5.6%**

Investment interest remains keen

Sustained rental growth is a feature of the logistics market that continues to attract investors, both domestic and overseas (particularly following the devaluation of the pound in 2016).

With market dynamics favouring asset owners, investors have continued to allocate capital to logistics property, with total investment in logistics property during 2018 totalling over £4 billion which, although lower than 2017, was still one of the highest recorded volumes on record.

The level of investor demand has continued to put pressure on logistics property yields. At the end of 2018, CBRE's Prime Yield Series reported the prime logistics property yield to be

4.5%, maintaining the previous lowest reported level, but remaining at an attractive premium to 10-year government gilt yields.

What these market dynamics mean to the Group

A range of businesses are demanding increasingly efficient supply chains. Set against this, built supply remains low, particularly for larger scale buildings, and this forces occupiers to consider purpose-built facilities on a pre-let basis. Purpose-built facilities are not unduly specialist in nature - the dynamics of value and rent serve to encourage a prospective tenant to accept a generically acceptable building specification that would be appealing to a wide audience if offered for re-letting.

These dynamics have benefited the Group since we have captured opportunities to deliver new, long-leased investments into our portfolio (seven pre-let forward funded developments acquired in 2018). Larger scale modern buildings are not only more efficient, but also more flexible and we believe will benefit from longer-term resilience due to higher levels of tenant demand. Our ability to capture the current attractive levels of rental growth at rent review will increase as we leave behind the pre-2015 data, prior to which rental growth was unproven. These positive characteristics of our market continue to attract a healthy level of investor appetite that is compressing investment yields.

Our Business Model

<u>Our resources</u>

We use the following resources to create value for Shareholders and other stakeholders:

Financial capital
We are funded by Shareholders' equity, third-party debt and recycled funds

Physical assets
We have an outstanding portfolio of Big Box logistics assets, as well as strategic land for development

Relationships
We build mutually beneficial relationships with our Customers and draw on the Manager's extensive contacts with key influencers across the subsector

People
We have an experienced Board and a Manager with a high-calibre and consistent team

Reputation
Our excellent reputation and track record make us a partner of choice for vendors, developers and Customers

Expertise and knowledge
Our purity of focus makes us experts in the logistics subsector

We own and manage high-quality Big Box logistics assets and land across the UK, using the Manager's experience and expertise to assemble and grow a well diversified portfolio, while prudently applying leverage to increase returns.

<u>How we work</u>

Sourcing investments
We primarily source investments off market, enabling us to buy at attractive prices. We undertake thorough due diligence on purchases but move fast and offer certainty of execution for vendors, making us the obvious choice for asset owners looking to sell. This also helps us to achieve discounts to market pricing.

Buying and selling for value
We have a clear Investment Policy, but we are also pragmatic and may acquire smaller properties to diversify by geography, building size and lot size, or assets with shorter leases if there is opportunity to create value by re-gearing or re-letting. We seek quality and discount numerous opportunities that do not offer value for money or meet our stringent criteria.

We intend to hold assets for the long term, but we may sell if we have delivered the asset's business plan and have the potential to reinvest the proceeds in a more attractive opportunity.

Developing
The Manager's relationships with developers enables us to invest in forward funded developments, through which we fund the construction of a Big Box which has been pre-let to a specific tenant, thereby substantially reducing risk. This results in lower transaction costs and enables us to source brand new buildings for institutional Customers on long leases.

We can also acquire land which is suitable for development, allowing us to capture a greater share of the development profit. This is likely to be an increasingly important source of new assets for our portfolio in the coming years. We will continue to balance our investment in land carefully with the need to deliver secure and growing dividends to Shareholders.

Asset management
Our assets are strategically important to our Customers. We work with them to maximise their operational effectiveness, for example by extending buildings or adding mezzanine floors. This encourages the signing of longer leases, to secure their investment in the building which in turn increases our revenue security and capital values. The process also deepens our relationships with our Customers.

A small number of our assets fall within our Value Add investment pillar. Where we buy properties with the potential to add value, we look to turn them into Foundation assets through asset management.

Our sources of competitive advantage

The Manager
The Manager is our primary source of competitive advantage. We draw on its expertise and its extensive agency, developer, vendor and occupier contacts, built up over many years. In a market where personnel changes are common, the consistency and high calibre of the Manager's team helps us to maintain our relationships and work on longer-term deals.

Speed and certainty of execution
The Manager's expertise enables us to move fast by rapidly assessing opportunities, making decisions, performing thorough due diligence and completing transactions. We have never withdrawn from a proposed contract after agreeing terms and believe that our reputation is unrivalled in our market.

Quality
Our portfolio is weighted towards Foundation assets, which provide our core income and do not need to be regularly traded. This supports our returns by reducing our frictional costs, which can be as high as 8.5% when selling an asset and reinvesting the proceeds.

Scale
As our portfolio grows, we benefit from economies of scale, increased diversification by geography, tenant and building size, a larger list of contacts and a deeper pool of available capital, helping us to source further investments off market. A larger portfolio also gives us greater insight into market developments, more control over the evidence for rent reviews and lease renewals, and greater potential to create multi-asset initiatives with the same Customers.

The benefits of our business model for stakeholders

For Shareholders
By acquiring high-quality properties with excellent tenants and carefully managing our assets, we aim to deliver a robust, transparent, low-risk and growing rental stream, which supports a progressive target dividend. Our asset selection and asset management add value to our investments, allowing Shareholders to benefit from attractive total returns.

Our REIT status protects the value we create for Shareholders, as we are not subject to corporation tax on profits and gains in respect of our qualifying property rental business. We also pay dividends that qualify as a property income distribution where possible, which offers tax advantages for certain UK investors.

For lenders
Our lenders benefit from having their interest serviced by regular and stable cash flows which are underpinned by some of the strongest covenants in logistics, manufacturing and retail. Our long leases and future growth in income, through a combination of fixed, indexed and open market reviews provide protection to capital values.

For 2019 we are targeting:
6.85p dividend per share
Progression over the 6.7p dividend per share achieved in 2018
9%+ pa Total return

For Customers
Our Customers benefit from occupying Big Box logistics assets which are owned by a landlord knowledgeable in and committed to the sector and strategically important to their businesses, helping them to achieve cost savings and economies of scale, and to fulfil their rapidly growing e-commerce sales. We aim to be our Customers' preferred provider of modern Big Boxes.

Our Objectives and Strategy

Objectives

Our objectives reflect our aim of creating value for Shareholders.

Dividends
The Company intends to maintain its progressive dividend policy during 2019 and thereafter.

Total returns
Our investment objective is to deliver a total return of at least 9% per annum over the medium term. Total return is based on dividends paid plus growth in net asset value.

Investment policy and operational strategy
In order to achieve our objectives, we implement the Investment Policy and operational strategy set out below.

Our Investment Policy

Our Investment Policy is to invest primarily in Big Box assets, which typically:

- are let or pre-let to institutional-grade tenants, ideally businesses with good growth potential;
- are in the right locations in the UK, with good transport connections and workforce availability;
- are of the right size and age, and possibly with expansion potential, to meet the requirements of major occupiers;
- have leases to institutional standards, with regular upward-only rent reviews and an unexpired lease length on purchase typically of at least 12 years, to provide long-term and secure income flows; and
- are strategically important to the tenant, as evidenced by extensive investment in fitting out the unit or proximity to the tenant's market and/or other key features.

We target assets which offer value to our Shareholders and usually have a geared yield range of approximately 5-7%. We may make exceptions to our policy, where we see an opportunity to deliver value for our Shareholders without significantly increasing the portfolio's aggregate risk.

The Investment Policy also allows us to invest in land, either on our own or in a joint venture with a developer or a prospective Customer, to assemble suitable sites for developments.

In November 2018, Shareholders approved the following amendments to the Policy:

- the limit on exposure to land and options over land was increased from 10% of NAV to 15% of gross asset value (GAV), of which up to 5% may be invested in speculative development activity; and
- while Big Box assets remain our primary investment focus, we may from time to time develop or acquire other ancillary assets including, but not limited to, smaller distribution warehouses or urban distribution or "last mile" hubs.

The benefits to Shareholders of these amendments are discussed in the Strategic Report.

Our Acquisition Focus

The assets we acquire typically fall under one or more of our four investment pillars:

Foundation
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. The 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.

Value Add
These assets are typically let to Customers with good covenants and offer capital value or rental growth through lease engineering or improvements to the property. We do this using our asset management capabilities and understanding of Customer requirements. These assets are usually highly re-lettable.

Growth Covenant
These 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.

Strategic land
We will invest in land, primarily with a view to securing pre-let forward funded developments, although we may also undertake a modest amount of speculative development. The land we acquire can benefit from extant outline B8 planning consent over the whole or part of the site in order to minimise risk, but we may also acquire land without planning consent or options over land and undertake development management on behalf of third parties. This approach allows us to own completed assets in locations which might otherwise attract yields lower than we want to pay and can also deliver enhanced returns.

Our Operational Strategy

To help us deliver long-term and sustainable returns to our Shareholders, we focus on the following strategic areas:

Strategic area	Progress in 2018	Priorities for 2019	Link to risk
Manager and its relationships Contract with a Manager who has a knowledgeable and talented team, excellent market relationships with owners, developers and agents, which all contribute to delivering value to Shareholders.	The Manager continued to strengthen its team during the year, including expanding its company secretarial function and recruiting expertise in modelling and legal. New owner and developer relationships secured in the year.	To ensure a low degree of staff turnover, with continual staff training and development. Also, to expand on our market relationships for the benefit of the stakeholders.	We rely on the continuance of the Manager
Operational excellence Rigorously control costs and deliver operational efficiencies, without compromising growth or reputation.	We maintained our robust cost control and benefited from economies of scale; our total expense ratio as at 31 December 2018 was 13.7%.	Continue to place an emphasis on our robust operational cost controls, including keeping our exposure to floating rate debt to a minimum, all of which support our policy to grow our earnings.	Use of floating rate debt will expose the business to underlying interest rate movements

Customers Develop and maintain a deep understanding of the businesses that operate in our market in order to create long-term partnerships.	We successfully implemented a range of asset management initiatives. Our asset acquisitions deepened our relationships with a number of existing Customers.	To maintain a strong relationship with our existing Customers, and to progress any occupier requirements ensuring value accretion to Shareholders.	Default of one or more Customers
Capital risk management Achieve the right risk and return balance of equity and debt, to finance our business and enhance returns.	We raised £155.6 million of new equity, obtained a short-term £250 million debt facility and issued £400 million of loan notes through a private placement. This gave us a conservative LTV of 27.3% at the year end.	To operate within our leverage policy of up to 40% and to continue to support any future growth in the business with new and attractive capital.	Our use of floating rate debt will expose the business to underlying interest rate Movements A lack of debt funding at appropriate rates may restrict our ability to grow We must be able to operate within our debt covenants
Corporate responsibility Strive to meet our corporate responsibilities towards society and the environment, in every part of our business.	We continued to work with our Customers and developer partners to improve property EPC ratings and achieve BREEAM "Very Good". We have achieved zero waste to landfill where we have management responsibility for waste. We have moved all electricity supplies where we have responsibility to "green electricity tariffs".	To formally contribute to sustainability evaluation indices, such as GRESB, so as to demonstrate the Company's inclusion of best practice principles through the active initiatives of its Manager.	None

Delivering Growth

"This was another strong year for the Group as we successfully delivered the dividend and total return targets set by the Company. We raised further equity and built upon our established debt platform, to support the Group's growth and improve the capital structure. This was deployed to acquire attractive assets, primarily forward funded pre-let developments, further diversifying the portfolio while enhancing the outstanding quality of the Group's properties, Customers and rental income stream, allowing us to increase our dividend target to 6.85p for 2019."

Colin Godfrey, Fund Manager

39 Customers contracted

£161.12m Annual rent roll

100%[1] Let or pre-let

14.4yrs Portfolio WAULT

12.1% Total return in 2018

Delivering secure and growing income

The Group's portfolio produces a diversified, robust, long-term income stream with opportunity for growth, secured by an exceptional Customer base. The portfolio comprised 54 income producing assets at the year end, let to 39 different Customers. We added three new Customers during the year and strengthened our relationships with a number of existing Customers, in particular Amazon and Howdens, by acquiring further assets that they will occupy. The calibre of the income stream is demonstrated by 81% of our Customers or their parent companies being members of major stock market indices in the UK, Europe or USA, many of which are well-known domestic and worldwide brands.

At 31 December 2018, the WAULT across the portfolio had increased to 14.4 years (31 December 2017: 13.9 years), ahead of the Group's target of at least 12 years. At the year end, just 9.3% of rents were from leases which are due to expire within five years, with 49.1% of rents coming from leases with 15 or more years to run. The Group's core Foundation assets, which comprise 76.5% of the portfolio (by value) had a WAULT of 16.5 years at 31 December 2018.

The Group is well positioned for further income growth. At the year end, its contracted annual rent roll was £161.12 million, up 27.9% on the £125.95 million at 31 December 2017. This compares with an Estimated Rental Value (ERV) for the portfolio of £169.8 million[1], as independently assessed by CBRE. This implies that the Group's rental income would increase by 5.4% if all the properties in the portfolio were re-let as at 31 December 2018 and were settled at CBRE's ERVs. The portfolio ERV increased by 0.6% on a like-for-like basis during 2018.

Through careful selection, we have ensured that the timings of rent reviews across the portfolio are balanced, supporting both the potential for annual income growth and our progressive dividend policy over the next few years. Rent reviews typically take place every five years but the Group also benefits from some annual fixed and inflation-linked reviews. In 2018, 19.5%[2] of the Group's rental income that was subject to review, was settled. A further 17.7% is due for review in 2019. Further information on rent reviews can be found in the Asset Management section.

[1] Includes 54 assets held at 31 December 2018, excludes strategic land at Littlebrook, Dartford.

[2] This includes two outstanding rent reviews from 2017 and 2015: Kuehne+Nagel, Dove Valley Park outstanding from 2017 and settled in July 2018 and Tesco Chesterfield outstanding from 2015 and settled in February 2018.

Delivering capital growth

The portfolio was independently valued by CBRE as at 31 December 2018 at £3.42 billion including forward funded development commitments (31 December 2017: £2.61 billion) ("market value" or "fair value" under IFRS 13) in accordance with the RICS valuation – Global Standards 2017. This represents the aggregate of individual property values, with no premium or discount being applied for a collective portfolio.

During 2018 property values increased by £169.51 million or 5.0%, inclusive of assets acquired in the year. The like-for-like valuation increase on assets held throughout the year, comprising 46 income producing assets and strategic land at Littlebrook, was £121.68 million or 4.7%. The eight assets acquired during the year, which had an aggregate purchase price of £641.46 million, were valued at £689.29 million at 31 December 2018. This represented an increase of £47.83 million or 7.5%, excluding purchasing costs and other capitalised items. Total capital growth across the portfolio of £810.97 million or 31.1% during the year, excluding purchasing costs, was funded by a combination of new equity and debt.

Building a balanced portfolio

The Group's portfolio contains a good balance of Foundation assets, which provide its core low-risk income, Value Add assets which offer opportunities to add value through asset management and Growth Covenant assets which provide the opportunity for capital growth through improving Customer accounts. Strategic land provides the scope for enhanced capital returns.

At the year end, Foundation assets made up 77% of the portfolio by valuation, with Value Add and Growth Covenant assets making up 15% and 6% respectively. Strategic land comprised around 2% of the year-end valuation.

For more information, please see our Assets Acquired in 2018 section.

Investment discipline

Our acquisitions have been carefully selected to provide a diversified, complementary and balanced portfolio. We buy for value; the story behind our purchases is as much about the assets that we do not buy as those that we do. Every asset acquired by the Group is valued higher than the price paid upon acquisition and since our IPO we have delivered asset capital growth of £607.85 million excluding costs. Our focus is on quality. This provides resilience and, in our view, helps support outperformance. It also helps maintain some of the key metrics that make up our DNA – enhancing a naturally depreciating WAULT, maintaining high calibre Customers to underpin the quality of our rental income and maintaining the modernity of our real estate. All of these features are inherent within forward funded pre-let developments and that is why we have increasingly focused on this area for stock delivery.

A record year for pre-let developments

Our sector relationships, knowledge and ability to appraise opportunities and make decisions quickly, combined with the Group's strong financial position, have enabled us to build an unrivalled track record of performance when forward funding developments. This makes the Group a partner of choice for developers and occupiers, enabling us to acquire forward funded pre-let developments for the Group at an attractive discount to market levels for existing income producing investment properties.

Our expertise in this field and track record of performance are appealing to both developers and major companies seeking occupational certainty. We work collaboratively, delivering real-estate solutions that support the business objectives of our Customers. In particular we have focused on the highly influential e-commerce component of the retail sector in 2018 committing to the delivery of four facilities for Amazon (one existing asset and three forward funded pre-let developments).

The seven pre-let forward funding projects added to the portfolio in 2018 mean that the Group has now undertaken 16 forward funded pre-let developments, making it the leading funder in the UK Big Box market over the last five years. Nine of these developments had successfully reached practical completion at the year end, with an average purchase yield of 5.5% and a WAULT at the point of practical completion of 21 years. This compares to an average valuation yield for a strong covenant on a 15-year term of 4.5% as at 31 December 2018 (source: CBRE). On each of these properties the Company additionally receives income during the construction period. Since the year end, one further pre-let forward funding completed on time and budget, let to Eddie Stobart at Midlands Logistic Park, Corby.

The developments acquired in 2018 are all proceeding well. We work with experienced developers, who have an established track record with substantial experience in the market and have delivered millions of square feet of logistics space.

Strategic land – Littlebrook, Dartford

Littlebrook has the potential to become one of London's largest Big Box logistics parks and is in a core "last mile" location on the edge of London and inside the M25. It has strong road and port connectivity and can support the potential development of approximately 1.7 million sq ft of logistics buildings, including several Big Boxes and some smaller urban logistics facilities. By developing buildings on a pre-let basis, we aim to add new high-quality investments and Customers to the portfolio over the coming years, while minimising risk. We are targeting a yield on cost for phase 1 of more than 6.5%.

Following receipt of planning consent on phase 1, which comprises 450,000 sq ft, we commenced a marketing campaign for the proposed development; which is attracting a healthy level of enquiries.

Littlebrook demonstrates our ability to acquire strategic land for the Group at prices that represent value for Shareholders. Including demolition costs, we estimate that the total cost for the developable area at Littlebrook will be approximately £0.90 million to £0.95 million per acre. This compares favourably with prices of approximately £3.00 million per acre in two comparable land transactions during 2018.

16 pre-let forward funded developments

9[1] completed developments totalling >4.5m sq ft built to order	5.5% average purchase yield for the nine completed assets	+23.5% gross uplift on acquisition price	21 years weighted average term at practical completion

[1] Excluding Eddie Stobart Limited, Corby which completed in February 2019.

Change in Investment Policy

The change to the Investment Policy, as discussed in the Chairman's Statement and the Objectives and Strategy section, will enable us to acquire further sites for the Group. We and the Board believe that in order to maintain the quality of the portfolio and future returns, investment opportunities are increasingly likely to come from the development of new assets. At the same time, we will focus on ensuring that the Company has the potential to continue to reward Shareholders through growth in the dividend.

Acquisition of db symmetry

In February 2019, we acquired 87% of db symmetry, a specialist industrial logistics developer which controls one of the UK's largest strategic land portfolios. The remaining 13% was retained by existing management who are incentivised to deliver the Company's long-term strategy. This followed a change to our Investment Policy which was approved by Shareholders in the year.

This acquisition includes both consented and strategic (optioned) land, offering the Group phased access to deliver a potential 38.2 million sq ft of logistics assets across key locations in the UK over the course of the next ten years.

The Strategic Rationale for db symmetry

In our first full year of trading in 2014 we purchased 12 investments: one was a forward funded pre-let development and 11 were existing investments where a tenant was already in occupation (standing assets). In 2018 we purchased eight investments: one was a standing asset and seven were forward funded pre-let developments. Early on we used research, contacts and knowledge to acquire attractively priced assets and gain an early-mover advantage. As the market matured, we saw less value in existing investments and greater value in pre-let forward funded developments. We therefore concentrated our focus on developer relationships. These transactions provided some of the strongest Customer financial covenants, brand new buildings which have helped maintain the modernity of our portfolio and the longest market leases, thereby supporting our WAULT. They have also been the most rewarding financially, delivering 8.64%[1] gross annualised capital growth, compared to our standing assets which have grown by 7.63%[1].

Our team has significant development experience and is well connected in the development community. In the market, the development landscape had been changing. Investors, frustrated at losing out in competition for logistics investments, turned to development joint ventures (CBREGI with Prologis), or the acquisition of a developer platform (GLP acquiring Gazeley and Segro buying out Roxhill). Consequently, very little, if any of the pre-let stock from those developers will be offered to the market since the investments will be retained by the investment partner. This is likely to have the effect of reducing the number of high quality pre-let development opportunities available to purchase in the future and increasing competition for them.

Our thought process had been similar. Many of the best quality investments had already been bought and yields continued to tighten for standing assets, a trend which we know cannot continue for the longer term. Following extensive research and debate we decided that the acquisition of land suitable for logistics development would allow the Group to capture value at the two major inflection points; i) upon achieving planning and; ii) on securing a pre-let. Our first land purchase was Littlebrook and to date that has performed well, is on time and within budget.

Having researched the market, we identified db symmetry as the remaining major logistics developer of scale with a geographically diverse portfolio in the UK and respected management team. The rationale was simple: capture a high-quality land bank and development expertise to internally deliver long-term high-quality product for the Group, tightly controlling speculative exposure and limiting this to smaller scale buildings, with a focus on pre-let forward funded development. This strategy is designed to maximise return whilst minimising risk.

The construct of the transaction also doesn't fundamentally change the DNA of our business: protecting our shareholder dividend yet providing long-term potential for growth in our earnings. We believe that this is possible following the db symmetry transaction.

Five sites are owned, two are subject to development management agreements (providing fees and/or profit share), 19are controlled under option agreements and a further three which are not expected to be for logistics. The attraction of this arrangement is that the initial purchase price is significantly lower, thereby reducing cash drag and minimising the impact on our earnings, but we benefit from control over a much larger land bank than would be possible given the level of initial investment that we have made.

Of course, in order to acquire sites following receipt of planning and to fund the construction of pre-let developments, we will need capital, and, in addition to debt, this is likely to require some equity raises over the course of the 10-year business plan. We do, however, expect to fund a significant element of this requirement from sales of assets and the recycling of proceeds to fund the acquisition of suitable pre-let investments created by db symmetry. The objective is to typically sell investments at yields of 4%-5% and reinvest the proceeds into db symmetry with a target yield on cost of 7%-8%. db symmetry presents an exceptional and potentially transformational opportunity when combined with our current business. The sites are in strong locations and can provide best-in-class investments, allowing us to maintain the high quality that our portfolio is known for. It can deliver both significant capital growth and longer-term income growth to support our aspirations for attractive dividend growth.

[1] Includes project enhancement costs (excluding purchase costs).

Opportunities for the year ahead

2018 was not kind to retail. The pound devalued following the EU referendum in 2016, making imports more expensive. This pressure encouraged introspective examination of supply chain efficiency and the stronger retailers have been reacting by consolidating into and investing in larger, more efficient logistics facilities. Others, without such financial muscle or vision, and unable to increase pricing, had been struggling for some time, and in some instances have become insolvent. It is likely that others will follow in 2019 – a good reason for landlords to focus on robust occupier covenants and quality real estate, characteristics of our portfolio.

Our market is not without risk, however. Brexit is an obvious concern but we are also keeping a close eye on the muted threat of taxation of e-commerce and business rates as well as interest rates and gearing levels. Fearing a Brexit without frictionless trade borders, there have been recent examples of occupiers planning to hold more inventory domestically. In my view, our sector proved almost immune to the negative effects of Brexit during 2018 with CBRE reporting the highest ever level of logistics lettings in the UK. 2019 may not be as strong, but we do expect occupational demand to remain robust, supporting a continued level of healthy rental growth. This in turn should see strong investment interest in the sector continue, with the potential for further yield compression.

Our business is now well set for the next phase of its life, supported by a high-calibre Board and Management team. We have a healthy level of opportunities to asset manage for value creation, particularly through the conversion of Value Add assets to Foundation assets. Our pipeline remains strong with attractive opportunities to buy accretive and off market at attractive pricing, but looking forwards we expect a lower level of external acquisitions. Littlebrook is now well placed to secure a pre-let and there will be opportunities from the newly acquired db symmetry portfolio to internally create high-quality investments. Our strategic development land will allow us to offer new hubs to our existing Customers and welcome new tenants to our portfolio. We are well capitalised and whilst further equity will be required to maximise value from this strategic land, we expect to sell some of our assets and recycle the proceeds internally to fund pre-let development at an attractive yield on cost.

Implementing the Group's Investment Policy

"Despite a competitive investment market, we maintained capital pricing discipline and led the sector in transacting eight outstanding and attractively priced deals in 2018. These comprised seven forward funded pre-let developments and one standing investment. All of these were off market, taking our overall portfolio acquisitions to 86% off market. Our unique relationship-driven model continues to deliver value for our Shareholders, with an average uplift on valuation of 7.5% across the eight new assets which were purchased at a blended NIY of 5.1%. This accretive yield supports the Company's ability to grow its dividend."

James Dunlop, Investment Director

The Group's Investment Highlights in 2018

+8 Big Box assets £641.5m successfully invested	**7.0m sq ft** Logistics space acquired in 2018 (GIA)	**18.9 years** WAULT of 2018 acquisitions
100% of assets acquired off market	**5.1%** Average NIY of eight Big Boxes acquired	

Disciplined capital allocation

Each of our 2018 acquisitions has enhanced the quality of the Company's portfolio. In addition to broadening and deepening the Company's Customer base, our eight acquisitions had an overall WAULT of 18.9 years at the year end. The seven forward funded pre-let developments are Foundation assets, with an overall WAULT at practical completion of 19.6 years, which lengthens the average WAULT across the portfolio. When buying assets with shorter income, we target quality assets in good locations with strong intrinsic value. The standing investment we purchased is let to a pure-play online retailer; the building is versatile, modern, high-specification and occupies a strategic North West location. It falls within our Growth Covenant investment pillar, had an unexpired lease term of 7.9 years at the year end and offers the potential for attractive rental growth at the next open market rent review in May 2021.

Maximising transactional efficiency

Acquiring forward funded developments helps to reduce frictional costs significantly. Acquisition costs in 2018 were 1.7% of the aggregate purchase prices, which compares very favourably with typical direct property purchase costs of c.6.8%. This low level of acquisition costs maximises value for our Shareholders and enhances the running yield of the investments.

Forward funded pre-lets compound our relationship driven model

The common theme across the 2018 pre-let forward fundings is that they reflect either repeat business with existing developers or further transactions with established Customers. This has been a key focus for us and a strong source of capturing off-market opportunities. We value our relationships, working collaboratively with our delivery partners and demonstrating to them how our knowledge and reliability in pre-let forward funded transactions can provide certainty, ensuring the timely delivery of assets to meet their business plans. We have actively targeted key Customer relationships which seek long term, stable, supportive and innovative investment partners. This has been one of the cornerstones of our investment strategy in 2018.

Strengthening relationships with our existing Customers

During 2018 our acquisitions continued to diversify our high-calibre Customer base, but we also strengthened relationships with some of our existing Customers. In particular, following the three pre-let forward funded investments acquired in 2018 and the letting of an existing asset, Amazon now occupies 4.9 m sq ft of high quality Big Box logistics space within our portfolio and represent 13.7% of the total contracted rent roll.

- 5 Amazon Big Boxes
- 4.9m sq ft High quality logistics space across the UK
- 17.1 yrs WAULT across five assets

Our five largest tenants by contracted rent roll (%)

Amazon	13.7
Morrisons	6.9
Howdens	5.4
Marks & Spencer	4.2
Tesco	4.2

Assets Acquired in 2018

Set out below are key details of the assets acquired in 2018. Further information on all the Group's assets, including those purchased during the year, can be found on its Website. **https://tritaxbigbox.co.uk/portfolio/properties**.

Standing asset

AO World, Crewe, Cheshire
Announced: Jan 2018
Acquisition price: £36.10m
NIY: 5.4%
GIA: 387,666 sq ft
Built: 2006
Lease expiry: Nov 2026

Pre-let forward funded developments

Howdens II & III, Raunds, Northamptonshire
Announced: Jan 2018
Acquisition price: £103.70m (combined)
NIY: 5.0%

GIA: 657,000 sq ft & 300,000 sq ft
Practical completion: expected Sep 2019
Lease expiries: expected Sep 2049

Amazon, Darlington, County Durham
Announced: Jun 2018
Acquisition price: £120.26m[1]
NIY: 5.0%
Total GIA: 1,508,367 sq ft (incl. mezzanines);
Ground floor area: 542,060 sq ft
Practical completion: expected Sep 2019
Lease expiry: expected Sep 2039

BSH Home Appliances Limited, Corby, Northamptonshire
Announced: Oct 2018
Acquisition price: £89.30m
NIY: 5.2%
GIA: 945,375 sq ft
Practical completion: expected Aug 2019
Lease expiry: expected Aug 2029

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

Amazon, Haydock, Merseyside
Announced: Sep 2018
Acquisition price: £68.71m
NIY: 4.9%
GIA: c.361,092 sq ft
Practical completion: expected Jul 2019
Lease expiry: expected Jul 2034

Amazon, Durham, County Durham
Announced: Dec 2018
Acquisition price: £141.55m[1]
NIY: 5.25%
Total GIA: 1,992,061 sq ft (incl. mezzanines);
Ground floor area: 536,082 sq ft
Practical completion: expected Jul 2020
Lease expiry: expected Jul 2040

[1] Based on target commitment amount.

<u>Post year end activity</u>

db symmetry acquisition

Investing for future performance

On 19 February 2019, the Group completed the acquisition of an initial 87% economic interest in db symmetry Group Ltd ("DBS"). With roots dating back to 1996, DBS has evolved to become a leading specialist logistics development company, with one of the UK's largest and geographically most diverse portfolios of strategic land for the development of Big Box assets and related logistics facilities.

A financially attractive proposition

We are targeting an average yield on cost of between 7% and 8% for the assets that the Group develops, which compares highly favourably with the 4.4%[3] valuation yield on the Group's portfolio at the year end. As such, we expect the DBS portfolio to contribute materially to the Group's ability to deliver strong earnings growth and a progressive dividend, as well as significant valuation gains. This will enhance the Group's ability to create value internally, with the recycling of capital from asset sales and redeploying this into new developments.

The acquisition gives the Group the opportunity to internally develop and control the timed delivery of new Big Boxes on a scale it could not otherwise achieve. It offers phased access to over 2,500 acres of land or options over land, which is expected to deliver up to c.38.2 million sq ft of Big Box and related logistic assets, spread across 26 schemes. We have assumed a build-out rate of approximately 2.8 million sq ft each year to 2028.

Buildings will be developed primarily on a pre-let, forward funded basis for large scale logistics facilities. Excluding the initial acquisition price paid, if the current portfolio is fully built out it is estimated that the capital requirement would be in the order of £1.3 billion over a period of 10 years, net of an element of capital recycling, to be funded by a combination of debt and equity. Variations of this model could be adopted to reduce the capital expenditure required.

An exceptional portfolio

The portfolio comprises:

New assets	Number	Net acres	Sq ft (m)
Consented developments[1]	7	250	3.8
Strategic land (options)[2]	19	1,700	34.4
Total	**26**	**1,950**	**38.2***

The portfolio is concentrated around the core logistics locations of the M1, the M40 and the North West's prime M6 and M62 corridors, plus sites in the North East and South West, and was independently valued by Colliers International at £372.75 million as at 31 December 2018. This supports the enterprise value attributed to DBS by the Company of £370 million, subject to certain adjustments in respect of cash, debt, working capital, tax and other operational liabilities.

Seven schemes have planning consent. Two of these are development management agreements (providing fees and/or profit share). The five remaining schemes that are owned currently have planning consent. On three of these schemes there are five buildings under construction, as shown in the table below:

Location	Size (sq ft)	Estimated completion date	Estimated potential rental income £m
Doncaster	150,000	Jan 2019	0.80
Bicester phase 1	163,130	Mar 2019	1.10
Aston Clinton	83,000	Jul 2019	0.60
Aston Clinton	55,000	Jul 2019	0.40
Aston Clinton	110,000	Jul 2019	0.80
	561,130		3.70

These buildings are being constructed to institutional specifications and we expect them to be either let during construction or shortly after completion.

The strategic land element of the portfolio primarily relates to options over land. Land options are legal agreements entered into between landowners and developers to secure exclusivity. They are structured to allow the developer to work up planning on the optioned land before having to acquire the freehold or leasehold interest. Typically, once planning consent is achieved the developer has the ability to acquire that land at a 15-20% discount to the open market value less costs incurred by the developer in securing planning and associated infrastructure. This should enable the Group to acquire the land at a significant discount to market value, once planning consent is secured. Our approach is to optimise the use of capital by minimising pre-planning capital commitments and exposure to variable development costs, phase the draw down of capital, and avoid the impact of holding non-income producing assets for an extended period.

At Darlington, DBS secured a pre-let with Amazon which the Group had already purchased as a forward funded development prior to the DBS transaction.

[1] Includes two schemes which are subject to development management agreements with DBS benefitting from the right to receive fees and profit overage on land owned by third parties. One scheme is subject to a 50:50 Joint Venture arrangement.

[2] Strategic land comprises schemes which are a combination of options, rights to profit or overage payments. Five schemes are subject to 50:50 Joint Venture arrangements.

[3] Including Littlebrook, Dartford; 4.5% NIY excluding Littlebrook, Dartford.

Our established forward funded model

To minimise development risk, we will look to create high-quality, income producing investment properties for the Group's portfolio by obtaining planning, securing an occupier and developing larger scale Big Box logistics assets only on a pre-let, forward funded basis. In doing so, we will seek to leverage the Group's strong relationships with its existing Customers, helping to satisfy their demand for additional logistics space.

Larger scale buildings are typically purpose built for an occupier following a pre-let, because there is limited supply of speculatively developed larger facilities. These are usually regular in design specification such that they are generally appealing to the occupational market.

Speculative development and smaller format buildings

In November 2018, the Company amended its investment policy to allow for up to 5% of gross asset value to be invested in speculative development, without which the Group would have been unable to acquire an 87% interest in DBS. There are five buildings currently under construction that have been commenced on a speculative basis. In the future it is not our intention to speculatively develop larger format Big Boxes, but from time to time, it may be desirable to speculatively build smaller buildings. This is an accepted way of marketing the site and demonstrating to potential occupiers who can then see the quality of the buildings being constructed and understand the access, orientation and infrastructure provision.

DBS has master planned the use of each scheme to accommodate a variety of building sizes in order to appeal to a broad range of occupiers (sometimes an initial planning requirement). Whilst the outline planning consent may be for a scheme which incorporates a varying number of building sizes, this may be amended later, depending upon demonstrable demand.

An example of this is already evident within the DBS portfolio. Biggleswade benefits from detailed reserved matters planning consent for logistics uses in five buildings. Subsequently, the entire site has been pre-let to The Co-operative Group Limited, on a new 20-year term. Consequently, a reserved matters planning application has been submitted for a new 661,000 sq ft regional distribution centre. Determination of the application is due at the end of Q1 2019. The site totals 50 acres, is fully serviced and development ready with new access, utilities and drainage. Subject to receiving detailed planning consent, we expect the building to reach practical completion in Q4 2020.

Adding a highly experienced team
In acquiring an 87% interest in DBS, the Group has also secured the services of a highly experienced team of 17 property professionals and a further 11 support staff. Its senior management team, consisting of Richard Bowen, Henry Chapman, Andrew Dickman and Christian Matthews retained a 13% stake in DBS, through the issuance of B and C shares in Tritax Symmetry Limited, the Group's acquiring entity and holding company for DBS (Tritax Symmetry). The B and C shares are designed to incentivise the wider DBS management team, by aligning their interests with the rest of the Group. The Group has acquired 100% of the A shares in Tritax Symmetry which convey rights to all income.

The team has a track record of successful land promotion and adding value across the development value chain. They have delivered 13 million sq ft of commercial projects and achieved a 100% planning success rate on logistics land promoted. The DBS land portfolio has been assembled over approximately a 10-year period.

The Group has experience of working with DBS, having recently funded the pre-let to Amazon at Darlington in June 2018, where DBS is acting as the developer.

Alignment with senior management
The DBS senior management team have retained a 13% economic interest in Tritax Symmetry, which equates to approximately £38.1 million as at the point of completion. The DBS senior management team have also received a further 6% in the form of share consideration in the Company, representing approximately £17.56 million, further aligning their interests with the Group's overall performance.

There are two forms of lock-in arrangement for DBS senior management under these two separate share holdings, as follows:

6% share consideration in the Company – Share disposals can be made equally over a five-year period, by disposing of up to 20% of the share consideration, on an annual basis, from the end of year one, through to the end of year five.

13% economic interest – Senior management have an option to put an element of their B and C shares in Tritax Symmetry to the Company, equivalent to 1.5% of their shareholding, exercisable on an annual basis from the end of year three, through to the end of year eight. This is only on the basis that the DBS portfolio achieves a total return of 15% per annum on a cumulative basis.

If this return hurdle is not met, then the particular shareholding rolls to the next year when the test is assessed again. At the end of the year eight, any shares that have not been put onto the Company by DBS management can be put automatically by DBS management or called by the Company.

The B and C shares are realised through either the payment of cash to DBS management or the issue of shares in the Company to DBS management, noting that at least 25% is payable in cash. Any decision in terms of consideration split lies with the Company.

The Company has negotiated a position whereby up to 4% of the DBS senior management shares (13%) are to be offered to the wider DBS management team, over time, through the further issue of C shares. This incentivisation across the broader DBS management team is designed to provide an alignment of interest within the wider DBS management and to stimulate succession planning within DBS management.

Structure and corporate governance
The DBS management team have established a separate external management company DBS Symmetry Management Ltd (DBS ManCo), which has contracted with Tritax Symmetry. The DBS management team will develop the portfolio under an exclusive Development Management Agreement with Tritax Symmetry. This means that whilst the Group is able to continue to contract with multiple other developers, DBS is only permitted to contract with the Group.

The DBS management team will report directly to the Manager; the Manager will be responsible for portfolio and risk management. The Manager will therefore retain control over all key decisions in respect of the portfolio, such as strategy, construction, letting, land acquisition and disposals, and further land options. The Manager will interact and report to the Board in the normal way.

The Manager will also approve the budget that is paid to DBS ManCo under the Development Management Agreement. DBS ManCo will receive a fixed management fee of £4.8 million for the year ending 31 December 2019, payable monthly in arrears. The Manager has the ability to review the DBS management fee on an ad hoc basis.

The Manager will take responsibility for the management DBS investment assets (and previously developed assets which have been managed by DBS) once they have reached practical completion and have been let (including any future asset management initiatives on these DBS investment assets), including any decision that is made to sell the DBS Assets into the open market.

It is expected that a significant portion of DBS ManCo costs will be treated as development costs of new assets and capitalised.

There are no other fees, i.e. performance, acquisition, exit or property management fees, payable by the Group to DBS ManCo under the Development Management Agreement (although certain benefits are payable to senior management of DBS ManCo by virtue of the 13% economic interest in Tritax Symmetry).

The Group can decide whether or not to retain any suitable completed developments and where it chooses to do so, all income from that asset will be retained and paid to the Group. Any asset not suitable for the Group will be sold to third parties and the capital recycled.

Acquisition consideration and future financing

Acquisition consideration
DBS was owned by DV4 Properties (60%) and DBS Senior Management and Brit Investments S.A. (40%). A total of approximately £67.7 million had been advanced to DBS by DV4 Properties by way of deep discounted bonds, which had been used to fund land acquisitions, construction, developments and associated costs in relation to the DBS portfolio. Under the terms of the Share Purchase Agreement, the Group procured the repayment of the deep discounted bonds at Completion.

Allocation of the consideration for the Acquisition on Completion was as follows (subject to certain adjustments in respect of cash, debt, working capital, tax and other operational liabilities):

- approximately £202.4 million in cash paid in respect of 69.1% of the equity value of DBS, of which approximately £140.9 million was paid to DV4 Properties and approximately £61.5 million was paid to DBS Senior Management and their related parties;
- approximately £38.1 million was paid through the issue of B and C Shares in Tritax Symmetry in respect of 13% of the equity value of DBS, issued to DBS Senior Management; and
- approximately £52.6 million was paid through the issue of new Ordinary shares in respect of 17.9% of the equity value of DBS, of which Consideration Shares representing £35 million were issued to DV4 Properties and Ordinary Shares representing approximately £17.6 million were issued to DBS Senior Management and Brit Investments S.A. These shares were issued on completion of the acquisition at 130p per share, equivalent to the issue price of Ordinary Shares issued under the Open Offer to Shareholders which was used to fund the acquisition and are subject to lock up restrictions for a period of six months, an orderly market arrangement for six months thereafter in respect of the shares issued to DV4, and for a five-year period in respect of the shares issued to DBS Management.

Open Offer
In order to fund the acquisition, and further investments in accordance with the Group's Investment Policy, the Company raised gross proceeds of approximately £250 million comprising a Placing and Open Offer, issuing 192,291,313 shares at a price of 130 pence each. The Open Offer was fully underwritten.

On 11 February 2019, the Company confirmed the issue of 192,291,313 New Ordinary Shares pursuant to the Open Offer, which was significantly over-subscribed. Valid applications were received for 152,562,386 New Ordinary Shares in respect of Qualifying Shareholders' Open Offer Entitlements which were satisfied in full. Valid applications were also received for 204,679,211 Excess Shares under the Excess Application Facility. A scaling back exercise was undertaken with respect to Excess Applications received which were allocated pro rata to Qualifying Shareholders' applications under the Excess Application Facility, in accordance with the terms set out in the Prospectus.

Financing the business plan

In addition to equity available from the Open Offer, the Group has available debt capital to draw upon for near term commitments to fund the development of the DBS portfolio. Thereafter, further capital requirements will be from a combination of equity and debt. The Manager estimates that the funding requirement will be in the order of £100-200 million pa on the basis of 2.8 million sq ft being developed each year. This is likely to require the Group raising new equity, but the Manager intends to additionally fund growth in DBS from the sale of assets (potentially a combination of existing Group investments and DBS assets).

Land and speculative development exposure

On an ongoing basis we will closely monitor our exposure to land, options over land and speculative developments, to ensure that we remain within our Investment Policy parameters.

Taking the December 2018 Statement of Financial Position, and adding the effects of the DBS acquisition, the Company's holdings in land and options over land (including our site at Littlebrook, Dartford) represent 9.2% of gross asset value and speculative development constitutes 1.0%, therefore totalling 10.2% when combined, against overall gross asset value.

Dilutive impact of the transaction

Whilst we did not want to raise equity at a discount to net asset value, our share price did suffer in Q4 2018 from the political and economic uncertainty which affected the UK REIT market more generally, principally driven by a lack of clarity over Brexit. We believe the DBS acquisition will add significant value to the Group, and therefore, concluded with the Board that it was in Shareholders' interests to proceed with the transaction rather than lose this unique opportunity, notwithstanding the challenging macro environment. This view was endorsed by Shareholders as evidenced by the oversubscribed nature of the equity raise.

When adjusting for the issue of new shares pursuant to the fundraising and the acquisition, which were issued at 130 pence per share, along with the relevant transactional and equity raise costs, the resultant dilution to the year-end NAV per share is estimated to represent approximately 3.80p or 2.52%. Management has identified value within the DBS portfolio which it believes will more than compensate for this NAV dilution in the near term.

Delivering the Group's Asset Management Strategy

"We continued to successfully implement the Group's asset management strategy in 2018, delivering valuable initiatives that have helped to strengthen or lengthen the Group's income whilst realising significant capital value appreciation. Key achievements included settling 11 rent reviews, completing a building extension, a lease surrender and re-letting, and a lease extension."

Petrina Austin, Partner, Head of Asset Management and Sustainability

The Group's Asset Management Highlights in 2018

11 Rent reviews settled across 4.97m sq ft

£0.91m Increase in rent from reviews settled in 2018

+£2.04 million increase in annual rent[1]

[1] Includes all 2018 asset management initiatives and rent reviews.

Strong Customer relationships

We want the Group to be our Customers' landlord of choice for Big Box logistics property. We aim to develop strong relationships with the Group's Customers, so we understand their occupational requirements and commercial objectives. This helps us to identify asset management opportunities that support our Customers' businesses, enhance the quality of the Group's income and increase capital values.

As we have grown in scale, further acquisitions have allowed us to welcome new Customers and also strengthen our relationships with existing Customers, creating the future opportunity to perform asset management initiatives with one Customer across multiple assets.

Customer engagement – Key themes for 2018

In addition to our regular programme of Customer engagement, we have been in active discussions with a number of Customers as they plan for the potential impact of Brexit. This includes managing Customer applications for alterations to properties, to accommodate additional temporary storage space for more domestic inventory or the expansion of automation for improved efficiencies within existing buildings. These initiatives can help Customers to mitigate the effects of potential changes to border controls or delays in their supply chains. The portfolio consists of assets with the resilience to meet evolving Customer requirements either on a temporary or permanent basis.

Sustainability is of increasing importance to Customers, as they look to fulfil their corporate social responsibility (CSR) commitments. An ongoing priority is working closely with our in-house property management team and sustainability consultants to review the potential for "green" initiatives at the Group's assets. These can reduce costs for Customers, whilst improving the properties' environmental credentials. Similarly, we have been reviewing the opportunity to work with our Customers on charitable engagement to help bring environmental and social benefits to the communities where the Group owns assets. More information on these initiatives can be found in the Responsible Business section.

Repositioning our assets from Value Add to Foundation

There are opportunities to add value to assets across all of our investment pillars, but particularly for Value Add assets. Such assets comprise good quality buildings which are typically let to financially sound Customers and offer the potential for us to apply our asset management expertise in order to enhance income and/or capital value through lease re-gears (extending unexpired lease terms), amendments to the existing leases varying the rent review terms), physical improvements (building of extensions) or agreeing new lettings. For some assets such initiatives can change the pillar categorisation from "Value Add" to "Foundation".

Our proactive asset management approach

Our approach to asset management aims to create value throughout the asset lifecycle.

Sector specialism

We draw on our unique knowledge and sector insight to identify assets where we can add value through asset management.

Market intelligence

Our extensive network of relationships with agents and consultants, plus in-house research, ensure we have up-to-date market intelligence.

In-house expertise
We have a team-based approach, combining dedicated internal asset and property management and development expertise.

Financial due diligence
We rigorously analyse Customers' financial strength before the Group acquires an asset and continue this scrutiny throughout the life of the lease.

Business plans
We create asset management plans for every asset in the portfolio and analyse the opportunity on an income and capital basis.

Ongoing risk analysis
We conduct a rigorous risk analysis for each property every year and "health check" it monthly.

Customer relationships
We regularly meet and build relationships with local and national Customer contacts. This is fundamental to unlocking asset management opportunities.

Amazon, Chesterfield – A new 15-year lease: On acquisition in March 2014, we had categorised our Chesterfield asset as Value Add, owing to the lease having a relatively short unexpired term of approximately six years. Upon acquisition we were aware that the tenant, Tesco, intended to vacate the property but could not do so quickly. Tesco operated from the property for a further four years before vacating, at which time we negotiated a surrender of the Tesco lease, without premium. This completed at the end of March 2018. We immediately entered into a 12-month occupational licence with Amazon and subsequently agreed a new lease with Amazon for a 15-year term from November 2018; the new rent is subject to legal confidentiality but represents a significant increase over the previous level, and is reviewed on an index-linked five-year basis between a cap and collar. Prior to the re-letting we committed to refurbishment works to improve the quality of the property. This lease surrender and re-letting has repositioned this asset from Value Add to Foundation.

Kellogg's, Trafford Park, Manchester – Lease renewal for a new 10-year term: The Group acquired the asset in August 2016, with an unexpired lease term of approximately 18 months, as we believed there was a strong possibility of negotiating a lease re-gear with Kellogg's owing to the importance of the building in their supply chain and the quality of the location. Shortly after our acquisition of the investment we engaged with Kellogg's to understand its future distribution requirements and develop a property solution. In March 2018, shortly before the expiry of the original lease term, we completed a new 10-year lease with Kellogg's. As part of the negotiation the annual rent was increased by 20% to £1.8 million pa.

Future proofing assets and enhancing value
When acquiring assets for the Group, one of our key considerations is the potential for physical improvements. We typically acquire assets that are well configured with low site cover, to allow for occupational flexibility as a Customer may need to extend a building or alter its layout as its occupational requirements evolve. Through our specialist knowledge

and experience, we can often suggest practical solutions. These initiatives aim to grow the Group's income and ensure that its assets are resilient and can adapt to Customer demands.

DSG, Newark: During the year, further option agreements were entered into which provide the Group with the potential to acquire a substantial area of land adjoining its existing property asset, which is currently leased to DSG. Master-planned scheme designs have been drawn up by architects and discussions are progressing with the local planning authority in respect of the potential for obtaining planning permission over the optioned land. Subject to achieving planning consent, this initiative could offer the opportunity of developing new buildings on a pre-let basis and/or extending the Company's existing property.

Tesco, Middleton: Tesco has substantially refurbished the Group's asset at Middleton and is undertaking a marketing exercise, with a view to assigning the lease or sub-letting the property. We continue to work closely with this Customer and its agent, and monitor progress and assist with enquiries proactively.

New Look, Newcastle-under-Lyme: In September 2018, the 78,604 sq ft extension to New Look's unit at Newcastle-under-Lyme reached practical completion which led to the rent increasing by £0.42 million pa. As noted in last year's report, the lease was extended by 12 years as part of our negotiation of the property extension and the rent increased as part of an early settlement of the rent review by £0.21 million pa. The initiative generated a yield on cost of 8.4%. The design of the extension is not bespoke to New Look's operations and in the event that an alternative occupier leased the unit, the extended footprint is likely to be beneficial. New Look remains in occupation and monthly in-advance rents have been received on time and are up to date. We continue to work closely with this occupier and regularly meet with New Look's finance director.

Royal Mail, Atherstone: At the time of our acquisition our surveys highlighted the existence of underground fuel tanks which we negotiated to have removed. These works have now been completed, reducing the potential environmental contamination risk associated with the continued existence of these redundant vessels. This has enabled Royal Mail to introduce a new welfare facility in this location. The cost of the removal was negotiated as an expense of the vendor.

Marks & Spencer, Castle Donington: Another notable event during the year saw us complete a licence with Marks & Spencer at Castle Donington allowing rail freight operators to begin using the building's dedicated rail freight terminal. This facility is now operational, demonstrating the commitment of M&S to the property and endorses our original strategy of acquiring a multi-modal property.

Capturing reliable and balanced income growth
The Group's assets have a balance of rent review types and timings, providing the opportunity to increase rental income each year, supporting the Group's earnings and ambition to provide Shareholders with a progressive dividend.

The rent reviews which were settled in 2018 included; two outstanding open market rent reviews which were carried over from 2015 and 2017 due to elongated negotiations (as described in more detail below), and nine rent reviews across a variety of review types which had review dates during 2018. There were three open market rent reviews which were not settled and remain outstanding, two of which had review dates in 2017 and one in 2018. These will continue to be progressed during 2019, together with the rent reviews which fall in 2019.

The 11 rent reviews which were settled in 2018, as described above, reflected 19.5% of the total December 2018 portfolio income across 4.97 million sq ft of floor area, adding £0.91 million per annum to the passing rent, which produced a 3.00% increase in those rents reviewed.

Our portfolio balanced rent reviews by type*

37%
Open market rent reviews
These track the rents achieved on new lettings and rent reviews of comparable properties in the market, offering the potential to capture the recent and continued healthy rental growth of Big Box logistics.

11%
Fixed uplift rent reviews
Fixed rent reviews provide certainty of income growth and are set between either 2% pa or 3% pa increases. Fixed uplifts are reviewed on either an annual basis, or on a five-yearly basis.

45%
RPI/CPI linked
These provide inflation protection, via to CPI or RPI. They are all subject to a maximum "cap", varying between 2.5% and 5% pa. Some benefit from a 'collar', varying between 1% and 2% pa, providing a minimum level of growth which can be exceeded by inflation. Most are reviewed five yearly (annualised compound growth), but some are reviewed annually.

7%
Hybrid
Hybrid rent reviews can be an amalgam of the other types, for instance to the higher of open market rents or RPI (potentially subject to a cap and collar). Such arrangements provide enhanced income growth potential.

* calculated as a percentage of contracted rental income

Open market rent reviews: Four open market reviews were completed across 1.9 million sq ft, two of which have been under negotiation from previous years (Kuehne+Nagel, Dove Valley Park and Tesco, Chesterfield, outstanding from 2017 and 2015 respectively). Combined, these four reviews resulted in an increase of 3.4% over a five-year period, adding £0.31 million pa to the passing rent. At the year end, there were three unsettled open market rent reviews (Tesco, Goole; Tesco, Middleton; Next, Doncaster). Once an open market rent review is agreed, the Customer is responsible for paying back-rent from the rent review date, together with interest thereon.

Fixed uplift rent reviews: There were two annual fixed rent reviews completed across 0.9 million sq ft which were both subject to a 3% annual increase. This increased the rent by £0.19 million pa.

There was one five-yearly fixed rent review completed which reflected a 13.1% increase across this period, increasing the rent by £0.06 million pa which equates to an annual equivalent increase of 2.6%.

RPI/CPI linked: Four rent reviews which are annually reviewed to inflation indices were conducted during 2018. One was reviewed to the Consumer Price Index (CPI) capped at 3.5% pa, whilst the others were pegged to the Retail Price Index (RPI) of which two were capped at 2% pa and one at 3% pa. The combination of these inflation-linked rent reviews led to an increase in rental income of £0.35 million pa equivalent to a 2.44% increase in the rents for these reviewed properties.

If we were to analyse the rent reviews on an annualised basis the annual equivalent increase to the passing rent across all the rent reviews reflects 2.0% pa.

In addition to the rent reviews there were three further asset management initiatives which increased the income of the Group by a further £1.12 million. These initiatives related to agreeing a new lease with Amazon at Chesterfield at a rental level in excess of the 2015 rent review, agreeing a lease extension with Kellogg's at Trafford Park, which was ahead of the previous passing rent the tenant was paying, and completing the 78,604 sq ft extension at New Look. Collectively these initiatives increased the previous passing rent across these three assets by 20.1% and enhanced the capital value of these assets by £14.97 million.

Across all asset management initiatives (rent reviews, lease re-gears and building extensions) the annual passing rent increased by £2.04 million or 1.6% on a like-for-like basis across 46 assets, during 2018.

Understanding the five-year cycle of open market rent reviews

Open market rent reviews use comparable evidence from transactions of other similar properties in a similar geographic area and close to the subject rent review date.

Typically, the landlord and tenant will each appoint a rent review surveyor to negotiate in line with the clauses set out in the lease. In a market which is witnessing rising rents these negotiations can be protracted as both parties have different agendas. If the new rent cannot be agreed between both parties, then the negotiations may be referred to a third-party arbitrator or independent expert to determine the new rent. Having a third-party determine the appropriate rent can take further time.

The majority of open market rent reviews take place every five years and are pegged to the rent prevailing in the market for a comparable property as at the rent review date. When assessing rental growth over the five-year period the reference point is the passing rent, which will typically have been set five years earlier. During the intervening period rents in the market may have been subject to different dynamics, i.e. they may have reduced, increased or stayed static at different points in time. For example, the logistics market did not start to witness clear rental growth until late 2014/early 2015, since then rental growth has remained positive. Consequently, a property subject to a rent review in mid-2017 may have experienced 2.5 years of no rental growth followed by 2.5 years of positive rental growth. It follows, therefore, that prospects for capturing higher levels of rental growth are likely to improve as we move towards 2020, assuming that rental growth remains positive in the interim.

The Group's Financial Strategy in Action

"The Group met its dividend and total return targets for 2018, declaring dividends totalling 6.70 pence per share, which were fully covered by Adjusted earnings of 6.88 pence per share. Our total return was supported by underlying growth in EPRA NAV of 10.6 pence per share or 7.4%, to 152.83 pence per share as at 31 December 2018.

In April 2018, we successfully raised £155.56 million of equity to grow the Company further and partially finance eight assets. This capital was supplemented by additional, flexible debt finance consisting of a £250 million commitment, in the form of a short-term unsecured RCF, from some of our key relationship banks, and the Group's debut unsecured loan notes in the private placement market, raising £400 million, with an average 9.8 year term."

Frankie Whitehead, Head of Finance

<u>The Group's Financial Highlights in 2018</u>

6.70p
Dividend per share
Increased by 0.30p or 4.7%

6.88p
Adjusted earnings per share
Increased by 0.51p or 8.0%

152.83p
EPRA NAV per share
Increased by 10.6p or 7.4%

13.7%
EPRA Cost Ratio

27.3%
Loan to value

Portfolio growth
At 31 December 2018, the total value of the portfolio, including forward funded development commitments, was £3.42 billion across 54 assets and 114 acres of strategic land (31 December 2017: £2.61 billion across 46 assets). The Group invested or committed a total of £641.45 million (net of purchase costs) in eight assets during the period, of which £330.52 million, or 51.5%, of acquisitions by value were pre-let to Amazon, increasing our overall exposure to the Amazon covenant to 13.7% based on contracted annual rent.

The IFRS gain recognised on revaluation of the Group's investment property portfolio was £162.98 million (2017: £175.98 million), after accounting for all costs related to asset purchases in the year. We managed to continue our efficient manner of purchasing by achieving an average purchase cost of 1.7%, helped by seven forward funded developments where SDLT is paid on the land value only, with the other acquisition being a corporate purchase.

On a like-for-like basis, compared with assets held at 31 December 2017, values increased by 4.7% during the year (excluding any additional capital costs incurred). The portfolio's average valuation yield at 31 December 2018 was 4.4% including the land at Littlebrook, which currently does not generate any income.

At the year end, the Group had total commitments relating to forward funded developments and other asset management initiatives of £365.96 million (31 December 2017: £5.11 million). The Group had £5.12 million (31 December 2017: £23.51 million) of outstanding commitments to prepare the Littlebrook site for construction, where costs remain on budget.

This includes the remaining costs of demolition, remediation, planning and infrastructure works.

Financial results

Net rental income for the year was £132.78 million (2017: £107.94 million), an increase of £24.83 million or 23.0%. This reflected continued growth in the portfolio along with the settlement of 11 rent reviews and uplifts in rent following three strategic asset management initiatives. These factors increased the Group's annual contracted rent roll to £161.12 million across 54 income producing assets as at 31 December 2018 (31 December 2017: £125.95 million across 46 income producing assets).

An anomaly during 2018 was the structure of the licence agreement taken by Amazon at our Chesterfield asset, following the surrender by Tesco in March 2018. As a result of not having our usual FRI lease structure in place for six months, we are reflecting irrecoverable property costs of £0.87 million in relation to this property. To compensate, we grossed up the total licence fee amount receivable under the licence agreement as a mitigation against these costs and therefore there was no actual cost leakage against this property.

Operating profit before changes in the fair value of investment properties, as reported under IFRS, grew by 21.3% to £113.76 million (2017: £93.78 million). The increase primarily reflects the growth in the portfolio but includes the downward ratchet of the investment management fee. Administrative and other expenses, which include management fees and other costs of running the Group, were £18.07 million (2017: £14.16 million). Elsewhere £0.95 million was incurred in relation to the acquisition of db symmetry, recognised in accordance with IFRS 3. There will be further acquisition related costs in 2019 in relation to db symmetry.

The EPRA cost ratio for 2018 was 13.7% (2017: 13.1%). The calculation of the EPRA cost ratio excludes licence fees from the Group's forward funded developments. The slight increase in EPRA cost ratio is because at the year end we had seven assets under construction (2017: nil) and therefore these assets did not contribute any rental income within the EPRA cost ratio.

Net financing costs (excluding capitalised interest) for the year were £22.93 million (2017: £19.92 million), excluding the reduction in the fair value of interest rate derivatives of £1.24 million (2017: £2.04 million). The change in net financing costs in the year reflects the continued growth in the business and the refinancing in December 2017 to a longer-term, unsecured debt structure. We continue to maintain a healthy level of Group interest cover of 5.0 times cover.

Tax

The Group has continued to comply with its obligations as a UK REIT and is therefore exempt from corporation tax on its property rental business. The tax charge for the year was therefore £nil (2017: £nil).

Profit and earnings

Profit before tax for the year was £252.57 million (2017: £247.80 million). This resulted in basic EPS of 17.54 pence (2017: 19.54 pence) and basic EPRA EPS of 6.37 pence (2017: 6.20 pence).

Adjusted EPS for 2018 was 6.88 pence (2017: 6.37 pence), an increase of 8.0%. Adjusted EPS takes EPRA EPS, adds the developer's licence fees the Group receives on forward funded developments and excludes other earnings not supported by cash flows. The Board considers Adjusted EPS as the most relevant measure when assessing dividend distributions. Adjusted EPS fully covered the total dividend in respect of the year of 6.70 pence per share, more details of which are set out below. Further information on the calculation of Adjusted EPS can be found in note 13.

Dividends

Since 1 January 2018, the Group has declared the following interim dividends:

Declared	Amount per share	In respect of three months to	Paid/to be paid
7 March 2018	1.60p	31 December 2017	29 March 2018
17 May 2018	1.675p	31 March 2018	11 June 2018
12 July 2018	1.675p	30 June 2018	9 August 2018
11 October 2018	1.675p	30 September 2018	15 November 2018
6 March 2019	1.675p	31 December 2018	28 March 2019

The dividend declared on 6 March 2019 will be paid on 28 March 2019, to Shareholders on the register on 15 March 2019.

Dividends in respect of 2018 therefore totalled 6.70 pence per share, an increase of 4.7% on the 6.40 pence per share paid in respect of 2017. This was ahead of inflation and in line with the Group's target for the year.

The Group continues to operate a progressive dividend policy with the intention that dividends are fully covered by Adjusted earnings. For 2019 the target dividend is 6.85p per share, paid quarterly.

The Company continues to maintain a healthy distributable reserves position, having previously converted a large part of its share premium account into the capital reduction reserve, which is considered distributable under the Companies Act, along with growing retained earnings. A further £932.37 million was converted during 2018 and as at the year end, the total distributable reserves available to the Company were £1.55 billion.

Net assets

The EPRA NAV per share at 31 December 2018 was 152.83 pence (31 December 2017: 142.24 pence), representing a 10.6 pence or 7.4% increase across the year. This excludes the fair value adjustments recognised against our interest rate derivatives, which are reported under IFRS.

The uplift in the EPRA NAV was largely driven by the performance of the property portfolio, as well as reflecting our ability to buy well for the Group and recognise material valuation gains across all assets purchased in the year. The level of investment demand in the market was also strong, particularly during the second half of the year, leading to further yield compression of 13 bps across our portfolio. Elsewhere, capital growth was assisted by the settlement of 11 rent reviews and other asset management initiatives which grew our income.

Trade and other receivables increased to £42.23 million (2017: £10.23 million). This movement relates to an increase in forward funded development activity in the year and principally the licence fee invoiced across seven developments and greater VAT recoverable in respect of development costs.

Equity capital

On 18 April 2018, we announced the issue of 109,364,308 new Ordinary Shares through a Placing at an issue price of 142.25 pence per Ordinary Share. This raised gross proceeds of £155.57 million, all of which was invested during the second half of the year.

Debt capital

We continued to diversify the Group's sources of debt financing as we built on the flexible, unsecured debt financing platform, following the significant refinancing event in December 2017.

The Group's strong banking relationships provided further support for its growth plans during the year, as we agreed a short-term and attractively priced revolving credit facility (RCF). The £250 million facility was provided by a syndicate of the Group's relationship lenders comprising Barclays Bank PLC, The Royal Bank of Scotland International Limited and Banco Santander, S.A., London Branch.

This facility gave us the flexibility to commit to a number of forward funded contracts during the second half of the year, whereby the cash flows are typically drawn down over the 9-12 month construction period.

Towards the end of the year, we put in place longer-term finance to suit the lease terms of these particular assets by issuing the Group's first, unsecured loan notes sourced from the private placement market. This market gives the Group a further source of liquidity, from a market known for its stability. This transaction presents attractive features, such as split maturities and the ability to fix the interest rate in November 2018, but delay receipt of the proceeds until February 2019.

The loan notes totalled £400 million split into two tranches, with a weighted average coupon of 2.91% and a weighted average maturity of 9.8 years. The two tranches comprise:

- £250 million at a fixed coupon of 2.86%, maturing in February 2028; and
- £150 million at a fixed coupon of 2.98%, maturing in February 2030.

The loan notes were priced on 15 November 2018 and the funds were drawn after the year end, on 28 February 2019. On the draw down date of the loan notes the £250 million short-term RCF was cancelled in full.

On 19 December 2018, the Company announced that it had extended the termination date of its existing £350 million unsecured RCF by one year. The maturity of £325 million was therefore extended to 10 December 2023, with the remaining £25 million maturing on 10 December 2022. The current margin payable is unchanged at 1.10% over three-month LIBOR and the facility retains its uncommitted £200 million accordion option. The Company has a further one-year extension option available before December 2019.

As a result of these initiatives, at 31 December 2018 the Group had the following borrowings:

Lender	Asset Security	Maturity	Loan commitment £m	Amount drawn at 31 Dec 2018 £m
2.625% Bonds 2026	None	Dec 2026	249.12	249.12

2.86% Loan notes 2028	None	Feb 2028	250.00	–
2.98% Loan notes 2030	None	Feb 2030	150.00	–
3.125% Bonds 2031	None	Dec 2031	246.73	246.79
Bank borrowings				
RCF (syndicate of three banks)	None	Oct 2019[1]	250.00	–
RCF (syndicate of seven banks)	None	Dec 2023	350.00	121.00
Helaba	Ocado, Erith	Jul 2025	50.87	50.87
PGIM Real Estate Finance	Portfolio of four assets	Mar 2027	90.00	90.00
Canada Life	Portfolio of three assets	Apr 2029	72.00	72.00
Total			**1,708.72**	**829.78**

In an uncertain political and economic climate, we have continued to de-risk the Group's cost of borrowing by increasing the level of fixed-rate debt available to 72.6%[1] of the Group's debt commitments.

Our hedging strategy for the Group's variable rate debt is primarily to use interest rate caps, which allow the Group to benefit from current historically low interest rates, while minimising the effect of a significant interest rate increase. The Group therefore holds derivative instruments which, when combined with the fixed-rate debt, hedge 99.0%[1] of its borrowing commitments. The derivative instruments comprise one interest rate swap and a number of interest rate caps, each running coterminous with the respective loan.

As a consequence of the fixed-rate debt and hedging policy, the Group has a capped cost of debt of 2.73%[1] (31 December 2017: 2.66%). The all-in running cost of borrowing has risen as a result of increases to LIBOR and new longer-term debt, to 2.63%[1] at the year end (31 December 2017: 2.38%).

At the year end, the Group's debt had an average maturity of 8.7 years[1] (31 December 2017: 8.9 years).

[1] Excluding the £250 million short-term RCF, which was redeemed on 28 February 2019

Loan to value (LTV)

The Group has a conservative leverage policy, with a medium-term LTV target of 35% and a maximum of 40%. At the year end, the LTV was 27.3% (31 December 2017: 26.8%).

The Group also has commitments under forward funded development contracts (see note 32 for details). When taking these commitments into account, the Company's LTV would increase to approximately 35%.

Credit rating

During the year we continued our dialogue with Moody's which included our annual review towards the end of the year. In October 2018, Moody's reaffirmed its Baa1 long-term credit rating and stable outlook on the Company.

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 us, 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.

Looking forward
In February 2019 the Group acquired an 87% economic interest in the db symmetry group. This was a transaction that we had been working on since the Summer of 2018. To fund this transaction the Company raised £250 million of equity in February 2019. The shares were issued at 130p each. When adjusting for the issue of new shares pursuant to the fundraising and the acquisition, along with the relevant transaction costs, the resultant dilution to NAV is estimated to represent approximately 3.80p or 2.52%.

The db symmetry portfolio has the potential to deliver significant capital value growth to the Company. The Company's earnings profile also has the ability to be materially enhanced, particularly from 2021 onwards.

The development of these assets will require a significant amount of capital, as we expect to target a delivery of approximately 2.8 million sq ft of logistics space to the market on an annual basis over the 10 year business plan. We approach this with an efficient and flexible capital structure, and now with access to various debt capital markets to support our next phase of growth.

The Company has today announced its dividend target for 2019 of 6.85p per share.

Key performance indicators

Our objective is to deliver attractive, low-risk returns to Shareholders, by executing the 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 and Definition	Relevance to strategy	Performance	Result

1. Total return (TR)	TR 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.	12.1% for the year to 31 December 2018 (2017: 15.2%).	Ahead of our medium-term TR target of +9% pa.
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 TR.	6.70p per share for the year to 31 December 2018 (2017: 6.40p per share).	Achieved our target in 2018 of a fully covered dividend of 6.70p, and set our 2019 dividend of 6.85p.
3. EPRA NAV per share*	The EPRA NAV reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	152.83p at 31 December 2018 (2017: 142.24p).	Increase in EPRA NAV per share over the year by 10.59p (7.5%).
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.	27.3% at 31 December 2018 (2017: 26.8%).	Within our medium-term LTV target of up to 40%.
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	6.88p per share for the year to 31 December 2018 (2017: 6.37p). See note 13.	Adjusted EPS substantially covers the total dividend for the year.
6. Total expense ratio (TER)	This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	0.87% for the year to 31 December 2018 (2017: 0.84%).	Our TER is expected to reduce as the Company grows.
7. 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.	14.4 yrs at 31 December 2018 (2017: 13.9 years).	+2.4 years above our 12-year target.

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

* EPRA NAV 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.

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.

KPI 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.	£91.78m/6.37p per share for the year to 31 December 2018 (2017: £78.61 million/6.20p per share).
2. EPRA NAV (Diluted) See note 28.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company, with a long-term investment strategy.	£2,253.11m/152.83p per share as at 31 December 2018 (2017: £1,940.42 billion/142.24p per share).
3. EPRA Triple Net Asset Value (NNNAV)	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	£2,245.15m/152.29p per share as at 31 December 2018 (2017: £1,939.35 million/142.16p per share).
4.1 EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of the two portfolios compare.	4.37% at 31 December 2018 (2017: 4.04%).
4.2 EPRA 'Topped-Up' NIY	This measure should make it easier for investors to judge for themselves how the valuations of the two portfolios compare.	4.68% at 31 December 2018 (2017: 4.71%).
5. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	0.00% as at 31 December 2018 (2017: 0.00%).
6. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	13.7% for the year to 31 December 2018 (2017: 13.1%). Both the 2018 and 2017 ratios exclude vacancy costs.

Our Sustainable Approach

We understand that our responsibility to society is broader than simply generating financial returns for Shareholders. We therefore strive to act responsibly in the areas where we can influence as a landlord, for example by working with Customers to improve the environmental performance of our assets and minimise their impact to climate change. This work is principally implemented by the Manager. Where appropriate, we also obtain advice and expertise on sustainability matters from specialist third-party professionals in order to keep us appraised of developments in best practice. Our approach is proactive, helping us to prepare for compliance with future legislative requirements and make sustainable operational advances.

Driving the sustainability performance of our assets
The portfolio consists predominantly of modern, well designed properties, built to ensure future flexibility for Customers and constructed utilising modern, safe working practices and a sustainable choice of materials.

The Manager adopts a formal "Green Property Review" process, which begins pre-acquisition with a detailed review of environmental and building surveys, combined with physical inspections. This review then directs the individual property's "Green Action Plan", which aims to maximise the potential for initiatives to enhance the asset's long-term resilience. Accrediting the assets through EPC ratings and BREEAM provides a benchmark of their sustainability performance, with the Group aiming to achieve EPC ratings of "D" and above for acquired investment properties and for new buildings BREEAM ratings of "Very Good" or above and EPC ratings of "A".

The Green Action Plan is then expanded following engagement with our Customers, which identifies opportunities to help them meet their corporate responsibility commitments. This may involve consents for additional welfare facilities, such as staff shops and break-out areas, or environmental initiatives, such as replacing lights, boilers or other mechanical and electrical equipment with more energy efficient systems, potentially powered by renewable sources. We are in the process of expanding this Green Action Plan to include initiatives benefitting local communities of a conservational and educational nature.

Highlights in 2018
During 2018, we implemented a number of initiatives to improve the sustainability performance of our assets.

DSG Newark: We agreed to install a roof-mounted PV panel scheme, which is expected to provide around 15% of the Customer's annual consumption, generating substantial cost savings for the Customer over the remainder of the lease term. DSG has also decided to replace the original light fittings with passive infrared (PIR) sensor systems, which switch on when they detect people moving, thereby reducing energy use. DSG has entered into a 20-year power purchase agreement with us for the power created by the PV panels, providing the Group with an additional source of income. The capital expenditure of c.£626,000 should earn an internal rate of return of around 9.1% a year over the remainder of the lease. These changes should improve the asset's EPC rating from its current "D" to "C" or better.

Brakes, Harlow: We have committed to a roof-mounted PV scheme which is expected to be operational in April 2019. The capital expenditure of c.£728,500 should produce an internal rate of return over the remaining lease length of c.9.35% per annum. This is expected to improve the EPC rating for the property from the current grade of "C" to "B".

Brakes, Portbury: Together with our Customer Brakes, we commissioned a sustainability consultant to review the potential for installing a wind turbine. The initial feasibility study indicated the potential for substantial power cost savings for Brakes Bros by reducing reliance on the national grid supply. We are currently negotiating the potential terms of a power purchase agreement. This project could produce additional income and a valuation improvement for the asset, whilst also improving the EPC rating for the property.

2018 Case study: Enhancing Sustainability Performance
When we acquired the B&Q, Worksop asset, our Green Property Review identified the opportunity to install roof-mounted PV panels. B&Q's in-house Sustainability team decided to proceed with the project and supplement this with the installation of a biomass boiler at the same time.

We worked collaboratively with the Customer to quickly progress the necessary reports and consents, ensuring the installation of the equipment was not detrimental to the building fabric and that it did not limit the potential for future expansion. The biomass boiler uses waste wood, such as redundant pallets, to supply the main office with heat and hot water. It takes priority over the existing gas heating system, which remains in place as a back-up.

Following completion of the works in 2018, we commissioned a new EPC rating and were delighted that in January this year the grading improved from "E" to "A", a level of grading usually associated with a new build property.

If this new and improved EPC certificate is added to the Group's EPC rating as at 31 December 2018, the percentage of the portfolio rated A would increase from 30% to 34%[1].

[1] By gross internal area

Building sustainable assets
For new pre-let forward funded developments, the Manager works closely with the Group's Developer Partner to ensure that the contractors' working practices comply with industry codes of practice and best practice schemes, such as the Considerate Constructors Scheme. This includes an emphasis on health and safety management. As part of the development process choice of materials, transport methods and recycling opportunities are all appraised and similarly shape the approach for the future property management.

We strive to ensure that developments protect ecology and encourage biodiversity, for example through careful landscaping and incorporating trees and plants that support habitats. We also look to minimise the impact of construction related traffic on our neighbours and the public. The success of these methods and decisions are evaluated in the BREEAM rating achieved.

Highlights in 2018
Five of our completed forward funded pre-let developments totalling 2.5 million sq ft became operational. These included TK Maxx, Wakefield; Hachette, Didcot; Gestamp, Wolverhampton; Ocado, Erith; and Screwfix, Fradley.

2018 Case study: Developing our Strategic Land Responsibly
From demolition through to the completion of fully operational assets, we are focused on delivering high standards of sustainability performance at our development site at Littlebrook, in Dartford. To date, we have recycled more than 98% of waste produced during the demolition process.

We are targeting BREEAM Very Good as a minimum and an Energy Performance Certificate "A" Rating.

Our design objectives include the following: ensuring all elements of design and construction are in accordance with all relevant "Standards" including "BSRIA"; higher standards of air tightness than required by Building Regulations; highly efficient LED lighting; low water usage WC and shower facilities; thermodynamic panels which will provide all domestic hot water; and provision for Solar PV areas.

Monitoring and mitigating risk
Property management is undertaken by the Manager, which involves the mitigation and identification of risks to the health and safety of Customers, such as fire. The Manager maintains a comprehensive schedule detailing construction materials and suppression systems such as sprinklers and this is regularly reviewed in conjunction with insurers. A formal programme of re-commissioning reinstatement valuations is undertaken every three years to ensure accurate levels of insurance cover are in place. In 2018 the manager extended the insurance policy terms to enhance cover for the risk of environmental contamination.

Green facilities management
The Manager appoints third-party facilities managers for properties requiring a service charge. This enables the agent to apply its procurement practices and bulk buying abilities over a wider portfolio, thereby generating economies of scale. Its procurement strategy recommends contractors based on a large number of factors including price, health and safety practices, track record and localism. During 2018, the facilities managers have moved electricity supplies for common parts onto 'green electricity tariffs', where the supply is generated by wind and hydro assets matched to Renewable Energy Guarantees of Origin (REGOs) enabling zero emission reporting.

Where we have management responsibility for waste as part of the service charge responsibilities, we are achieving zero waste to landfill. Landscapers are required to use battery powered strimmers as opposed to petrol equipment when possible and recycle all waste. P.I.R. light sensors have been fitted to the common parts lighting at the Company's asset in Harlow, with a bulb replacement scheme of switching to LEDs.

Proactive Customer engagement
Building and maintaining close relationships with our Customers is an important feature of our business model. The Manager holds regular customer meetings, both at the asset and at the Customer's head office. The Manager also engages with current and potential Customers at industry events, including through participation in the Chartered Institute of Logistics & Transportation events. In addition, the Group hosts various social events with key Customers, to enable the Non-Executive Directors and Senior Management team to meet with key contacts.

During the year the Manager circulated a Tenant Handbook to Customers, providing useful reference information regarding lease obligations and responsibilities, insurance cover, how to approach future projects including sustainability initiatives and full contact details for the Manager's team member who can assist and provide specialist advice. The intention is for this to be supplemented by a questionnaire, to formally ascertain our Customers' key objectives and enable us to consider and review initiatives.

Benefiting local communities
Big Boxes are important for job creation. At Littlebrook, our development partner seeks to employ construction staff from the local community. Once up and running, Big Boxes can be major sources of jobs, with some multi-level facilities employing several thousand staff.

We often work closely with local authorities to support the community in other ways, as part of the planning process. For example, for Amazon Haydock, we paid for major road improvements. Similarly, at Raunds, the creation of a footpath and park as part of the development scheme provides the community with a popular dog walking amenity space.

A number of our Customers are extremely active in supporting local communities through sponsorship, charitable donations or volunteering. We are developing some of those links and are reviewing proposals received from charities with environmental and educational aims. One such charitable initiative is at our Trafford property, where our Customer L'Oréal has appointed a charity to install beehives. The charity supplements the installation and management of the hives with educational presentations to local schools. Honey produced from the hives is provided to the Customer in branded jars. This type of project may be of interest to other Customers in the portfolio.
Similarly, we are reviewing a proposal to sponsor volunteers who supplement teachers in primary schools with reading practice. We are working with this charity to see if we can support this initiative in all of the areas where we own assets.

The Group supported a charitable training event at Littlebrook, which saw local firefighters and some of our consultants undertaking a zip wire challenge from the major tower. This provided the firefighters with both training and sponsorship, raising money for the firefighters' charity.

Looking forward
We have reviewed the numerous ESG reporting indexes and schemes and identified those which we consider to be most relevant to the Group.

We will build on our public reporting by subscribing to the Global Real Estate Sustainability Benchmark (GRESB) and expanding our European Public Real Estate Association (EPRA) reporting to include its Sustainability module in 2019. These evaluation reporting schemes require assessment relating to physical, social and environmental areas, where we will formally demonstrate the range of objectives, practices and processes in place and in development.

Our Responsible Approach

The Group has no employees, however the Manager has 31 employees. The Manager endeavours to provide a professional and enjoyable place of work, with a strong focus on constructive team work. The Manager provides and organises professional training and attendance at industry educational and networking events. Employees receive an annual appraisal and career review with their line manager, followed up by a further reflection meeting with an alternative senior member of staff to their line manager. Retention levels are high. Employees are encouraged to partake in industry events, with a number appearing on panels and talking at conferences in both the UK and overseas.

A number of employees are members of professional bodies, such as the Royal Institution of Chartered Surveyors, the Investment Property Forum, the Institute of Chartered Accountants, the Law Society and the Institute of Chartered Secretaries and Administrators.

Similarly, employees make up representation on sector specific groups, such as the Vice Chair of the British Property Federation's Industrial Committee and the Steering Committee of Women in Industrial Property.

Students are invited for work experience during university holidays and a programme of involvement, incorporating property inspections is provided. The Manager has also participated in graduate research projects.

The Manager regularly organises social events on a formal and informal basis for its employees and supports individuals who undertake sponsored events, such as triathlons and marathons.

Slavery and human trafficking policy
The Company is committed to maintaining the highest standards of ethical behaviour and it expects the same of its business partners. The use of slavery and human trafficking is unacceptable and entirely incompatible with our ethics as a business. We believe that all efforts should be made to eliminate it from our supply chains. We recognise that real estate and construction are sectors that are ranked highly in terms of being most prone to exploitation. However, we seek to mitigate our exposure to any illegal slavery or human trafficking activity by engaging with reputable third-party professional service firms based in the United Kingdom who also adhere to the Modern Slavery Act 2015. We also make regular requests from our suppliers for formal governance information to enable ongoing monitoring of business and supply chain risk and conduct due diligence and risk assessment on potential new suppliers. We will continue to monitor and collaborate with our suppliers and Customers to ensure that they continue to adopt systems and controls that reduce the risk of facilitating modern slavery and human trafficking.

Sponsorship – Networking Events
The Company sponsored the Industrial Agents Society inaugural golf event, which was well supported by approximately 100 property agents, plus employees of the Manager and the Company's Development Partner.

The Company sponsored a bespoke British Property Federation research paper, titled "Which Warehouse Where?", which included contributions from the Company's Customers in respect of employee engagement and retention initiatives.

Our 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 our behalf.

We aim to operate in a low-risk environment, focusing on a single subsector of the UK real estate market to deliver an attractive, growing and secure income for Shareholders, together with the opportunity for capital appreciation. The Board recognises that effective risk management is key to the Group's 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 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
We have a specific Investment Policy, which we adhere to and for which the Board has overall responsibility. In November 2018, Shareholders approved a change to the Investment Policy the principal effect of which was to increase the level of exposure the Company can have to land and options over land and, within that, to allow for a limited level of speculative development. Our exposure to land can be up to 15% of gross asset value, of which up to 5% can be invested in speculative development.

We have a specific Investment Policy, which we adhere to and for which the Board has overall responsibility.

Principal risks and uncertainties
They have the potential to materially affect our business, either favourably or unfavourably. Some risks are currently unknown, while others that we currently regard as immaterial, and have therefore not included here, may turn out to be material in the future. Most of the principal risks are the same as detailed in the 2017 Annual Report, with the key changes relating to the increase in development activity following the change to our Investment Policy in November 2018 and the subsequent acquisition of db symmetry in February 2019.

Risk management framework

The Board
Audit and Risk Committee
Policy procedure and controls
Review of key performance indicators and management reports
Risk identification

The Manager
Risk assessment – financial and operational
Risk mitigation – implementation of risk mitigants
Risk monitoring – evaluation and revaluation of financial and operational metrics
Risk reporting – to Audit Committee and Board

<u>Principle risks</u>

Property risks

1. Default of one or more tenants
Probability: moderate
Impact: moderate
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 our 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 Customer. 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, while continuing to monitor the covenant strength once forming part of the portfolio. 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. In addition, we focus on assets let to tenants with strong financial covenant strength that are strategically important to the tenant's business. Our maximum exposure to any one tenant (calculated by contracted rental income) is less than 13.7% as at 31 December 2018.

2. The performance and valuation of the property portfolio
Probability: low
Impact: moderate to high
An adverse change in our property valuations may lead to a breach of our banking covenants. Market conditions may also reduce 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 us selling assets to repay our loan commitments, resulting in a fall in our NAV.

Mitigation
As at 31 December 2018, our property portfolio was 100% let or pre-let, with long unexpired weighted average lease terms and an institutional-grade tenant base. All the leases contain upward-only rent reviews, which are either fixed, RPI/CPI linked or at open market value. These factors help maintain our asset values.

We have agreed banking covenants with appropriate headroom and manage our activities to operate well within these covenants. We constantly monitor our covenant headroom on LTV, gearing and interest cover. The level of headroom is currently significant. The EMTN has less restrictive covenants.

3. Our ability to grow the portfolio may be affected by competition for investment properties in the Big Box sector
Probability: low
Impact: low
Competitors in the sector may be better placed to secure property acquisitions, as they may have greater financial resources, thereby restricting our ability to grow our NAV.

Mitigation
We have extensive contacts in the sector and often benefit from off-market transactions. We also maintain close relationships with a number of investors and developers in the sector, giving us the best possible opportunity to secure future acquisitions. We are not exclusively reliant on acquisitions to grow the portfolio. In particular, our acquisition of db symmetry in February 2019 has secured a pipeline of development opportunities for the longer term.

Our leases contain upward-only rent review clauses and we have a number of current asset management initiatives within the portfolio, which means we can generate additional income and value from the existing portfolio. We are, however, disciplined in our investment of capital and will not pay a price which we believe is above market value, just to secure a purchase, nor will we commit funds to the development of a larger scale Big Box on a speculative basis.

4. Our property performance will depend on the performance of the UK retail sector, specifically the continued growth of online retail

Probability: low

Impact: low

Our focus on the Big Box sector means we rely directly on the distribution requirements of UK retailers. Insolvencies among the larger retailers and online retailers could affect our revenues and property valuations.

Mitigation

The diversity of our institutional-grade tenant base means the impact of default of any one of our tenants is low. In addition to our due diligence on tenants before an acquisition or, in the case of forward funded developments, before agreeing the lease terms, 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. E-commerce is expected to grow to 25.8% of UK retail sales by 2021 which is driving strong occupational demand across the sector.

5. Development activities are likely to involve a higher degree of risk than investment in standing investments

Probability: low to medium

Impact: medium

Our development activities are likely to involve a higher degree of risk than is associated with standing investments. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/contractor default. Inaccurate assessment of a development opportunity or a decrease in tenant demand, particularly in relation to any speculative developments, could result in the development remaining vacant.

If any of the risks associated with our developments materialised, this could reduce the value of these assets and our portfolio.

Mitigation

The Company had seven forward funded development assets, totalling 6.6 million sq ft, under construction as at 31 December 2018. All of these assets are pre-let to institutional grade tenants. Any risk of investment into forward funded projects is minimal, as the developer takes on a significant amount of construction risk and the risk of cost overruns. Funds for these developments remain with us and are only released to the developer on a controlled basis subject to milestones as assessed by our independent project monitoring surveyors (see also risk below on land and development activities). Post the period end, the Company acquired the db symmetry portfolio of land assets which included a further five smaller scale logistics assets under construction, totalling c. 600,000 sq ft, which are being developed on a speculative basis. It is not anticipated that larger scale Big Boxes will be speculatively developed on any of the other schemes acquired. The vertical construction of any future developments will be subject to securing pre-let agreements except where small scale speculative development is considered appropriate.

6. The purchase of land may involve a higher degree of risk than that associated with existing and built investments or development activities
Probability: medium
Impact: low
The inability to obtain planning consent means that the land would have to be held or sold prior to any development. The value of the land may be reduced due to the refusal of planning consent and the costs incurred to that date could be significant and may be irrecoverable; this would reduce the Company NAV. If the Company fails to attract a suitable pre-let it cannot proceed with the development of a Big Box. This would impact on the future revenues the Company could make from the land and failure to secure a pre-let may have a negative effect on the valuation.

Postponement or cancellation of a development may result in the Group holding too much development land which may dilute returns due to capital being invested into non-income producing assets.

The land may be subject to an environmental risk which requires significant investment to remediate prior to commencing the development works.

The costs associated with developing land may fluctuate over the course of the development due to market conditions.

Mitigation
The purchase of land is subject to a maximum level of 15% of gross assets, at the time of purchase. The Company can also only undertake limited speculative development of buildings although it can undertake land preparation works but we will continue to seek a pre-let prior to commencing the vertical construction of a larger scale Big Box.

The acquisition of db symmetry in February 2019 has provided us with access to one of the UK's largest strategic land portfolios for the development of Big Box real estate assets and related logistics facilities, including land and options over land. The db symmetry assets have been subjected to due diligence by the Company but prior to the exercise of any option to acquire any land, the Company will carry out an extensive due diligence exercise to limit exposure to environmental risk and other hazards. Once a pre-let is agreed with a suitable tenant, the Company will structure the development of the asset as it does its forward funded development projects, therefore minimising risk (see risk above on development activities). The Company also undertakes a significant level of due diligence on the land, the surrounding power and highways infrastructure, the surrounding environment and the state of the market prior to embarking on a land purchase to mitigate any risk around the viability of the site for development as much as possible. The Company will usually also work in tandem with an experienced and respected development partner to manage any preparatory works and/or development. Upon completion of the acquisition of db symmetry, the Company entered into an agreement with db symmetry Management Limited, which will manage the development of these assets, in particular.

7. Our use of floating rate debt will expose the business to underlying interest rate movements
Probability: moderate
Impact: low
Interest on our variable rate debt facilities is payable based on a margin over Libor. Any adverse movements in Libor could significantly impair our profitability and ability to pay dividends to Shareholders.

Mitigation
The Company has entered into interest rate derivatives to hedge our direct exposure to movements in Libor. These derivatives cap our exposure to the level to which Libor can rise and have terms coterminous with the loans. We aim, where reasonable, to minimise the level of unhedged debt with Libor exposure, by taking out hedging instruments with a view to keeping variable rate debt approximately 90%+ hedged. During 2018, we agreed a significant amount of fixed-rate debt further reducing our exposure to Libor which currently represents only 27% of our committed debt facilities.

8. A lack of debt funding at appropriate rates may restrict our ability to grow
Probability: low
Impact: moderate
Without sufficient debt funding, we may be unable to pursue suitable investment opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, either to increase the level of debt or refinance existing debt, this will impair our ability to maintain our targeted level of dividend or impair our ability to grow.

Mitigation
During the year the Company agreed further long-term unsecured borrowings. This is in addition to the EMTN which should enable the Company to raise future debt in a more efficient and effective manner on an unsecured basis. The Board keeps our liquidity and gearing levels under review. We only enter into forward funding or other development commitments if they are supported by available uncommitted funds. In December 2018, we agreed a £400m senior unsecured fixed-rate loan note which was drawn in February 2019. We also extended the maturity of £325 million of our £350 million unsecured revolving credit facility by one year. We had headroom of £229 million within the £350 million credit facility at the year end. Whilst our £250 million short-term RCF remained undrawn.

9. We must be able to operate within our debt covenants
Probability: low
Impact: low
If we were unable to operate within our debt covenants, this could lead to default and our debt funding being recalled. This may result in us selling assets to repay loan commitments, resulting in a fall in NAV.

Mitigation
We continually monitor our debt covenant compliance, to ensure we have sufficient headroom and to give us early warning of any issues that may arise. Our LTV is low and we enter into interest rate caps to mitigate the risk of interest rate rises. During 2018, we moved closer to a predominantly fixed-rate debt platform through the agreement or issue of further fixed-rate debt. This will mitigate the effect on the Company from interest rate rises. We invest in assets let to institutional-grade tenants and we also seek to maintain a long WAULT, which should reduce the volatility in our property values.

10. We rely on the continuance of the Manager
Probability: low
Impact: moderate to high
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, depend on the Manager's abilities in the property market. Termination of the Investment Management Agreement

would severely affect our ability to manage our 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, which may not be served before 31 December 2019.

The Development Management Agreement has a minimum term of eight years from February 2019 and is terminable by the Group on 12 months' written notice thereafter. The DBS management team is incentivised to progress the developments through their 13% economic interest in Tritax Symmetry Limited.

The Management Engagement Committee regularly reviews and monitors the Manager's performance and, going forward, will review the performance of db symmetry Management Limited in relation to development activities. In addition, the Board meets regularly with the Manager, to ensure it maintains a positive working relationship and this relationship will extend to the DBS management team.

Taxation risk

11. We are a UK REIT and have a tax-efficient corporate structure, with advantageous consequences for UK Shareholders. Any change to our tax status or in UK tax legislation could affect our ability to achieve our investment objectives and provide favourable returns to Shareholders
Probability: low
Impact: low to moderate
If the Company fails to remain a REIT for UK tax purposes, our 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 to help monitor REIT compliance requirements.

Political risk

12. The vote to leave the EU could result in political and/or economic uncertainty that could have a negative effect on the performance of the Company
Probability: low
Impact: low to moderate
The UK has triggered Article 50, which sets the expected date of the UK's departure from the EU in March 2019. Economic volatility is not a new risk for the Group; however, until the terms of Brexit become clearer the exact outcome for the business is difficult to predict at this stage.

Mitigation
The Group operates with a sole focus on the UK Big Box market which has a significant supply shortage against current levels of demand; this will assist in supporting property capital values. It is currently well positioned with long and secure leases and a diverse blue-chip tenant line up, with a focus on tenants with financial strength, which are well positioned to withstand any downturn in the UK economy.

Going Concern and Viability

The Strategic Report describes the Group financial position, cash flows, liquidity position and borrowing facilities. The Group currently has substantial headroom against its borrowing covenants, with a Group LTV of 27.3% as at 31 December 2018.

The Group also benefits from a secure income stream from leases with long average unexpired terms, which are not overly reliant on any one tenant and present a well diversified risk. The Group's cash balance as at 31 December 2018 was £48.33 million, of which £47.37 million was readily available. It also had undrawn amounts under its debt facilities of a further £479.00 million excluding the Private Placement as noted below. The Group had capital commitments totalling £371.08 million. The Group had seven assets under construction at the year end.

A significant part of the Group's borrowings are on an unsecured basis, providing the Group with a deeper pool of liquidity and with more flexibility over its arrangements. During the year the Group issued its debut Loan Notes in the Private Placement market, totalling £400 million, split across nine-year and eleven-year maturities. The Group also exercised an extension option over its £350 million unsecured RCF, extending the maturity of this facility by 12 months to December 2023. This assisted the Group in maintaining its weighted average maturity across its borrowings of 8.7 years (excluding the £250 million unsecured RCF which was cancelled on 28 February 2019) as at 31 December 2018 (2017: 8.9 years). As a result, the Directors believe that the Group is well placed to manage its current and future financial commitments and other business risks.

Following the year end the Group raised £250 million of equity through a heavily oversubscribed Open Offer. This equity was raised in order to facilitate the completion of the db symmetry acquisition which owns one of the UK's largest strategic land portfolios for the development of Big Box real estate assets and related logistics facilities. The total consideration in respect of the 87% economic interest that the Group has acquired in db symmetry was £322.72 million, of which £270.13 million was funded with cash and with the remaining £52.59 million funded via the issue of shares in the Company.

The Directors believe that there are currently no material uncertainties in relation to the Company and the Group's ability to continue for a period of at least 12 months from the date of approval of the Company and the Group's financial statements. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.

Assessment of viability
The period over which the Directors consider it feasible and appropriate to report on the Group's viability is the five-year period to 6 March 2024. This period has been selected because it is the period that is used for the Group's medium-term business plans and individual asset performance forecasts.

The assumptions underpinning these forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks, or a combination of those risks.

The principal risks summarise those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten in the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would impact property fundamentals, including investor and occupier demand which would have a negative impact on valuations, and give rise to a reduction in the availability of finance. Following the recent acquisition of db symmetry, the Board also paid attention to the impact of either a delay to the receipt of planning permission or the risk of not achieving planning consent across a number of schemes. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five-year period to 6 March 2024.

The sensitivities performed were designed to be severe but plausible; and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks:

Downturn in economic outlook: key assumptions including occupancy, void periods, planning risk, rental growth and yields were sensitised to reflect reasonably likely levels associated with an economic downturn.

Restricted availability of finance: Following the extension of the £350 million RCF by 12 months, and ignoring the £250 million short-term RCF which was cancelled on 28 February 2019, the Group does not have a significant refinancing event occurring until December 2023. This facility does, however, still have a further one-year extension option, which if exercised and approved by the lenders would extend the maturity of the facility until December 2024. Regardless of the extension of the facility, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place. Furthermore, the Group has the ability to make disposals of investment properties to meet the future financing requirements under the DBS business plan.

Viability Statement
Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 6 March 2024.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;
- for the Company financial statements, state whether they have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

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

Website publication
The Directors are responsible for ensuring the Annual Report, including the financial statements, is made available on a website. Financial statements are published on the Company's Website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's Website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibility statement
We confirm that to the best of our knowledge:

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

Disclosure of information to the Auditor
The Directors who were members of the Board at the time of approving the Directors' Report have confirmed that:

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

Signed on behalf of the Board by:

Sir Richard Jewson KCVO, JP, Chairman
6 March 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**Year ended 31 December 2018 £m**	Year ended 31 December 2017 £m
Gross rental income	6	**133.85**	107.96
Service charge income	6	**3.88**	2.94
Service charge expense	7	**(4.95)**	(2.96)
Net rental income		**132.78**	107.94
Administrative and other expenses	8	**(18.07)**	(14.16)
Acquisition related costs	8	**(0.95)**	–
Operating profit before changes in fair value of investment properties		**113.76**	93.78
Changes in fair value of investment properties	15	**162.98**	175.98
Operating profit		**276.74**	269.76
Finance income	10	**0.21**	0.40
Finance expense	11	**(23.14)**	(20.32)
Changes in fair value of interest rate derivatives	21	**(1.24)**	(2.04)
Profit before taxation		**252.57**	247.80
Tax charge on profit for the year	12	**–**	–
Total comprehensive income (attributable to the Shareholders)		**252.57**	247.80

Earnings per share – basic	13	**17.54p**	19.54p
Earnings per share – diluted	13	**17.54p**	19.53p

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	**Year ended 31 December 2018 £m**	Year ended 31 December 2017 £m
Non-current assets			
Investment property	15	**3,038.31**	2,599.21
Interest rate derivatives	21	**5.20**	1.97
Total non-current assets		**3,043.51**	2,601.18
Current assets			
Trade and other receivables	17	**42.23**	10.23
Cash held at bank	18	**48.33**	78.04
Total current assets		**90.56**	88.27
Total assets		**3,134.07**	2,689.45
Current liabilities			
Deferred rental income		**(30.23)**	(27.62)
Trade and other payables	19	**(42.50)**	(23.44)
Total current liabilities		**(72.73)**	(51.06)
Non-current liabilities			
Bank borrowings		**(327.78)**	(216.76)
Loan notes		**(492.67)**	(492.17)
Total non-current liabilities	20	**(820.45)**	(708.93)
Total liabilities		**(893.18)**	(759.99)
Total net assets		**2,240.89**	1,929.46
Equity			
Share capital	24	**14.74**	13.64
Share premium reserve	25	**153.63**	932.37
Capital reduction reserve	26	**1,304.43**	467.93
Retained earnings	27	**768.09**	515.52
Total equity		**2,240.89**	1,929.46
Net asset value per share – basic	28	**152.00p**	141.50p
Net asset value per share – diluted	28	**152.00p**	141.44p
EPRA net asset value per share	28	**152.83p**	142.24p

These financial statements were approved by the Board of Directors on 6 March 2019 and signed on its behalf by:

Sir Richard Jewson KCVO, JP, Chairman

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2018

	Note	**Year ended 31 December 2018 £m**	Year ended 31 December 2017 £m
Cash flows from operating activities			
Profit for the year (attributable to equity Shareholders)		**252.57**	247.80
Changes in fair value of investment properties	15	**(162.98)**	(175.98)
Changes in fair value of interest rate derivatives	21	**1.24**	2.04
Finance income	10	**(0.21)**	(0.40)
Finance expense	11	**23.14**	20.32

Accretion of tenant lease incentive	6	**(11.13)**	(12.52)
Increase in trade and other receivables		**(14.13)**	(3.00)
Increase in deferred income		**2.61**	7.16
Increase in trade and other payables		**3.31**	0.02
Cash received as part of corporate acquisitions		**(0.07)**	1.62
Cash generated from operations		**94.35**	87.06
Tax paid		**(0.40)**	(0.28)
Net cash flow generated from operating activities		**93.95**	86.78
Investing activities			
Purchase of investment properties		**(283.17)**	(607.92)
Licence fees received		**16.53**	5.84
Interest received		**0.18**	0.39
Amounts transferred into restricted cash deposits	18	**–**	(5.26)
Amounts transferred out of restricted cash deposits	18	**5.17**	4.78
Net cash flow used in investing activities		**(261.29)**	(602.17)
Financing activities			
Proceeds from issue of Ordinary Share capital	24	**157.36**	351.40
Cost of share issues	25	**(2.63)**	(5.83)
Bank borrowings drawn	20	**180.28**	164.00
Bank borrowings repaid	20	**(69.28)**	(482.66)
Amounts received on issue of loan notes		**–**	495.54
Loan arrangement fees paid		**(1.20)**	(7.85)
Bank interest paid		**(21.76)**	(14.21)
Interest rate cap premium paid		**(4.47)**	(1.07)
Proceeds from disposal of interest rate cap		**–**	0.24
Dividends paid to equity holders		**(95.50)**	(77.31)
Net cash flow generated from financing activities		**142.80**	422.25
Net decrease in cash and cash equivalents for the year		**(24.54)**	(93.14)
Cash and cash equivalents at start of the year	18	**71.91**	165.05
Cash and cash equivalents at end of the year	18	**47.37**	71.91

Group Statement of Changes in Equity

	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2018	**13.64**	**932.37**	**467.93**	**515.52**	**1,929.46**
Total Comprehensive Income	–	–	–	**252.57**	**252.57**
Issue of Ordinary Shares					
Cancellation of share premium account	–	(932.37)	932.37	–	–
Shares issued in relation to further equity issue (April 2018)	1.09	154.47	–	–	155.56
Associated share issue costs	–	(2.63)	–	–	(2.63)
Shares issued in relation to management contract	0.01	1.79	–	–	1.80
Share based payments	–	–	–	2.02	2.02
Transfer of share based payments to liabilities to reflect settlement	–	–	–	(2.02)	(2.02)
Dividends paid:					
Fourth interim dividend in respect of period ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(21.82)	–	(21.82)
First interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.68)	–	(24.68)
Second interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.68)	–	(24.68)

Third interim dividend in respect of period ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.69)	–	(24.69)
31 December 2018	**14.74**	**153.63**	**1,304.43**	**768.09**	**2,240.89**
1 January 2017	11.05	589.39	546.38	267.72	1,414.54
Total Comprehensive Income	–	–	–	247.80	247.80
Issue of Ordinary Shares					
Shares issued in relation to further equity issue (May 2017)	2.58	347.42	–	–	350.00
Associated share issue costs		(5.83)	–	–	(5.83)
Shares issued in relation to management contract	0.01	1.39			1.40
Share based payments	–	–	–	1.56	1.56
Transfer of share based payments to liabilities to reflect settlement	–	–	–	(1.56)	(1.56)
Dividends paid:					
Third interim dividend in respect of period ended 31 December 2016 at 1.55 pence per Ordinary Share	–	–	(17.13)	–	(17.13)
First interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(17.69)	–	(17.69)
Second interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(21.81)	–	(21.81)
Third interim dividend in respect of period ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(21.82)	–	(21.82)
31 December 2017	13.64	932.37	467.93	515.52	1,929.46

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2018 comprise the results of Tritax Big Box REIT plc ("the Company") and its subsidiaries and were approved by the Board for issue on 6 March 2019. 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 information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union and in accordance with the Companies Act 2006 and Article 4 of the IAS Regulations.

The comparative information disclosed relates to the year ended 31 December 2017.

The Group's financial information has been prepared on a historical cost basis, as modified for the Group's investment properties and interest rate derivatives, which have been measured at fair value through the Group Statement of Comprehensive Income.

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

The Group has chosen to adopt EPRA (European Public Real Estate Association) 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

The consolidated financial statements are prepared on a going concern basis as explained within Accountability.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial information 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 information:

Business combinations

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

Where 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.

In the current and preceding year all acquisitions were accounted for as asset acquisitions as none of the acquisitions included the acquisition of an integrated set of activities.

3.2. Estimates

Fair valuation of investment property

The fair value of investment property is determined, by independent property valuation experts, 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 experts use recognised valuation techniques, applying the principles of both IAS 40 and IFRS 13.

The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards July 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in note 15.

4. Summary of significant accounting policies

4.1. Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiaries, as at the year-end date.

4.2. Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed wherever facts and circumstances indicate that there may be a change in any of these elements of control.

4.3. Segmental information

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in the United Kingdom in Big Box assets. The Directors consider that these properties have similar economic characteristics and as a result these individual properties have been aggregated into a single reportable operating element.

4.4. 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 please see Accounting Policy note 4.9.1.

Investment property is recognised when the risks and rewards of ownership have been transferred 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 Statement of Comprehensive Income in the year in which they arise under IAS 40 Investment Property.

Investment properties under construction are financed by the Group where the Group enters into contracts for the development of a pre-let property under a funding agreement. All such contracts specify a fixed amount of consideration. The Group does not expose itself to any speculative development risk as the proposed building is pre-let to a tenant under an agreement for lease and the Group enters into a fixed price development agreement with the developer. It does, however, undertake certain works including demolition, remediation and other site preparatory works to bring a site to the condition ready for construction of an asset. Investment properties under construction are initially recognised at cost (including any associated 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. All other property expenditure is expensed in the Group Statement of Comprehensive Income 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 Statement of Comprehensive Income in the year of retirement or disposal.

4.5. 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.

4.5.1. Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. 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 (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Group Statement of Comprehensive Income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group 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 (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 default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. 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 consolidated statement of financial position.

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

4.5.2. 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 (see "Financial assets" for 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 Statement of Comprehensive Income. 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 ensure 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.

4.6. Forward funded pre-let investments

The Group enters into forward funding development agreements for pre-let investments. The Group will enter into a forward funding agreement with a developer and simultaneously enter into an agreement for lease with a prospective tenant willing to occupy the building once complete.

4.6.1. Licence fees receivable

During the period between initial investment in a forward funded agreement and the rent commencement date under the lease, the Group receives licence fee income. This is payable by the developer to the Group throughout this period and typically reflects the approximate level of rental income that is expected to be payable under the lease, as and when practical completion is reached. IAS 40.20 states that investment property should be recognised initially at cost, being the consideration paid to acquire the asset, therefore such licence fees are deducted from the cost of the investment and are shown as a receivable. Any economic benefit of the licence fee is reflected within the Group Statement of Comprehensive Income as a movement in the fair value of investment property and not within gross rental income. In addition, IAS 16.21 indicates that income and expenses from operations that are not to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended, should be recognised in profit or loss.

4.7. 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 transferred to a liability with a view that there is an expectation that the payment will be settled in cash. Contingently issuable shares are treated as dilutive to the extent that based on market factors prevalent at the reporting period date, the shares would be issuable.

4.8. Dividends payable to 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.

4.9. Property income

4.9.1. 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 Statement of Comprehensive Income. 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 rental revenue 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.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Group Statement of Comprehensive Income when the right to receive them arises.

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 Statement of Comprehensive Income.

4.9.2. Service charges, insurances and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the year in which the compensation becomes receivable. Service and insurance charges and other such receipts are included in net rental income gross of the related costs, as the Directors consider that the Group acts as principal in this respect.

4.10. Finance income

Finance income is recognised as interest accrues on cash balances held by the Group. Interest charged to a tenant on any overdue rental income is also recognised within finance income.

4.11. Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings. Any finance costs that are separately identifiable and directly attributable to the acquisition or construction of an asset that takes a period of time to complete are capitalised as part of the cost of the asset. All other finance costs are expensed to the Group Statement of Comprehensive Income in the period in which they occur.

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 non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

5. Standards issued and effective from 1 January 2018

The following new standards are effective and have been adopted for the year ended 31 December 2018.

5.1. Standards issued and effective from 1 January 2018

IFRS 9: Financial Instruments

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39).

Management have reviewed the requirements of IFRS 9. The Group's principal financial assets comprise interest rate derivatives which will continue to be measured at fair value, and trade receivables, which will continue to be measured at amortised cost. The following changes have been identified.

a) The Group adopted the expected credit loss model when calculating impairment losses on its financial assets measured at amortised costs (such as trade and other receivables (both current and non-current)). This resulted in greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. To measure expected credit losses the Group considered the probability of a default occurring over the contractual life of its trade receivables. Historically the Group has not had to provide or write off any debt from tenants. The specific situation of each tenant has been evaluated using a provision matrix as allowed under IFRS 9. Based on this assessment the impact is not material.

b) In 2017, the Group renegotiated some of the terms and conditions of a long-term loan, but that did not result in derecognition of the loan as the revised terms were neither qualitatively nor quantitatively different from the original terms. Therefore, this was considered a modification rather than an extinguishment. Under IAS 39, the effective interest rate was updated so as to amortise the revised expected cash flows over the revised term. In accordance with IFRS 9 it is not appropriate to revise the original effective interest rate. The impact of this change was not material.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The majority of the Group's revenue is derived from leases that are outside the scope of IFRS 15 and accordingly the adoption has not had a material impact.

5.2. Standards issued but not yet effective

IFRS 16: Leases (effective 1 January 2019)

The Directors are currently assessing the impact on the financial statements of this standard; however, at present they do not anticipate that the adoption of this will have a material impact on the Group's financial statements as the Group does not hold any material operating leases as lessee.

6. Total property income

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m

Rental income – freehold property	**93.66**	73.02
Rental income – long leasehold property	**29.04**	22.40
Spreading of tenant incentives and guaranteed rental uplifts	**11.13**	12.52
Lease premiums	**0.02**	0.02
Gross rental income	**133.85**	107.96
Property insurance recoverable	**2.92**	2.43
Service charges recoverable	**0.96**	0.51
Total insurance/service charge income	**3.88**	2.94
Total property income	**137.73**	110.90

There were no individual tenants representing more than 10% of gross rental income present during either year.

7. Service charge expenses

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Property insurance expense	**4.08**	2.94
Service charge expense	**0.87**	0.02
Total property expenses	**4.95**	2.96

8. Administrative and other expenses

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Investment management fees	**15.31**	11.84
Directors' remuneration (note 9)	**0.31**	0.27
Auditor's fees		
– Fees payable for the audit of the Company's annual accounts	**0.14**	0.14
– Fees payable for the review of the Company's interim accounts	**0.04**	0.03
– Fees payable for the audit of the Company's subsidiaries	**0.06**	0.05
Total Auditor's fee	**0.24**	0.22
Corporate administration fees	**0.46**	0.38
Regulatory fees	**0.06**	0.04
Legal and professional fees	**1.12**	0.91
Marketing and promotional fees	**0.14**	0.14
Other administrative costs	**0.43**	0.36
	18.07	14.16
Acquisition related costs[1]	**0.95**	–

[1] Acquisition related costs have been removed from the total of administrative and other costs incurred in the year, due to the one-off nature of these costs which have been expensed in accordance with IFRS 3: Business combinations.

The Auditor has also received £0.09 million (2017: £0.08 million) in respect of providing reporting accountant services in connection with the equity issuance and bond issuance occurring during the year.

Fees relating to the share issuances have been treated as share issue expenses and offset against share premium. The fees related to the bond issuance have been treated as part of the arrangement fees for issuing the bond. The fees in relation to the acquisition of assets have been capitalised in to the cost of the respective assets.

9. Directors' remuneration

	Year ended 31 December 2018	Year ended 31 December 2017

	£m	£m
Directors' fees	**0.28**	0.24
Employer's National Insurance	**0.03**	0.03
	0.31	0.27

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report. As Chairman of the Company's Manager, Mark Shaw is not entitled to receive a fee.

10. Finance income

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Interest received on bank deposits	**0.21**	0.40
	0.21	0.40

11. Finance expense

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Interest payable on bank borrowings	**5.97**	12.29
Interest payable on loan notes	**14.37**	0.67
Commitment fees payable on bank borrowings	**1.37**	0.63
Swap interest payable	**0.08**	0.11
One-off cost of extinguishment of bank loans	**–**	4.75
Amortisation of loan arrangement fees	**1.35**	1.87
	23.14	20.32

The total interest payable on financial liabilities carried at amortised cost comprises interest and commitment fees payable on bank borrowings and loan notes of £21.71 million (2017: £13.91 million) of which £nil was capitalised in the year (2017: £0.32 million) and amortisation of loan arrangement fees of £1.36 million (2017: £6.69 million) of which £nil (2017: £0.08 million) was capitalised in the year. The total interest payable on bank borrowings specifically drawn to finance the construction of investment properties was capitalised in the current and preceding year.

12. Taxation

a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
UK corporation tax	**–**	–

The Government announced its intention to further reduce the UK corporation tax rates from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. Accordingly, these rates have been applied in the measurement of the Group's tax liability at 31 December 2018.

b) Factors affecting the tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m

Profit on ordinary activities before taxation	**252.57**	247.80
Theoretical tax at UK corporation tax rate of 19.00% (31 December 2017: 19.25%)	**47.99**	47.70
REIT exempt income	**(17.28)**	(14.48)
Non-taxable items	**(33.05)**	(33.49)
Transfer pricing adjustment	**1.10**	0.65
Residual losses	**1.24**	(0.38)
Total tax credit	**–**	–

Non-taxable items include income and gains that are not taxable for corporation tax purposes other than property rental income 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.

13. Earnings per share

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

The calculation of basic and diluted earnings per share is based on the following:

For the year ended 31 December 2018	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares[1] Number	Earnings per share Pence
Basic earnings per share	**252.57**	**1,440,012,547**	**17.54p**
Adjustment for dilutive shares to be issued		–	
Diluted earnings per share	**252.57**	**1,440,012,547**	**17.54p**
Adjustments to remove:			
Changes in fair value of investment properties (note 15)	(162.98)		
Changes in fair value of interest rate derivatives (note 21)	1.24		
Costs associated with a business combination (note 8)	0.95		
EPRA[2] basic earnings per share	**91.78**	**1,440,012,547**	**6.37p**
EPRA[2] diluted earnings per share	**91.78**	**1,440,012,547**	**6.37p**
Adjustments to include/(exclude):			
Licence fee receivable on forward funded developments	10.27		
Rental income recognised in respect of fixed uplifts	(4.34)		
Loan amortisation	1.34		
Interest capitalised	–		
Adjusted basic earnings per share	**99.05**	**1,440,012,547**	**6.88p**
Adjusted diluted earnings per share	**99.05**	**1,440,012,547**	**6.88p**
For the year ended 31 December 2017			
Basic earnings per share	**247.80**	**1,268,540,113**	**19.54p**
Adjustment for dilutive shares to be issued		590,881	
Diluted earnings per share	**247.80**	**1,269,130,994**	**19.53p**
Adjustments to remove:			
Changes in fair value of investment properties (note 15)	(175.98)		
Changes in fair value of interest rate derivatives (note 21)	2.04		
One-off cost of extinguishment of bank loans (note 11)	4.75		
EPRA[2] basic earnings per share	**78.61**	**1,268,540,113**	**6.20p**
EPRA[2] diluted earnings per share	**78.61**	**1,269,130,994**	**6.20p**
Adjustments to include/(exclude):			
Licence fee receivable on forward funded developments	5.31		
Rental income recognised in respect of fixed uplifts	(4.65)		
Loan amortisation	1.87		
Interest capitalised	(0.32)		

Adjusted basic earnings per share	**80.82**	**1,268,540,113**	**6.37p**
Adjusted diluted earnings per share	**80.82**	**1,269,130,994**	**6.37p**

[1] Based on the weighted average number of Ordinary Shares in issue throughout the year.
[2] European Public Real Estate Association.

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

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

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

14. Dividends paid

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Fourth interim dividend in respect of period ended 31 December 2017 at 1.60 pence per Ordinary Share (Third interim for 31 December 2016 at 1.55 pence per Ordinary Share)	**21.82**	17.13
First interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.68**	17.69
Second interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.68**	21.81
Third interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.69**	21.82
Total dividends paid	**95.87**	78.45
Total dividends paid for the year	**5.025p**	4.80p
Total dividends unpaid but declared for the year	**1.675p**	1.60p
Total dividends declared for the year	**6.70p**	6.40p

On 17 May 2018, the Company announced the declaration of a first interim dividend in respect of the period from 1 January 2018 to 31 March 2018 of 1.675 pence per Ordinary Share, which was payable on 11 June 2018 to Ordinary Shareholders on the register on 25 May 2018.

On 12 July 2018, the Company announced the declaration of a second interim dividend in respect of the period 1 April 2018 to 30 June 2018 of 1.675 pence per Ordinary Share, which was payable on 9 August 2018 to Shareholders on the register on 20 July 2018.

On 11 October 2018, the Company announced the declaration of a third interim dividend in respect of the period 1 July 2018 to 30 September 2018 of 1.675 pence per Ordinary Share, which was payable on 15 November 2018 to Shareholders on the register on 19 October 2018.

On 6 March 2019, the Company announced the declaration of a fourth interim dividend in respect of the period 1 October 2018 to 31 December 2018 of 1.675 pence per Ordinary Share, which will be payable on or around 28 March 2019 to Shareholders on the register on 15 March 2019.

15. Investment property

In accordance with IAS 40: Investment Property, the investment property has been independently valued at fair value by CBRE Limited ("CBRE"), an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuations have been prepared in accordance with the RICS Valuation – Global Standards 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 Valuer in forming its opinion make a series of assumptions, which are typically market related, such as net initial yields and expected rental values and are based on the Valuer's professional judgement. The Valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently.

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 have been treated as asset purchases rather than business combinations.

	Investment property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2018	**1,924.33**	**612.38**	**62.50**	**2,599.21**
Property additions[1]	**42.53**	**0.02**	**222.44**	**264.99**
Fixed rental uplift and tenant lease incentives[2]	**9.35**	**1.78**	**–**	**11.13**
Transfer of completed property to investment property	**–**	**–**	**–**	**–**
Change in fair value during the year	**77.55**	**21.37**	**64.06**	**162.98**
As at 31 December 2018	**2,053.76**	**635.55**	**349.00**	**3,038.31**
As at 1 January 2017	1,278.13	436.84	88.14	1,803.11
Property additions[1]	307.45	121.83	178.32	607.60
Fixed rental uplift and tenant lease incentives[2]	7.70	4.82	–	12.52
Transfer of completed property to investment property	209.75	–	(209.75)	–
Change in fair value during the year	121.30	48.89	5.79	175.98
As at 31 December 2017	1,924.33	612.38	62.50	2,599.21

[1] Licence fees deducted from the cost of investment property under construction totalled £35.03 million in the year (2017: £0.70 million).

[2] Included within the carrying value of investment property is £37.03 million (2017: £25.89 million) in respect of accrued contracted rental uplift income. This balance arises as a result of the IFRS treatment of leases with fixed or minimum rental uplifts and rent-free periods, which requires the recognition of rental income on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property against which revaluations are measured. Also see note 6.

	31 December 2018 £m	**31 December** 2017 £m

Investment property at fair value per Group Statement of Financial Position	**3,038.31**	2,599.21
Licence fee receivable	**18.34**	–
Capital commitments	**361.56**	5.12
Ring fenced cash (note 18)	**0.03**	2.95
Total portfolio valuation*	**3,418.24**	2,607.28

* Including costs to complete on forward funded development assets.

Capital commitments represent costs to bring the asset to completion under the developer's funding agreements which include the developer's margin. These commitments could also represent commitments made in respect of asset management initiatives and development land. These costs are not provided for in the Statement of Financial Position; refer to note 32.

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.

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

The valuation summary is set out in the Strategic Report.

Fair value hierarchy

The following table provides the fair value measurement hierarchy for investment property:

	Date of valuation	Total £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservabl e inputs (Level 3) £m
Assets measured at fair value:					
Investment properties	**31 December 2018**	**3,038.31**	**–**	**–**	**3,038.31**
Investment properties	31 December 2017	2,599.21	–	–	2,599.21

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: market comparable method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions in the market.

Unobservable input: passing rent

The rent per square foot at which space could be let in the market conditions prevailing at the date of valuation (range: £4.05-£10.75 per annum).

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: rental growth

The estimated average increase in rent based on both market estimations and contractual arrangements. A reduction of the estimated future rental growth in the valuation model would lead to a decrease in the fair value of the investment property and an inflation of the estimated future rental growth would lead to an increase in the fair value. No quantitative sensitivity analysis has been provided for estimated rental growth as a reasonable range would not result in a significant movement in fair value.

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 (range: 3.75%-6.47%).

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:

	-5% in passing rent £m	+5% in passing rent £m	+0.25% in initial yield £m	-0.25% net initial yield £m
(Decrease)/increase in the fair value of investment properties as at 31 December 2018	(170.91)	170.91	(183.24)	205.25
(Decrease)/increase in the fair value of investment properties as at 31 December 2017	(130.36)	130.36	(136.56)	152.41

16. Investments

The Group comprises a number of companies, all subsidiaries included within these financial statements are noted below:

	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%
Tritax REIT Acquisition 3 Limited	Property Investment	UK	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 Ripon Limited	Property Investment	Guernsey	100%
Tritax REIT Acquisition 8 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 8 Limited	Property Investment	Jersey	100%
Tritax REIT Acquisition 9 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 9 Limited	Property Investment	Jersey	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	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	Guernsey	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 Knowsley Limited	Property Investment	Isle of Man	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	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 Worksop 18 Limited	Property Investment	Jersey	100%
Tritax Edinburgh Way Harlow (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Stoke Management Limited	Management Company	UK	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 34 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 Luxembourg DC1&2 Limited	Property Investment	Luxembourg	100%
Tritax Luxembourg DC3 Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 43 Limited	Property Investment	Jersey	100%
Tritax Carlisle UK Limited	Property Investment	UK	100%
Tritax Edinburgh Way Harlow Limited	Investment Holding Company	Jersey	100%
Tritax Crewe Limited	Investment Holding Company	Jersey	100%
Tritax Crewe (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 44 Limited	Property Investment	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 Symmetry Limited	Investment Holding Company	Jersey	100%

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

Jersey entities: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Guernsey entities: PO Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3AP

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

BVI entities: Jayla Place, Wickhams Cay 1, PO Box 3190, Road Town, Tortola, BVI VG1110

UK entities: Standbrook House, 2-5 Old Bond Street, London W1S 4PD

Luxembourg entities: 9 Allée Scheffer, Luxembourg, L-2520.

17. Trade and other receivables

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Trade receivables	**7.00**	5.27
Licence fee receivable	**18.34**	0.45
Prepayments, accrued income and other receivables	**3.97**	0.92
VAT	**12.92**	3.59
	42.23	10.23

The following table sets out the ageing of trade receivables as at 31 December 2018.

Past due but not impaired		
<30 days	**5.93**	3.27
30-60 days	**0.02**	1.74
60-90 days	**0.99**	–
90 days+	**0.06**	0.26
	7.00	5.27

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

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 period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's Customers. Both the expected credit loss provision and the incurred loss provision in the current and prior year are immaterial. No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

18. Cash held at bank

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Cash and cash equivalents to agree with cash flow	**47.37**	71.91
Restricted cash	**0.96**	6.13
	48.33	78.04

Ring fenced cash of £0.03 million (2017: £2.95 million) included with cash and cash equivalents represents amounts relating to future rent-free periods on certain assets within the portfolio or rental top-up amounts, where a cash deduction against the net purchase price was agreed with the vendor. Currently the cash is held in a ring fenced bank account.

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 £47.37 million (2017: £71.91 million) as at the year end, which excludes long-term restricted and ring fenced cash deposits totalling £0.96 million (2017: £6.13 million). Total cash held at bank as reported in the Group Statement of Financial Position is £48.33 million (2017: £78.04 million).

19. Trade and other payables

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Trade and other payables	**32.57**	16.81
Bank loan interest payable	**2.01**	1.69
Accruals	**7.86**	4.43
Tax liability	**0.06**	0.51
	42.50	23.44

The tax liability arises from the acquisition of a number of special purpose vehicles (SPVs) during the current and prior year. The tax liability wholly relates to the period prior to Group ownership. Any tax liability was fully accrued for within the take on accounts of the SPV.

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

20. Borrowings

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

Bank borrowings

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2018	**222.87**	**340.00**	**562.87**
New bank borrowings agreed in the year	**–**	**650.00**	**650.00**
Bank borrowings drawn in the year under existing facilities	**180.28**	**(180.28)**	**–**
Bank borrowings repaid in the year under existing facilities	**(69.28)**	**69.28**	**–**
As at 31 December 2018	**333.87**	**879.00**	**1,212.87**
As at 1 January 2017	541.53	150.00	691.53
New bank borrowings agreed in the year	100.00	340.00	440.00
Bank borrowings drawn in the year under existing facilities	64.00	(64.00)	–
Bank borrowings repaid in the year under existing facilities	(482.66)	(86.00)	(568.66)
As at 31 December 2017	222.87	340.00	562.87

Loan notes

Bonds	**31 December 2018 £m**	31 December 2017 £m
2.625% Bonds 2026	**249.12**	249.01
3.125% Bonds 2031	**246.79**	246.55
	495.91	495.56

On 2 October 2018, the Company announced it had entered into a new £250 million senior, short-term, unsecured banking facility with a syndicate of its relationship lenders comprising Barclays Bank PLC, The Royal Bank of Scotland International Limited and Banco Santander, S.A., London Branch. The new facility was for a term of 12 months, with an option to extend by a further six months.

This facility was cancelled upon receipt of the Loan Note proceeds on 28 February 2019 (see below).

On 5 December 2018, the Company announced that it had agreed a private placement of £400 million new senior unsecured loan notes with a number of new institutional investors (the "Loan Notes"). The Loan Notes comprised two tranches with a weighted average coupon of the fixed rate notes equating to 2.91% and a weighted average maturity of 9.8 years.

The Loan Notes were priced on 15 November 2018 and the loan note purchase agreement was signed on 4 December 2018. The funds were drawn on 28 February 2019.

The two tranches comprise:

- £250 million at a fixed coupon of 2.86%. maturing in February 2028; and
- £150 million at a fixed coupon of 2.98%. maturing in February 2030.

Santander Investment Securities Inc., and NatWest Markets Plc acted as joint placement agents and Barclays Bank PLC and BNP Paribas Securities Corp. acted as passive agents on the Loan Notes.

A large part of the Group's borrowings are unsecured financing arrangements. The Group has a £350 million revolving credit facility, which provides the Group with a significant level of operational flexibility. The syndicate for the unsecured revolving credit facility comprises Barclays Bank PLC, BNP Paribas London Branch, HSBC Bank plc, ING Bank N.V. London Branch, The Royal Bank of Scotland plc, Santander UK plc and Wells Fargo Bank N.A. London Branch.

On 19 December 2018, the Company announced that it had agreed to extend the termination date of £325 million of the £350 million revolving credit facility from 10 December 2022, to 10 December 2023.

As at 31 December 2018, 73%[1] (2017: 62%) of the Group's debt facility commitments are fixed term, with 27%[1] floating term (2017: 38%).

As at 31 December 2018, the weighted average running cost of debt was 2.63% (2017: 2.38%), and the Group's average capped cost of debt was 2.73% (2017: 2.66%).

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

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

	31 December 2018 £m	31 December 2017 £m
Bank borrowings drawn: due in more than one year	**333.87**	222.87
Loan notes drawn: due in more than one year	**495.91**	495.56
Less: unamortised costs on bank borrowings	**(6.09)**	(6.11)
Less: unamortised costs on loan notes	**(3.24)**	(3.39)
Non-current liabilities: borrowings	**820.45**	708.93

Maturity of borrowings

	31 December 2018 £m	31 December 2017 £m
Repayable between 1 and 2 years	**–**	–
Repayable between 2 and 5 years	**121.00**	10.00
Repayable in over 5 years	**708.78**	708.43
	829.78	718.43

Following the financing activity as noted above, the weighted average term to maturity of the Group's debt as at the year end is 8.7 years[1] (31 December 2017: 8.9 years), when excluding the £250 million short-term loan which was cancelled on 28 February 2019. The £350 million syndicated facility has a one-year extension option remaining, exercisable on the second anniversary of the facility. This option requires lender consent, although when looking at the weighted average term to maturity for the Group, assuming this option is exercised, this would increase to 8.9 years[1] (31 December 2017: 9.6 years).

[1] Excluding the £250 million RCF which was cancelled on 28 February 2019.

21. 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 3 month Libor can rise. Each runs 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 1.26% (2017: 1.26%), which effectively caps the level to which Libor can rise to, therefore limiting any effect on the Group of an interest rate rise. The interest rate derivatives mean that the Group's borrowing facilities at the year end have an all-inclusive interest rate payable of 2.63% (2017: 2.66%). The total premium payable in the year towards securing the interest rate caps was £4.47 million (2017: £1.07 million).

	31 December 2018	31 December 2017

	£m	£m
Non-current assets: interest rate derivatives	**5.20**	1.97

The interest rate derivatives are 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 Group Statement of Comprehensive Income.

	31 December 2018 £m	31 December 2017 £m
Interest rate derivative valuation brought forward	**1.97**	3.18
Interest rate cap premium paid	**4.47**	1.07
Disposal of interest rate cap	**–**	(0.24)
Changes in fair value of interest rate derivatives	**(1.24)**	(2.04)
	5.20	1.97

It is the Group's target to hedge at least 90% of the total debt portfolio either using interest rate derivatives or entering fixed rate loan arrangements. As at the year-end date the total proportion of debt either hedged via interest rate derivatives or subject to fixed rate loan agreements equated to 98.9%, as shown below.

	31 December 2018 Drawn £m	31 December 2017 Drawn £m
Total borrowings drawn (note 20)	**829.78**	718.43
Notional value of effective interest rate derivatives and fixed rate loans	**828.25**	716.90
Proportion of hedged debt	**99.81%**	99.78%

As at the year end the Group had notional value of interest rate caps of £337.50 million to act as a hedge against the £350.00 million revolving credit facility.

Fair value hierarchy

The following table provides the fair value measurement hierarchy for interest rate derivatives:

	Date of valuation	Total £m	Quoted prices inactive markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3 £m
Assets measured at fair value: Interest rate derivatives	**31 December 2018**	**5.20**	**–**	**5.20**	**–**
Interest rate derivatives	31 December 2017	1.97	–	1.97	–

The fair value of these contracts are 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.

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.

22. 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 bank borrowings and interest rate derivatives, the main purpose of which 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 information:

	Book value 31 December 2018 £m	**Fair value 31 December 2018 £m**	Book value 31 December 2017 £m	Fair value 31 December 2017 £m
Financial assets				
Interest rate derivatives	**5.20**	**5.20**	1.97	1.97
Trade and other receivables[1]	**25.34**	**25.34**	9.31	9.31
Cash held at bank	**48.33**	**48.33**	78.04	78.04
Financial liabilities				
Trade and other payables[2]	**42.44**	**42.44**	22.93	22.93
Borrowings	**829.78**	**854.01**	718.43	712.98

[1] Excludes certain VAT prepayments and other debtors.

[2] Excludes tax and VAT liabilities.

Interest rate derivatives 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 2018**	**682.15**	**520.97**	**161.18**	**–**
Borrowings	31 December 2017	652.11	491.46	160.65	–

The Group has two fixed rate loans totalling £162 million, provided by PGIM (£90 million) and Canada Life (£72 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 4.25% 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 and 3.125% Bonds 2031, 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 £520.97 million (2017: £491.46) and the financial liabilities at Level 2 fair value measure were £161.18 million (2017: £160.65 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, 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 Statement of Comprehensive Income and net assets of a 50 basis point shift in interest rates would result in an increase of £0.59 million (2017: £0.30 million) or a decrease of £0.86 million (2017: £0.30 million). The difference between the increase and decrease absolute figure is due to the interest rate caps in place.

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.

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. Please refer to note 17 for details regarding credit risk management of trade receivables.

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 and, going forward, 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:

	On demand £m	<3 months £m	3-12 months £m	1-5 years £m	>5 years £m	Total £m
31 December 2018						
Borrowings	**–**	**5.58**	**16.73**	**260.41**	**760.96**	**1,043,68**
Trade and other payables	**–**	**42.50**	**–**	**–**	**–**	**42.50**
	–	**48.08**	**16.73**	**260.41**	**760.96**	**1,086.18**
31 December 2017						
Borrowings	–	4.99	14.87	89.38	830.98	940.22
Trade and other payables	–	23.44	–	–	–	23.44
	–	28.43	14.87	89.38	830.98	963.66

Included within the contracted payments is £209.80 million (2017: £217.32 million) of loan interest payable up to the point of maturity across the facilities.

23. Capital management

The primary objective of the Group's capital management is to ensure that it remains a going concern and continues to qualify for UK REIT status.

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 limit of 40% 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 27.3% (2017: 26.8%).

Debt is secured 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.

24. Share capital

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

	31 December 2018 Number	**31 December 2018 £m**	31 December 2017 Number	31 December 2017 £m
Issued and fully paid at 1 pence each	**1,474,233,401**	**14.74**	1,363,598,083	13.64
Balance at beginning of year – £0.01 Ordinary Shares	**1,363,598,083**	**13.64**	1,105,159,529	11.05
Shares issued in relation to further Equity issuance	**109,364,308**	**1.09**	257,352,941	2.58
Shares issued in relation to management contract	**1,271,010**	**0.01**	1,085,613	0.01
Balance at end of year	**1,474,233,401**	**14.74**	1,363,598,083	13.64

On 29 March 2018, the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 594,559 Ordinary Shares at an issue price per Ordinary Share of 139.90 pence.

On 18 April 2018, the Company announced that it intended to proceed with a proposed Placing of new Ordinary Shares at a price of 142.25 pence per share to raise £155.6 million. As a result, a total of 109,364,308 Ordinary Shares were issued at a price of 142.25 pence per Ordinary Share.

On 8 October 2018, the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 676,451 Ordinary Shares at an issue price per Ordinary Share of 143.815 pence.

25. Share premium

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

	31 December 2018 £m	31 December 2017 £m
Balance at the beginning of year	**932.37**	589.39
Transfer to capital reduction reserve (see note 26)	**(932.37)**	–
Share premium on Ordinary Shares issued in relation to further Equity Issuance	**154.47**	347.42
Share issue expenses in relation to further Equity issuance	**(2.63)**	(5.83)
Share premium on Ordinary Shares issued to management	**1.79**	1.39
	153.63	932.37

26. Capital reduction reserve

	31 December 2018 £m	31 December 2017 £m
Balance at beginning of year	**467.93**	546.38
Transfer from share premium	**932.37**	–
Fourth interim dividend for the period ended 31 December 2017	**(21.82)**	(17.13)
First interim dividend for the year ended 31 December 2018	**(24.68)**	(17.69)
Second interim dividend for the year ended 31 December 2018	**(24.68)**	(21.81)
Third interim dividend for the year ended 31 December 2018	**(24.69)**	(21.82)
Balance at end of year	**1,304.43**	467.93

Please refer to note 14 for details of the declaration of dividends to Shareholders.

27. Retained earnings

	31 December 2018 £m	31 December 2017 £m
Balance at beginning of year	**515.52**	267.72
Retained profit for the year	**252.57**	247.80
Balance at end of year	**768.09**	515.52

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

28. 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 2018 £m	31 December 2017 £m
Net assets per Group Statement of Financial Position	**2,240.89**	1,929.46
EPRA NAV (see Additional Information)	**2,253.09**	1,940.42
Ordinary Shares:		

Issued share capital (number)	**1,474,233,401**	1,363,598,083
Basic net asset value per share	**152.00p**	141.50p
Dilutive shares in issue (number)	**–**	590,881
Diluted net asset value per share	**152.00p**	142.44p
Basic EPRA NAV per share	**152.83p**	142.30p
Dilutive shares in issue (number)	**–**	590,881
Diluted EPRA NAV per share	**152.83p**	142.24p

EPRA NAV is calculated as net assets per the Consolidated Statement of Financial Position excluding cumulative fair value adjustments for debt-related derivatives.

29. Operating leases

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

	<1 year £m	2-5 years £m	>5 years £m	Total £m
31 December 2018	**129.02**	**504.36**	**1,201.92**	**1,835.30**
31 December 2017	119.50	484.28	1,239.05	1,842.83

The Group's investment properties are leased to single tenants, with the exception of one asset which is leased to two separate 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.

30. Transactions with related parties

For the year ended 31 December 2018, all Directors and the Partners 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 £3.96 million (2017: £3.29 million).

The total expense recognised in the Statement of Comprehensive Income relating to share based payments under the Investment Management Agreement was £2.02 million (2017: £1.56 million), of which £1.05 million (2017: £0.84 million) was outstanding at the year end.

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report. Throughout the year SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling £0.34 million (2017: £0.68 million) in respect of agency services for the year; this represents a total of 7% (2017: 20%) of agency fees paid by the Group during the year. There were £0.34 million (2017: £nil) fees outstanding as at the year end. Of the four controlling Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, all except Henry Franklin are also the controlling Members of SG Commercial. While there are currently no existing contractual arrangements between the Company and SG Commercial, the Company may choose to appoint SG Commercial in the future from time to time on either a sole or joint agency basis. Any such appointments have been and will continue to be made on normal market-based contractual terms. In the event that any such appointment is proposed by the Manager, the Board has and shall continue to be consulted and asked for its approval.

Mark Shaw did not vote at any meeting of the Board relating to contractual terms to be agreed between the Company, the Manager and SG Commercial, nor with respect to any investment decision where SG Commercial is acting as agent in any capacity.

During the year the Directors received the following dividends; Richard Jewson: £5,113 (2017: £4,588), Jim Prower: £1,574 (2017: £1,508), Aubrey Adams: £6,625 (2017: £nil), Susanne Given: £nil (2017: £nil), Mark Shaw: £63,870 (2017: £37,351) and Richard Laing £2,212 (2017: £nil).

During the year the four controlling Members of the Manager received the following dividends; Mark Shaw as above, Colin Godfrey: £58,552 (2017: £37,700), James Dunlop: £55,176 (2017: £35,688) and Henry Franklin: £41,256 (2017: £28,289).

31. Reconciliation of liabilities to cash flows from financing activities

	Borrowings £	Derivative financial instruments £	Loan notes £	Total £
Balance on the 1 January 2018	**216.76**	**(1.97)**	**492.17**	**706.96**
Cash flows from financing activities:				
Bank borrowings advanced	**180.28**	**–**	**–**	**180.28**
Bank borrowings repaid	**(69.28)**	**–**	**–**	**(69.28)**
Interest rate cap premium paid	**–**	**(4.48)**	**–**	**(4.48)**
Loan arrangement fees paid	**(0.80)**	**–**	**(0.39)**	**(1.19)**
Non-cash movements:				
Change in creditors for loan arrangement fees payable	**0.16**	**–**	**0.21**	**0.37**
Amortisation of loan arrangement fees	**0.66**	**–**	**0.69**	**1.35**
Fair value movement	**–**	**1.24**	**–**	**1.24**
Balance on the 31 December 2018	**327.78**	**(5.21)**	**492.68**	**815.25**
Balance on the 1 January 2017	533.50	(3.17)	–	530.33
Cash flows from financing activities:				
Bank borrowings advanced	164.00	–	–	164.00
Bank borrowings repaid	(482.66)		–	(482.66)
Amounts received on the issue of loan notes	–	–	495.54	495.54
Interest rate cap premium paid	–	(0.83)	–	(0.83)
Loan arrangement fees paid	(4.66)	–	(3.19)	(7.85)
Non-cash movements:				
Change in creditors for loan arrangement fees payable	(0.04)	–	(0.21)	(0.25)
Amortisation of loan arrangement fees	1.87	–	0.03	1.90
Fair value movement	–	2.03	–	2.03
Amortisation of loan arrangement fees on the repayment of loans	4.75	–	–	4.75
Balance on the 31 December 2017	216.76	(1.97)	492.17	706.96

32. Capital commitments

The Group had capital commitments of £371.08 million in relation to its forward funded pre-let development assets, asset management initiatives and commitments under development land, outstanding as at 31 December 2018 (31 December 2017: £28.6 million). All commitments fall due within one year from the date of this report.

33. Subsequent events

On 2 October 2018 the Group agreed a £250 million short-term facility which was a revolving credit facility with a term of 12 months. The purpose of the bridge facility was to provide liquidity whilst the Group arranged longer-term finance. The short-term facility was cancelled on 28 February 2019, upon drawn on the unsecured Loan Notes (see below).

On 5 December 2018, the Company announced that it had agreed to issue £400 million of new unsecured Loan Notes. Please refer to Note 20 for further details. The proceeds from the Loan Notes were drawn in full on 28 February 2019.

On 24 January 2019, the Company announced that it had conditionally agreed to acquire an 87% economic interest in db symmetry. The portfolio of new assets includes both consented and strategic land, offering the Company phased access to a total new land portfolio of over 2,500 acres. The acquisition completed on 19 February 2019.

The consideration for the 87% economic interest in db symmetry (the "Acquisition") was £202.4 million in cash (in respect of 69.1%. of the equity value of db symmetry) and £52.6 million in Consideration Shares (in respect of 17.9%. of the equity value of db symmetry) issued to DV4 Properties and DBS Senior Management following completion of the Acquisition at a price per share equal to the Issue Price. The Company also procured the repayment of £67.7 million of deep discounted bonds owed by db symmetry to DV4 Properties, which have been used to fund land acquisitions, construction, developments and associated costs in relation to the portfolio of new assets to date.

To ensure long-term alignment between DBS Senior Management and the Company, DBS Senior Management has retained a 13% economic interest in db symmetry following completion of the Acquisition which was satisfied by the issuance of B Shares and C Shares in a subsidiary of the Company, representing consideration for the Acquisition of £38.1 million.

In order to fund the Acquisition and further investments in accordance with its Investment Policy, the Company has raised £250 million (before expenses) through a share issue.

On 11 February 2019, the Company announced that it had successfully raised approximately £250 million (before expenses) through the issue of 192,291,313 new Ordinary Shares at the Issue Price of 130 pence per share. The net proceeds of the Issue were used by the Company to fund the Acquisition and further investments in accordance with its Investment Policy. 192,291,313 new Ordinary Shares were issued pursuant to the Open Offer, which was significantly over-subscribed. Valid applications were received for 152,562,386 new Ordinary Shares in respect of Qualifying Shareholders' Open Offer Entitlements which were satisfied in full. Valid applications were also received for 204,679,211 excess shares under the excess application Facility. A scaling back exercise has been undertaken with respect to excess applications received which have been allocated pro rata to qualifying Shareholders' applications under the Excess Application Facility, in accordance with the terms set out in the Prospectus dated January 2019. During the year costs of £0.95 million were incurred in relation to this acquisition. See note 8 for further details.

At the date of authorising the accounts the Company is still assessing the initial accounting for the acquisition of db symmetry as prescribed by IFRS 3 Business Combinations. Accordingly, the Company has not disclosed the information that would be impacted by the assessment of various accounting estimates and assumptions.

Company Balance Sheet

Company Registration Number: 08215888

	Note	**At 31 December 2018 £m**	At 31 December 2017 £m
Non-current assets			
Investment in subsidiaries	5	**1,319.25**	1,028.22
Total non-current assets		**1,319.25**	1,028.22
Current assets			
Trade and other receivables	6	**946.83**	1,075.17
Cash held at bank	7	**9.61**	21.25
Total current assets		**956.44**	1,096.42
Total assets		**2,275.69**	2,124.64
Current liabilities			
Trade and other payables	8	**(10.69)**	(7.85)
Loans from Group companies		**(58.81)**	(52.19)
Total current liabilities		**(69.50)**	(60.04)
Non-current liabilities			
Loan notes	9	**(492.67)**	(492.17)
Total non-current liabilities		**(492.67)**	(492.17)
Total liabilities		**(562.17)**	(552.21)
Total net assets		**1,713.52**	1,572.43
Equity			
Share capital	10	**14.74**	13.64
Share premium reserve	11	**153.63**	932.37
Capital reduction reserve	12	**1,304.43**	467.93
Retained earnings		**240.72**	158.49
Total equity		**1,713.52**	1,572.43
Net asset value per share – basic	13	**116.23p**	115.31p

Net asset value per share – diluted	13	**116.23p**	115.26p
EPRA net asset value per share	13	**116.23p**	115.26p

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 2018 amounted to £82.23 million (31 December 2017: £75.58 million).

These financial statements were approved by the Board of Directors on 6 March 2019 and signed on its behalf by:

Sir Richard Jewson KCVO, JP, Chairman

Company Statement of Changes in Equity

	Undistributable reserves		Distributable reserves		
	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2018	**13.64**	**932.37**	**467.93**	**158.49**	**1,572.43**
Total comprehensive income	–	–	–	**82.23**	**82.23**
Issue of Ordinary Shares					
Cancellation of share premium account	–	(932.37)	932.37	–	–
Shares issued in relation to further Equity issue	1.09	154.47	–	–	155.56
Share issue expenses in relation to Equity issue	–	(2.63)	–	–	(2.63)
Shares issued in relation to management contract	0.01	1.79	–	–	1.80
Share based payments	–	–	–	2.02	2.02
Transfer of share based payments to liabilities to reflect settlement		–	–	(2.02)	(2.02)
Dividends paid:					
Fourth interim dividend in respect of period ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(21.82)	–	(21.82)
First interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.68)	–	(24.68)
Second interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.68)	–	(24.68)
Third interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share	–	–	(24.69)	–	(24.69)
31 December 2018	**14.74**	**153.63**	**1,304.43**	**240.72**	**1,713.52**
1 January 2017	11.05	589.39	546.38	82.91	1,229.73
Total comprehensive income	–	–	–	75.58	75.58
Issue of Ordinary Shares					
Shares issued in relation to further Equity issue (May 2017)	2.58	347.42	–	–	350.00
Share issue expenses in relation to Equity issue (May 2017)	–	(5.83)	–	–	(5.83)
Shares issued in relation to management contract	0.01	1.39	–	–	1.40
Share based payments	–	–	–	1.56	1.56
Transfer of share based payments to liabilities to reflect settlement	–	–	–	(1.56)	(1.56)
Dividends paid:					

Third interim dividend in respect of period ended 31 December 2016 at 1.55 pence per Ordinary Share	–	–	(17.13)	–	(17.13)
First interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(17.69)	–	(17.69)
Second interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	–	–	(21.81)	–	(21.81)
Third interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary share	–	–	(21.82)	–	(21.82)
31 December 2017	13.64	932.37	467.93	158.49	1,572.43

Notes to the Company Accounts

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (“FRS 100”) and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

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 EU endorsed 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 information is presented in Sterling which is also the Company’s functional currency and all values are rounded to the nearest 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 (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income 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 (eg 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 default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. 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, twelve 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, 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 information 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 years. There were no significant accounting judgements, estimates or assumptions in preparing these financial statements.

2. Standards issued and effective from 1 January 2018

The following new standards are effective and have been adopted for the year ended 31 December 2018.

2.1. Standards in issue and effective from 1 January 2018

IFRS 9: Financial Instruments

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39).

Management have reviewed the requirements of IFRS 9. The Group's principal financial assets comprise interest rate derivatives which will continue to be measured at fair value, and trade receivables, which will continue to be measured at amortised cost. The following changes have been identified.

a) The Company adopted the expected credit loss model when calculating impairment losses on its financial assets measured at amortised costs (such as loans to group companies (both current and non-current)). This resulted in increased judgement being required in order to assess the requirement for an impairment provision due to the need to factor in forward looking information when estimating the appropriate amount of provisions. No material impairment provisions were recognised as a result of the adoption of IFRS 9.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The Company's revenue is derived from income from subsidiaries that is outside the scope of IFRS 15 and accordingly the adoption has not had a material impact.

3. Taxation

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
UK corporation tax	**–**	–

The Government announced its intention to further reduce the UK corporation tax rates from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. Accordingly, these rates have been applied in the measurement of the Company's tax liability at 31 December 2018.

4. Dividends paid

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m

Fourth interim dividend in respect of period ended 31 December 2017 at 1.60 pence per Ordinary Share (Third interim for 31 December 2016 at 1.55 pence per Ordinary Share)	**21.82**	17.13
First interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.68**	17.69
Second interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.68**	21.81
Third interim dividend in respect of year ended 31 December 2018 at 1.675 pence per Ordinary Share (31 December 2017: 1.60 pence)	**24.69**	21.82
Total dividends paid	**95.87**	78.45
Total dividends paid for the year	**5.025p**	4.80p
Total dividends unpaid but declared for the year	**1.675p**	1.60p
Total dividends declared for the year	**6.70p**	6.40p

On 17 May 2018, the Company announced the declaration of a first interim dividend in respect of the period from 1 January 2018 to 31 March 2018 of 1.675 pence per Ordinary Share, which was payable on 11 June 2018 to Ordinary Shareholders on the register on 25 May 2018.

On 12 July 2018, the Company announced the declaration of a second interim dividend in respect of the period 1 April 2018 to 30 June 2018 of 1.675 pence per Ordinary Share, which was payable on 9 August 2018 to Shareholders on the register on 20 July 2018.

On 11 October 2018, the Company announced the declaration of a third interim dividend in respect of the period 1 July 2018 to 30 September 2018 of 1.675 pence per Ordinary Share, which was payable on 15 November 2018 to Shareholders on the register on 19 October 2018.

On 6 March 2019, the Company announced the declaration of a fourth interim dividend in respect of the period 1 October 2018 to 31 December 2018 of 1.675 pence per Ordinary Share, which will be payable on or around 28 March 2019 to Shareholders on the register on 15 March 2019.

5. Investments

	Shares £m	Loan £m	Total £m
As at 1 January 2018	**1,028.22**	**–**	**1,028.22**
Increase in investments via share purchase	**291.03**	**–**	**291.03**
As at 31 December 2018	**1,319.25**	**–**	**1,319.25**
As at 1 January 2017	812.67	–	812.67
Increase in investments via share purchase	215.55	–	215.55
As at 31 December 2017	1,028.22	–	1,028.22

The Company has the following subsidiary undertakings as at 31 December 2018:

	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%
Tritax REIT Acquisition 3 Limited	Property Investment	UK	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 Ripon Limited	Property Investment	Guernsey	100%

Tritax REIT Acquisition 8 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 8 Limited	Property Investment	Jersey	100%
Tritax REIT Acquisition 9 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 9 Limited	Property Investment	Jersey	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	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	Guernsey	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 Knowsley Limited	Property Investment	Isle of Man	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	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 Worksop 18 Limited	Property Investment	Jersey	100%
Tritax Edinburgh Way Harlow (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Stoke Management Limited	Management Company	UK	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 34 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 Luxembourg DC1&2 Limited	Property Investment	Luxembourg	100%
Tritax Luxembourg DC3 Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 43 Limited	Property Investment	Jersey	100%
Tritax Carlisle UK Limited	Investment Holding Company	UK	100%
Tritax Edinburgh Way Harlow Limited	Property Investment	Jersey	100%
Tritax Crewe Limited	Investment Holding Company	Jersey	100%
Tritax Crewe (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 44 Limited	Property Investment	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 Symmetry Limited	Investment Holding Company	Jersey	100%

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

Jersey entities: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Guernsey entities: PO Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3AP

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

BVI entities: Jayla Place, Wickhams Cay 1, PO Box 3190, Road Town, Tortola, BVI VG1110

UK entities: Standbrook House, 2-5 Old Bond Street, London W1S 4PD

Luxembourg entity: 9 Allée Scheffer, Luxembourg, L-2520.

6. Trade and other receivables

	31 December 2018 £m	31 December 2017 £m
Amounts receivable from Group companies	**943.60**	1,073.90
Prepayments	**2.09**	0.14
Other receivables	**1.14**	1.13
	946.83	1,075.17

All amounts fall due for repayment within one year.

7. Cash held at bank

	31 December 2018 £m	31 December 2017 £m
Cash held at bank	**9.61**	21.25
	9.61	21.25

8. Trade and other payables

	31 December 2018 £m	31 December 2017 £m
Trade and other payables	**3.25**	3.84

Accruals	**7.44**	4.01
	10.69	7.85

9. Loan notes

Bonds	**31 December 2018 £m**	31 December 2017 £m
2.625% Bonds 2026	**249.12**	249.01
3.125% Bonds 2031	**246.79**	246.55
Less: unamortised costs on loan notes	**(3.24)**	(3.39)
Non-current liabilities: net borrowings	**492.67**	492.17

Maturity of borrowings	**31 December 2018 £m**	31 December 2017 £m
Repayable between 1 and 2 years	**–**	–
Repayable between 2 and 5 years	**–**	–
Repayable in over 5 years	**495.91**	495.56
	495.91	495.56

On 2 October 2018, the Company announced it had entered into a new £250 million senior, short-term, unsecured banking facility with a syndicate of its relationship lenders comprising Barclays Bank PLC, The Royal Bank of Scotland International Limited and Banco Santander, S.A., London Branch. The new facility was for a term of 12 months, with an option to extend by a further six months.

On 5 December 2018, the Company announced that it had agreed a private placement of £400 million new senior unsecured loan notes with a number of new institutional investors (the "Loan Notes"). The Loan Notes comprise two tranches with a weighted average coupon of the fixed rate notes equating to 2.91% and a weighted average maturity of 9.8 years.

The Loan Notes were priced on 15 November 2018 and the loan note purchase agreement was signed on 4 December 2018. The funds were drawn on 28 February 2019.

The two tranches comprise:

- £250 million at a fixed coupon of 2.86%. maturing in February 2028; and
- £150 million at a fixed coupon of 2.98%. maturing in February 2030.

Santander Investment Securities Inc., and NatWest Markets Plc acted as joint placement agents and Barclays Bank PLC and BNP Paribas Securities Corp. acted as passive agents on the Loan Notes.

10. Share capital

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

	31 December 2018 Number	**31 December 2018 £m**	31 December 2017 Number	31 December 2017 £m
Issued and fully paid at 1 pence each	**1,474,233,401**	**14.74**	1,363,598,083	13.64
At beginning of year – £0.01 Ordinary Shares	**1,363,598,083**	**13.64**	1,105,159,529	11.05
Shares issued in relation to further equity issuance	**109,364,308**	**1.09**	257,352,941	2.58
Shares issued in relation to management contract	**1,271,010**	**0.01**	1,085,613	0.01
Balance at end of year	**1,474,233,401**	**14.74**	1,363,598,083	13.64

On 29 March 2018, the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 594,559 Ordinary Shares at an issue price per Ordinary Share of 139.90 pence.

On 18 April 2018, the Company announced that it intended to proceed with a proposed Placing of new Ordinary Shares at a price of 142.25 pence per share to raise £155.6 million. As a result, a total of 109,364,308 Ordinary Shares were issued at a price of 142.25 pence per Ordinary Share.

On 8 October 2018, the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 676,451 Ordinary Shares at an issue price per Ordinary Share of 143.815 pence.

11. Share premium

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

	31 December 2018 £m	31 December 2017 £m
Balance at beginning of year	**932.37**	589.39
Transfer to capital reduction reserve (see note 26)	**(932.37)**	–
Share premium on Ordinary Shares issued in relation to further equity issuance	**154.47**	347.42
Share issue expenses in relation to further equity issuance	**(2.63)**	(5.83)
Share premium on Ordinary Shares issued to management	**1.79**	1.39
Balance at end of year	**153.63**	932.37

12. Capital reduction reserve

	31 December 2018 £m	31 December 2017 £m
Balance at beginning of year	**467.93**	546.38
Transfer from share premium	**932.37**	–
Fourth interim dividend for the period ended 31 December 2017	**(21.82)**	(17.13)
First interim dividend for the year ended 31 December 2018	**(24.68)**	(17.69)
Second interim dividend for the year ended 31 December 2018	**(24.68)**	(21.81)
Third interim dividend for the year ended 31 December 2018	**(24.69)**	(21.82)
Balance at end of year	**1,304.43**	467.93

Please refer to note 3.

13. Net asset value (NAV) per share

Basic NAV per share amounts are calculated by dividing net assets in the Company Balance Sheet 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 2018 £m	31 December 2017 £m
Net assets per Company Balance Sheet	**1,713.52**	1,572.43
EPRA NAV	**1,713.52**	1,572.43
Ordinary Shares:		
Issued share capital (number)	**1,474,233,401**	1,363,598,083
Net asset value per Share – Basic	**116.23p**	115.31p
Potentially issuable dilutive shares (number)	**–**	590,881
Net asset value per Share – Diluted	**116.23p**	115.26p
EPRA net asset value per Share – Diluted	**116.23p**	115.26p

EPRA NAV is calculated as net assets per the Company Balance Sheet excluding fair value adjustments for debt-related derivatives.

14. 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 please make reference to note 30 of the Group accounts.

15. Directors' remuneration

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Directors' fees	**0.28**	0.24
Employer's National Insurance	**0.03**	0.03
	0.31	0.27

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report. As Chairman of the Company's Manager, Mark Shaw is not entitled to receive a fee.

16. Subsequent events

Please refer to note 33 of the Group accounts.

Notes to the EPRA and other Key performance indicators

1. EPRA earnings per share

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Total comprehensive income (attributable to Shareholders)	**252.57**	247.80
Adjustments to remove:		
Changes in fair value of investment properties	**(162.98)**	(175.98)
Changes in fair value of interest rate derivatives	**1.24**	2.04
One-off cost of extinguishment of bank loans (note 11)	**–**	4.75
Costs associated with a business combination	**0.95**	–
Profits to calculate EPRA Earnings per share	**91.78**	78.61
Weighted average number of Ordinary Shares	**1,440,012,547**	1,268,540,113
EPRA earnings per share – basic	**6.37p**	6.20p
Dilutive shares to be issued	**–**	590,881
EPRA earnings per share – diluted	**6.37p**	6.20p

2. EPRA NAV per share

	Year ended 31 December 2018 £m	Year ended 31 December 2018 £m
Net assets at end of period	**2,240.89**	1,929.46
Adjustments to calculate EPRA NAV:		
Changes in fair value of interest rate derivatives – 2018	**1.24**	–
Changes in fair value of interest rate derivatives – 2017	**(0.69)**	(0.69)
Changes in fair value of interest rate derivatives – 2016	**7.08**	7.08

Changes in fair value of interest rate derivatives – 2015	**1.99**	1.99
Changes in fair value of interest rate derivatives – 2014	**2.58**	2.58
EPRA net assets	**2,253.09**	1,940.42
Shares in issue at 31 December 2018	**1,474,233,401**	1,363,598,083
Dilutive shares in issue	**–**	590,881
	1,474,233,401	1,364,188,964
Dilutive EPRA NAV per share	**152.83p**	142.24p

3. EPRA NNNAV

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
EPRA net assets	**2,253.09**	1,940.42
Include:		
Fair value of financial instruments	**12.21**	(10.96)
Fair value of debt[1]	**(20.15)**	9.89
EPRA NNNAV	**2,245.15**	1,939.35
Shares in issue at 31 December 2018	**1,474,233,401**	1,363,598,083
Dilutive shares in issue	**–**	590,881
	1,474,233,401	1,364,188,964
EPRA NNNAV per share	**152.29p**	142.16p

1 Difference between interest-bearing loans and borrowings included in Balance Sheet at amortised cost, and the fair value of interest bearing loans and borrowings.

4. EPRA net initial yield (NIY) and EPRA "topped up" NIY

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Investment property – wholly owned	**3,418.24**	2,607.28
Less: development properties	**(729.97)**	–
Completed property portfolio	**2,688.27**	2,607.28
Allowance for estimated purchasers' costs	**182.26**	176.77
Gross up completed property portfolio valuation (B)	**2,870.53**	2,784.05
Annualised passing rental income	**161.12**	112.56
Less: contracted rental income in respect of development properties	**(31.22)**	–
Property outgoings	**(0.87)**	(0.02)
Less: contracted rent under rent free period	**(3.53)**	–
Annualised net rents (A)	**125.50**	112.54
Contractual increases for fixed uplifts	**8.88**	18.52
Topped up annualised net rents (C)	**134.38**	131.06
EPRA Net Initial Yield (A/B)	**4.37%**	4.04%
EPRA Topped Up Net Initial Yield	**4.68%**	4.71%

5. EPRA vacancy rate

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Annualised estimated rental value of vacant premises	**–**	–
Portfolio estimated rental value1	**169.87**	135.23
EPRA vacancy rate	**0.00%**	0.00%

1 Excludes land held for development.

6. EPRA cost ratio

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Property operating costs	**1.07**	0.02
Administration expenses	**18.07**	14.16
Service charge costs recovered through rents but not separately invoiced	**(0.87)**	–
Total costs including and excluding vacant property costs (A)/(B)	**18.27**	14.18
Gross rental income – per IFRS	**133.85**	108.54
Less: Service charge cost components of gross rental income	**(0.87)**	–
Gross rental income (C)	**132.98**	108.54
Total EPRA cost ratio (including and excluding vacant property costs)	**13.7%**	13.1%

7. Total Return

	Year ended 31 December 2018	Year ended 31 December 2017
Opening EPRA NAV	142.24p	129.00p
Closing EPRA NAV	152.83p	142.24p
Growth in EPRA NAV	10.59p	13.24p
Dividends Paid	6.63p	6.35p
Total Growth in EPRA NAV plus dividends paid	17.22p	19.59p
Total Return	**12.1%**	**15.2%**

8. Total expense ratio

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Total operating costs	18.27	14.18
Average net assets over the period	2,093.86	1,683.81
Total expense ratio	**0.87%**	**0.84%**

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the financial statements for the year ended 31 December 2017 except for the adoption of IFRS 9 and IFRS 15 during the year ended 31 December 2018 which have not had a material impact on the results. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union, this announcement does not itself contain sufficient disclosures to comply with IFRS. The financial information does not constitute the Group's financial statements for the years ended 31 December 2018 or 31 December 2017, but is derived from those financial statements. Financial statements for the year ended 31 December 2017 have been delivered to the Registrar of Companies and those for the year ended 31 December 2018 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2018 and 31 December 2017 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.