

**TRITAX BIG BOX REIT PLC**
**Results for the six months ended 30 June 2020**
**HIGH-QUALITY PORTFOLIO AND STRATEGY DELIVERING RESILIENT INCOME AND GROWTH**

Tritax Big Box REIT plc (the Group) reports its results for the six months from 1 January to 30 June 2020 and announces its Q2 2020 dividend.

	30 June 2020	30 June 2019	% change
Operating profit <sup>1</sup>	£70.6m	£56.6m	+24.7%
Adjusted earnings per share <sup>2</sup>	3.26p	3.41p	-4.4%
Dividend per share	3.125p	3.425p	-8.8%
Dividend pay-out ratio	96%	100%	-4.0 pts
Total accounting return for the six months	4.2%	0.4%	+3.8 pts
EPRA cost ratio	14.1%	15.3%	-1.2pts
	30 June 2020	31 Dec 2019	
EPRA net tangible assets per share <sup>3</sup>	154.85p	151.79p	+2.0%
Portfolio value <sup>4</sup>	£4.18bn	£3.94bn	+6.1%
Contracted annual rent roll	£178.9m	£166.6m	+7.4%
Weighted average unexpired lease term (WAULT)	14.1 yrs	14.1 yrs	n/a
Loan to value (LTV)	31.8%	30.4%	+1.4 pts

**Strong financial profile with capacity to support growth**

- H1 adjusted earnings stable and in line with expectations<sup>5</sup>, overall FY20 earnings growth expected to be H2 weighted with increased income from successful development activity in part offset by anticipated disposals.
- Declared Q2 dividend of 1.5625p resulting in H1 2020 dividend of 3.125p per share (H1 2019: 3.425p) representing a pay-out ratio of 96%. The Board will continue to monitor the dividend position for FY2020 with the potential to progressively increase the dividend when it has better visibility.
- LTV of 31.8% at the period end (31 December 2019: 30.4%) in line with our stated target range of 30-35%.
- Several asset disposals in final documentation stages with an attractive pipeline of development and investment opportunities to redeploy capital.

**High-quality and resilient income-generating portfolio**

- Strong market fundamentals increasing occupational and investment demand for prime logistics assets.
- Strong rent collection during the Covid-19 pandemic, receiving 97% of Q2 2020 rent and 99% of Q3 2020 rent expected to be received by the end of the quarter.
- Total portfolio value has grown 6.1% to £4.18 billion at 30 June 2020 (31 December 2019: £3.94 billion), including a portfolio capital value gain of 1.5% net of costs.
- Growth from development and rent reviews driving a 7.4% increase in contracted annual rent roll to £178.9 million (31 December 2019 £166.8 million), including four reviews settled at a 1.6% annual like for like increase.
- WAULT of 14.1 years at 30 June 2020 (31 December 2019: 14.1 years), with 53.7% of rent generated by leases having an unexpired term of more than 15 years.

**Maximising the development potential of the UK's largest land bank focused on logistics**

- Pre-let of Europe's largest state of the art sustainable logistics facility following Littlebrook planning consent:
  - 20-year pre-let agreed with Amazon for 2.3 million sq ft subject to index linked annual upward only rent reviews.
  - From the start of construction (June 2020) the project will generate 21 years of income at a yield on cost of 6%.
  - Delivers the original expectations for overall development profit on the entire Littlebrook site with the remaining phases providing further value upside potential.
- Tritax Symmetry performing well and in line with our expectations:
  - One building let post the period end and lettings imminent on two buildings from the speculatively developed assets, expected to generate annual rental income of £2.5 million p.a; in advanced discussions on letting the remaining speculatively developed building.
  - Planning consent achieved or committee resolution to grant<sup>6</sup> on a further 2.2 million sq ft of prime logistics space bringing total in the period to 4.5 million sq ft.
  - Near-term development pipeline of 9.2 million sq ft, across 12 different sites of which 63.4% had planning consent at 30 June 2020.

- New sustainability strategy launched during the period, including near-term targets and long-term objectives, including commitment to build net carbon zero buildings in the Symmetry portfolio.

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

“Covid-19 created a challenging backdrop, but our Company has performed well during the first half of the year delivering high levels of rent collection, stable earnings and an increase in portfolio value and rents driven by effective asset management and development activity. Significant strategic progress has also been made during the period, particularly within our development pipeline including securing a pre-let with Amazon on Europe’s largest logistics facility in addition to a number of lettings in the Symmetry portfolio.

“While our performance during the first half of the year provides reassurance, with the UK experiencing the sharpest reduction in GDP since the 1970s we believe it is appropriate to continue to maintain a cautious approach in the long-term interest of shareholders. In the face of the crisis, we took a number of decisive short-term actions to preserve the financial strength of the Company, including a modest reduction to our quarterly dividend. The long-term impacts of Covid-19 are only just beginning to be felt and we believe it is right to ensure the business has the financial headroom to ride-out a potentially protracted period of economic weakness.

“With high-quality assets, a strong balance sheet and gathering momentum in our development pipeline we believe the Company is well placed to take advantage of the strength of the UK logistics real estate market. As a Board, we will continue to monitor closely the likely long-term impact from Covid-19, with a view to potentially increasing the dividend on a progressive basis over time when we believe there is a sufficient level of economic visibility, financial headroom, and it is in our shareholders’ interest.”

**Results presentation**

The Company will host a results webcast today at 8:30am. To view the webcast please register at:

<https://www.investis-live.com/tritax-big-box/5f1af37b8ade181000faa086/sdbb>

An audio only dial in is also available using the following details:

Phone number: +44 20 3936 2999

Participant Access Code: 850929

**Notes**

1. Operating profit before changes in fair value of Investment properties and contingent consideration, gain on bargain purchase, impairment of intangible and other property assets and share-based payment charges.
2. See Note 6 to the financial statements for reconciliation.
3. Following the October 2019 update to EPRA’s Best Practice Recommendations Guidelines, the Group has adopted EPRA net tangible assets (NTA) as its primary measure of net asset value and restates its December 2019 position in line with this change. A reconciliation of this change is provided within the Notes to EPRA NAV calculations.
4. The Group’s Investment portfolio comprises let or pre-let assets as well as any speculative developments that have reached practical completion but remain vacant (inclusive of all forward funded development commitments).
5. Per share reduction of 4.4% for the period driven by increased average share count.
6. 1.4 million sq ft of consent at Wigan subject to call in by the Secretary of State for the Department of the Environment

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**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 developments predominantly delivered through pre-let forward funded basis, the Company focuses on large, well-located, modern Big Box logistics assets, 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](http://www.tritaxbigbox.co.uk)

## **CHAIRMAN'S STATEMENT**

### **A resilient portfolio in a vital sector delivering income security**

Our 61 properties are large, modern, in excellent locations and form critical infrastructure to our occupiers and their businesses. During the Covid-19 pandemic all our buildings were operational, playing a critical role in keeping our customers businesses functioning and, in many cases, meeting significant surges in e-commerce demand. Big Box logistics properties have helped to keep the UK running, supplying food and other vital goods, and demonstrating their infrastructure-like characteristics.

Their critical nature is reflected in our rent collection performance, which also benefited from deep and proactive relationships with our customers and an active approach to asset management. This has helped to enable us to collect 97% of rent falling due for Q2 2020 and we expect to collect 99% of Q3 2020 rent by the end of August 2020, with payment schedules agreed for the remainder without rent holidays or reductions being agreed. This is a robust performance and rent collection for the logistics sector as a whole has been significantly ahead of the other major property sectors, supporting the valuations of Big Box assets. As a consequence of this, the total portfolio value grew to £4.18 billion at the period end (31 December 2019: £3.94 billion).

The Group generated a strong financial performance with operating profit\* increasing by 25% to £70.6 million (H1 2019: £56.6 million). Our EPRA cost ratio improved, reducing to 14.1% (H1 2019: 15.3%), reflecting our low and transparent cost base. Adjusted earnings for the period was stable but on a per share basis reduced to 3.26 pence (H1 2019: 3.41 pence), due to a higher comparative number of shares in issue in the current period.

### **Well aligned to long-term market trends that have seen recent acceleration**

One of the most important market trends in recent years has been the growth in e-commerce, which has a direct correlation to demand for logistics space. The pandemic has accelerated consumer adoption of online shopping in the UK, with pure online retailers, food retailers and producers, and homewares/DIY among the biggest beneficiaries. These sectors are also the three largest among our customer base, representing 53.6% of annual rental income. Many new adopters are expected to continue shopping online once the pandemic has passed, requiring new logistics space to fill this permanent uplift in e-commerce. Pre Covid-19, we estimated e-commerce will drive cumulative demand for new logistics space in the UK of between 65 and 155 million sq ft by 2030 but the pandemic has accelerated the rate of adoption and is likely to narrow this time horizon.

### **Delivering significant value through development**

In June 2020, we received planning consent for a "Mega Box" logistics building at our Littlebrook, Dartford, development site and exchanged contracts with Amazon to pre-let the facility. The state-of-the art building has a gross internal area of c. 2.3 million sq ft, including three mezzanine floors. This delivery against our strategy validates our decision to acquire development land and will generate an attractive return for our shareholders. With a 20-year lease and yield on cost of 6%, this pre-let on its own delivers all of our original profit expectations for the entire site with Phase 1, and the remainder of Phases 3 and 4 providing the opportunity for further upside. Littlebrook, Dartford demonstrates an integrated approach in identifying and successfully delivering large scale and complex development opportunities in order to drive growth in value and income for our shareholders.

We see considerable opportunities to apply the logistics knowledge and expertise gained from our portfolio and long-established track record into the development process. Our strategy reduces development risk by applying our

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\* Operating profit before changes in fair value of Investment properties and contingent consideration, gain on bargain purchase, impairment of intangible and other property assets and share-based payment charges.

understanding of market needs, leveraging strong relationships, buying well and using a largely pre-let driven development model. The acquisition of Tritax Symmetry in 2019 aligns with this strategy and provides access to well-located sites across the UK at an attractive target yield on cost of 6% to 8%.

### **A well-funded balance sheet and rigorous approach to capital allocation and returns**

The Group has a strong balance sheet and adopts a conservative approach to leverage.

We will fund growth opportunities in our attractive development pipeline through a combination of existing balance sheet resources and the recycling of capital by disposing of assets that have delivered our planned returns. By selling into a strong investment market and redeploying the proceeds into our development pipeline we can create attractive returns for our shareholders.

We will only deploy significant capital when we have agreed a lease with a tenant (known as a “pre-let”) thereby reducing the risks associated with the development process and giving us clear line-of-sight on returns. There are occasions where some, small speculative development does make sense, taking the form of smaller units to open up sites and increase the probability of securing a larger pre-let development. In such cases, our total speculative development will remain small and currently represents less than 1.0% of the portfolio value.

While logistics real estate market fundamentals remain strong, uncertainty initially triggered by Brexit and then Covid-19 has meant sale processes have progressed at a slower pace than we originally anticipated. We expect to conclude several disposals during the remainder of the year in line with our previously stated ambitions to recycle between £125 million to £175 million per annum into higher returning opportunities.

### **Ensuring good governance in shareholders’ interest**

Across the global economy, Covid-19 has created significant uncertainty. As a Board, we have been focused on ensuring that our business continues to operate effectively and safely both during the immediate crisis as well as taking a long-term view on the future strength of the Company. The Board has been in regular communication with members of the Manager during this period, which included a number of additional Board meetings to those scheduled. Through this process, and with reporting from the Manager, we were able to satisfy ourselves, as a Board, that the Group’s internal controls were functioning effectively, despite the challenges created with extensive home working.

Taking a longer-term view, the Board took steps to maintain the financial strength of the business. These steps included a prudent review of capital expenditure, making sure we could continue to progress our development opportunities without overstressing financially. While our financial performance, and particularly our strong rent collection during the crisis, remains robust, we believe it is appropriate to maintain a cautious stance in the long-term interests of our shareholders.

While much of the Board’s focus has been on ensuring our business continues to perform during the pandemic including regular assessment over the risks to the business, we have continued to fulfil our normal governance responsibilities. We are making good progress against our broader objectives covering Board succession planning, including my own, ongoing evaluation of risk and internal controls, and engagement with our wider stakeholder base.

### **Paying an attractive yet prudent dividend to support long-term growth**

Although the Group is well-capitalised and has significant covenant headroom, the Board considered it prudent to withdraw its dividend guidance for 2020, given the uncertainty over the economic impact and duration of the Covid-19 pandemic. In parallel, the Group’s development pipeline is gathering momentum presenting attractive opportunities to deploy capital and grow our income stream.

The resilience of the business does give us the confidence to continue paying a quarterly dividend and the Board has declared two interim dividends of 1.5625 pence per share each, to give a total first-half dividend of 3.125 pence per share (H1 2019: 3.425 pence). This dividend level represents a pay-out ratio of 96% which is both attractive versus our broader market peers, sustainable and in the long-term interests of the Group and shareholders alike. The Board will

continue to monitor regularly the dividend position with the potential to increase the dividend progressively when we have better visibility.

### **Continuing to advance and further embed our sustainability agenda**

Sustainability is a strategic priority and increasingly central to the way we run the business. During the period, the Board approved the Group's new sustainability strategy, with objectives and targets covering healthy and sustainable buildings, energy and carbon, nature and wellbeing, and socio-economic impact. We are undertaking initiatives that support these objectives, while further developing our reporting, all of which we believe will increase sustainability of returns to investors. As part of our strategy, Tritax Symmetry announced its commitment to all new developments being net carbon zero whilst under construction.

### **2020 outlook**

While Covid-19 remains a live issue and is impacting the UK economy, our sector remains resilient and our portfolio continues to collect a high proportion of rent. In line with our expectations, full year 2020 financial performance is likely to be weighted to the second half of the year as the positive impact from our development portfolio is realised. Incremental rent from developments such as Littlebrook will in part be offset by anticipated disposals as we effectively recycle capital into higher-returning opportunities within our portfolio. We are at an advanced stage on a number of disposals and expect to complete several by the end of the financial year.

### **Longer-term outlook**

The outlook for logistics real estate remains strong and increasingly positive. Occupational and investment demand has remained elevated with the Covid-19 pandemic appearing only to accelerate the tailwinds that have benefitted the sector in recent years. Despite these positives, it is prudent to maintain a cautious outlook on the longer-term impacts from Covid-19, particularly in the face of a potentially deep and protracted recession.

Our excellent progress at Littlebrook, Dartford, validates our decision to acquire development land and to leverage the Manager's deep knowledge of the sector and our customers' needs, to deliver new assets at an attractive yield on cost. Tritax Symmetry continues to make good progress on both planning consents and lettings despite the challenges of Brexit and Covid-19, providing us with a long-term pipeline of attractive opportunities to deliver value growth to shareholders.

We are maintaining an appropriately cautious stance in light of potential longer-term effects from Covid-19 on our customers and the wider economy. With a strong market backdrop, high-quality portfolio, and a thoughtful approach to development and asset management, the Group is well positioned to deliver resilient, growing and sustainable income and attractive capital growth.

**Sir Richard Jewson, Chairman**

**5 August 2020**

## **MANAGER'S REPORT**

This was an extremely important period for the owners and occupiers of UK logistics real estate. During the Covid-19 pandemic, Big Box logistics assets (over 500,000 sq ft) have demonstrated their critical importance to the economy and their occupiers, by ensuring the resilience of the supply chain. As with other infrastructure assets, Big Boxes generate secure, growing and attractive income as well as capital appreciation over the long-term.

### **Impact of Covid-19 on the logistics real estate market**

The duration and extent of the economic impact of Covid-19 remains unclear. What is clear is the significant shift towards online spending as consumers stayed at home, effectively accelerating the trend recorded prior to the outbreak of the pandemic. UK online retail sales grew 31% during the first six months of 2020 compared to the same period a year ago,

with May's elevated year on year growth of 58% continuing in June (73% year on year) according to ONS data. This rate of growth through June has translated into £11.6 billion of additional online spend. Online retailers such as Amazon, food retailers and producers such as Ocado and homeware/DIY businesses, such as B&Q and Screwfix, have been the biggest beneficiaries. These sectors also account for 53.6% of annual rental income (see the Portfolio section below).

We believe this pandemic may act as a catalyst for change, accelerating business plans to invest into e-commerce platforms as consumers increasingly shop online. Managing inventory levels during volatile periods also has proved challenging as the flow of goods slowed. Looking further ahead, operating companies are likely to reassess their real estate supply chains to build in resilience and capacity to limit future potential disruptions. Automation deployed in logistics properties could provide a solution to the cost-effectiveness of shifting supply chains closer to domestic markets as it leads to increased efficiency and consistency in quality. All of these changes could produce further substantial demand tailwinds supporting the positive long-term outlook of the logistics real estate sector.

### **Logistics real estate continues to be an attractive and growing sub-sector**

Over the last four years, every £1 billion of additional online sales in the UK has resulted in increased demand for new logistics property averaging at nearly 900,000 sq ft per annum. The table below shows the estimated additional logistics space requirements for different levels of online penetration. For context, Retail Economics forecast in July 2019 that online sales could reach 53% of total UK retail sales by 2028, reflecting substantially faster growth than assumed below, even before Covid-19. There has been no evidence this relationship has changed as the pandemic has evolved. Year to date, there has been 7.6 million sq ft take-up from online retailers compared to £11.6 billion of additional online sales.

<b>New projected UK logistics demand based on growth in e-commerce</b>			
<b>E-commerce penetration</b>	<b>New logistics buildings required to meet online demand</b>	<b>Total demand for logistics buildings</b>	
30%	65m sq ft	270m sq ft	
40%	110m sq ft	315m sq ft	
50%	155m sq ft	360m sq ft	

Estimated total logistics demand comprises both online and non-online potential take-up, and we have assumed non-online demand to continue in line with its previous five-year average. With take-up by online retailers averaging 6.9 million sq ft per annum since 2016, the projected demand for logistics space from online retail suggests it could create substantial new demand under scenarios of e-commerce penetration rising above 30%. The Group's development pipeline is attractively placed to benefit from these increasing levels of demand.

#### *Occupational demand remains robust*

Analysing demand trends in recent years shows that occupiers increasingly favour 500,000+ sq ft buildings as they seek cost savings, economies of scale and efficiencies derived from consolidating supply chain networks into larger modern facilities. Leasing activity of 500,000 sq ft buildings as a proportion of total take-up (including under offer) has grown from around 35% in 2016 to nearly 50% in 2019 when approximately 8.8 million sq ft was let. At the end of 2019, 10.4 million sq ft of logistics property (over 100,000 sq ft) was reported to be under offer, of which approximately 8.8 million sq ft was over 500,000 sq ft in size (representing 88% of the total space under offer).

CBRE reported UK logistics take-up was up 44.1% year on year to 19.1 million sq ft in the first half of 2020, reaching a record level despite the pandemic, as online retailers (40% of take-up) and third party logistics companies (3PLs) (16.5%) continued to move forward with investments into their logistics networks. Total space under offer continued to remain high at 8.1 million sq ft, with Big Box representing the majority of this demand, bringing its proportion of leasing activity to 68% over the first half of 2020.

Big Boxes naturally lend themselves to social distancing, which will continue to remain important. Staff can more easily maintain a safe distance than in smaller units and high levels of automation can reduce or eliminate staff interaction

when moving product. This has helped highly automated logistics buildings to remain operational throughout the pandemic.

#### *Supply of larger logistics assets remains constrained*

Big Box speculative supply has been limited by the material upfront costs to build these larger buildings compared to smaller boxes. CBRE data shows that since 2016, only seven buildings or 3.8 million sq ft of Big Box space has been speculatively developed. Including the two buildings currently under construction this rises to 5.1 million sq ft.

The shortage of supply of new Big Boxes in the UK is evident with only two buildings available to let immediately and two more speculatively under construction. This has resulted in the construction of new Big Boxes being primarily driven by occupier demand – 93% of Big Box take-up in 2019 was on a 'build-to-suit' basis.

#### *Sustainable long-term rental growth prospects for larger logistics assets*

CBRE UK reports that prime logistics rents have been growing since 2012 although the pace of growth began to slow as speculative supply in small and medium-sized boxes picked up in 2018. This, coupled with economic uncertainty caused by Covid-19, saw rents hold steady in Q2 2020 versus the prior quarter after rising c. 0.7% year on year in Q1 2020. As a point of comparison, June annual inflation growth was recorded at 0.6% and 1.1% for CPI and RPI respectively.

We consider the rate of rental growth for Big Boxes to be more sustainable over the long-term underpinned by the lack of readily available buildings to let as well as scale derived attributes such as operational efficiencies and cost savings which are not inherent in smaller buildings.

Our long leases and high-quality customers provide income resilience with in-built predictable rental growth and upward only rent reviews. 56% of the portfolio rent roll has guaranteed uplifts within their rent review structure, either through fixed increases or collars. We anticipate a minimum average uplift of 1.7% on an annualised basis across these leases providing an element of reliable growth.

In addition, rent collection performance within prime logistics assets, particularly for larger scale buildings, has remained resilient through the Covid-19 pandemic.

#### *Investment into logistics property likely to continue*

Logistics investment volume for the first half of 2020 reached £2.5 billion, down 7% year on year due to less capital deployed from April through June 2020. Q2 2020 investment volumes across all commercial real estate declined by 57% year on year, but it was encouraging to see Logistics investment volumes were only down 18% as it remains one of the most sought-after sub-sectors for real estate investment. Investors continue to be attracted by structural consumer trends and the secure long income offered by modern logistics buildings let on 10+ year terms.

The balance of occupational demand and supply helps to ensure that logistics real estate remains highly attractive to investors. With interest rates cut in response to Covid-19, the yield gap between prime industrial property and 10-year gilts is currently around 440 basis points, showing the potential for further yield compression.

As a result of these factors, logistics asset values have remained robust during the pandemic, in contrast to various other sectors of the commercial property market. There has been some polarisation within the logistics market, with the values of truly prime assets let to investment grade covenants holding up well. Conversely, prices have softened for some secondary assets, let to weaker covenants such as small and medium-sized enterprises. Smaller businesses may be more vulnerable to external shocks than blue-chip tenants and typically do not invest substantial sums into the building, for example in automation, making it easier for them to relocate. Consequently, the security of income from smaller logistics assets is lower.

#### **A clear strategy to deliver sustainable income and growth in value**

Our vision is to be the leading REIT focused on high-quality UK logistics real estate assets delivering sustainable, long-term income and value growth for shareholders.

We have a clear and compelling strategy to capture the opportunities this attractive market presents, underpinned by a disciplined approach to capital allocation.

The Group's strategy has three mutually reinforcing aspects, which is expected to deliver sustainable income and growth in value to shareholders whilst ensuring we meet our wider responsibilities:

*1) Direct and active management – protecting, adding and realising value*

We actively and directly manage our existing property portfolio, developing long term relationships with our customers, ensuring their needs are met while identifying and realising opportunities to add value. We also monitor the broader market for opportunities where we can acquire assets and add value through active asset management.

By constantly evaluating and managing the portfolio, we aim to grow value and generate secure and increasing income. When we believe an asset has reached its full potential within our ownership, we look to crystallise this value through disposals, recycling capital into higher returning development and investment opportunities.

*2) Insight driven development and innovation – creating value*

Through the Group's Littlebrook, Dartford site and capital efficient acquisition of Tritax Symmetry, we have access to the largest land bank for the development of logistics assets in the UK. The customer insights developed from our existing portfolio and long-established successful track record inform the development process, ensuring we tailor the development pipeline to meet demand at an attractive yield on cost. Most of the Group's development will be undertaken on a demand driven pre-let basis, significantly de-risking the process and ensuring we only deploy the Group's capital when we are confident that the returns are appropriate and attractive to our shareholders.

*3) High-quality assets attracting world leading companies – delivering high quality, resilient and growing income*

Our logistics assets are critical to the supply chains of some of the world's best companies. We are crafting a portfolio that will perform well through the economic cycle, providing resilient income even during tougher times. We weight our tenant exposure to defensive and high-growth sectors.

*Underpinned by a disciplined approach to capital allocation and emphasis on sustainability*

Underpinning our strategy is a disciplined approach to capital, where we aim to maximise returns to shareholders while minimising risk. By evaluating the Group's existing assets and identifying ways to maximise and then realise value, we will effectively recycle capital to support the Group's objectives, using debt appropriately and potentially raising additional capital when in shareholders' interests.

Sitting alongside this is the Group's commitments to ESG which forms an intrinsic and overarching part of our strategy. During the period, we further embedded our commitment to ESG through the launch of our sustainability strategy and targets, more about which can be read below.

**1) Direct and active management**

*Understanding and supporting customers*

A key feature of the period was our proactive interaction with customers, so we could understand Covid-19's impact on their operations and offer support where possible and appropriate. This included high-level conversations with our customers' Property and Finance Directors and regular interactions with other key people, such as their Heads of Logistics. Our customer conversations have endorsed the quality of our relationships with them, enabling us to have transparent discussions about any issues. By performing our property management activities in-house we are responsible for every customer interaction, thereby maximising the potential to pursue opportunities.

We conduct ongoing covenant analysis of our customers and strengthened our team to support this work during the period. The analysis combines publicly available financial and trading information with our own observations and customer conversations. This prudent approach enables us to identify any customer-related risks and opportunities, driving strategies to help us to capture growth and/or mitigate risks.

#### *Lengthening income*

In February 2020, we agreed with Marks & Spencer to remove the May 2021 break option in its lease relating to the asset at Stoke, extending the unexpired certain term by five years to May 2026. In tandem, we agreed the forward settlement of the next rent review, increasing the rent from £5.25 per sq ft to £5.50 per sq ft (equating to an increase of £0.1 million per annum) from May 2021.

We are in discussions with Dunelm in respect of an asset in Stoke where the leases are due to expire in August 2020 and the customer has indicated its intention to extend the term.

#### *Growing income*

Four rent reviews were completed during the period:

- **Argos, Burton:** we completed the annual rent review, with a fixed increase of 3% per annum from February 2020.
- **Amazon, Peterborough:** the five-yearly inflation linked rent review resulted in a 10% increase from April 2020, equating to 2.0% on an annual basis over the five-yearly review period.
- **Morrisons, Birch Coppice:** the annual inflation linked rent review resulted in an uplift of 1.7% from May 2020.
- **Morrisons, Sittingbourne:** the annual inflation linked rent review resulted in an increase of 1.1% from June 2020.

Across the five rent reviews, the £0.5 million of rental growth equated to a like for like growth rate of 1.6% per annum. We are in discussions across three open market reviews where the review dates occurred in the previous year. We expect to document uplifts on these open market reviews during the remainder of 2020.

#### *Realising value and recycling capital through disposals*

Over the past six and a half years we have created a leading portfolio of high-quality logistics assets which we constantly monitor and evaluate to deliver attractive returns for our shareholders. In line with our strategy, we will look to sell those assets where we feel that under our ownership we have achieved our return objectives or where the nature of the asset no longer fits our portfolio profile.

As our portfolio matures, we see opportunities to crystallise gains in value and redeploy the capital in attractive opportunities elsewhere. Through this constant evaluation of the portfolio, we expect to sell an appropriate number of assets each year, with the first sales possible in the second half of 2020, to support our growth objectives and the delivery of our strategy.

## **2) Insight driven development and innovation**

Approximately 9% of the Group's Gross Asset Value is focused on development and we use our understanding of the market and customer insights to deliver value growth for our shareholders and mitigate risks.

We have a high-quality land bank that provides a pipeline of attractive development opportunities. The land within this portfolio is well located to transport hubs and near to significant population areas. We either acquire development land directly or make use of capital-efficient long-term option agreements. These options benefit from staggered strike prices that are aligned to key planning milestones and the pre-letting of developments. This significantly decreases the risk associated with development, avoiding concentrations of capital and ensuring we deploy our capital when we are confident of a successful pre-let.

We describe our development portfolio based upon timing of opportunities related to the planning process:

- 1) *Current* – assets that are under construction and/or are pre-let having received planning consent
- 2) *Near-term* – sites with planning consent either received or submitted
- 3) *Future* – longer term land opportunities principally held under option

In addition, we have several Development Management Agreements (DMA) with third-party funders that were included as part of our acquisition of Tritax Symmetry. Under a DMA, Tritax Symmetry will manage the delivery of an asset in return for a fee and/or profit share. The Group will not own the asset at any point and DMAs are therefore not included within the Group's asset portfolio.

#### *Successful development led letting activity*

The positive market trends seen in 2019 continued in H1 2020 with take-up increasing by 44.1% year on year to 19.1 million sq ft (as reported by CBRE) despite the effects of Covid-19 and the prospect of a domestic recession. Additionally, 8 million sq ft remained under offer at the end of the half year. Anecdotally, agencies and developers are reporting a positive increase in occupational enquiries as Covid-19 related restrictions are relaxed and businesses move toward an increased level of normalised activity. Local authorities and Government may come under pressure to ease planning restrictions in order to stimulate logistics based job creation to help the UK economy in the near-term recession, although any incremental supply will be rapidly absorbed by strengthening demand.

In line with these market trends, in the year to date the Group has agreed lettings in respect of three assets and 2.5 million sq ft of logistics space. These new lettings include:

- June 20: a pre-let to Amazon for a 20-year term with annual CPI reviews at Littlebrook, Dartford covering 2.3 million sq ft.
- July 20: A 15-year lease to Butternut Box, an online pet food retailer at Doncaster covering approximately 152,000 sq ft.
- July 20: A 25-year lease to DPD at Bicester, covering approximately 59,000 sq ft.

In aggregate these transactions have been completed within our target development yield range of 6-8% and add a combined annual contracted rental income of £13.9 million to the portfolio.

In addition, we are at advanced stages of legal documentation, with lettings on the following two assets imminent:

- July 20: Aston Clinton Unit II covering approximately 56,000 sq ft.
- July 20: Aston Clinton Unit III covering approximately 112,000 sq ft.

#### *1) Current Development Pipeline*

At the period end, the Current Development Pipeline comprised four pre-let developments totalling 5.3 million sq ft. These were Howdens III (Unit 6B) at Raunds, Amazon in Durham, and Co-Op in Biggleswade, which were all in construction at the start of the period, plus the Amazon pre-let development at Littlebrook, Dartford described below. Despite the Covid-19 pandemic, good progress has continued to be made on the development with no notable delays to expected completion dates.

The Howdens III unit at Raunds reached practical completion in July 2020, shortly after the period end.

The estimated cost to completion across the four assets is approximately £222.0 million, as shown in the table below:

	Total	Estimated Costs (£m)			Total sq ft	Contractual rent / ERV
		Period				
Pre-let	£m	H2 2020	H1 2021	H2 2021	m	£m
		£m	£m	£m		
Amazon, Durham*	20.4	20.4	-	-	2.0	7.6

Howdens III (Unit 6B)*	11.4	11.4	-	-	0.3	1.7
Co-Op, Biggleswade	38.1	29.0	9.1	-	0.7	4.7
Amazon, Littlebrook	152.1	73.8	49.5	28.8	2.3	12.3
<b>Total</b>	<b>222.0</b>	<b>134.6</b>	<b>58.6</b>	<b>28.8</b>	<b>5.3</b>	<b>26.3</b>

\* Licence fee received during the construction period.

The Group's investment policy limits its exposure to speculative development up to 5% of GAV. Speculative development exposure is currently 1.0% of GAV. Occupier demand for standing stock has been strong, evidenced with high levels of take up, not only of Tritax Symmetry buildings, but across the sector. Further speculative development is currently under consideration to cater for occupational demand and to replace the speculative stock now let or shortly to be let. Future speculative development will be focused on those locations where market dynamics are strongest and at sites where consent has recently been secured and the early construction of space would assist and promote the development of that project.

## 2) Near-term development pipeline

The Group's Near-term Development Pipeline comprises land on which we have either received planning consent or submitted planning applications, as at 30 June 2020. This excludes assets in the Current Development Pipeline and includes Phase 1 at Littlebrook, Dartford (see below). Sites in this pipeline are likely to start development within one to three years.

At the period end, the pipeline consisted of 9.2 million sq ft, across 12 sites. Of this, 5.8 million sq ft relates to land with planning consent and 3.4 million sq ft relates to sites where a planning application has been submitted.

Of the land with planning consent, the Group:

- owns 0.9 million sq ft directly
- owns a share of 0.2 million sq ft through a joint venture; and
- controls 4.7 million sq ft through option agreements, which are a capital efficient and low-risk way of creating value from the planning and development process.

This consented land comprises 10 development sites, all at various stages of site preparation, from land that is owned and ready for construction (with utility services installed), to land held under option where infrastructure works have yet to commence. At Kettering, where the Group secured consent for 2.3 million sq ft during 2019, we are working through pre-commencement conditions to enable construction of the infrastructure and having active discussions with potential occupiers.

Progress over the six months to 30 June 2020 included:

- a committee resolution to grant planning consent<sup>†</sup> at Wigan, for a 1.4 million sq ft scheme
- planning consent for a further 0.6 million sq ft at Darlington Phase 2; and
- planning consent for a 59,000 sq ft distribution hub for DPD at Symmetry Park, Bicester, which will be built to net zero carbon in construction, in line with the UK Green Building Council's Framework.
- planning consent for 156,000 sq ft at Middlewich, subject to Section 106 Agreement

The table below provides further analysis of the Near-term Development Pipeline at the period end:

Total sq ft	Current book value	Estimated cost to completion	ERV	Estimated gross yield on cost
m	£m	£m	£m	%

<sup>†</sup> Called in by the Secretary of State to the Department of the Environment

Land with consent	<b>5.8</b>	124.4	337.3	32.3	6-8%
Land with planning submitted	<b>3.4</b>	40.9	240.2	21.3	6-8%
	<b>9.2</b>	<b>165.3</b>	<b>577.5</b>	<b>53.6</b>	<b>6-8%</b>

### 3) Future development pipeline

The remainder of the Group's development land bank is predominately controlled under option agreements. The total land under option is targeting the delivery of approximately 30.2 million sq ft, with developments expected to be largely pre-let triggered.

	<b>Total sq ft million</b>	<b>Target gross yield on cost</b>
Strategic Land options	30.2	6-8%

During the period, the Group signed options over two schemes at Gloucester and Merseyside totalling 125 net acres with the ability to construct approximately 2.8 million sq ft.

#### *Our strategy in action - Littlebrook, Dartford*

On 15 June 2020, the Group announced that it had received planning consent and exchanged contracts with Amazon, to pre-let a new "Mega Box" logistics building. The pre-let and planning consent cover the Phase 2 plot and part of Phase 3 at Littlebrook, totalling 35.3 acres of the site.

In line with our strategy, we worked closely with the customer to understand its requirements and develop an optimal logistics solution. The facility will play a key role in the customer's local and national distribution and fulfilment network, as well as delivering economic and employment benefits to the area. Following completion, Amazon will occupy over 7 million sq ft of high-quality Big Box logistics space owned by the Group, representing c.19% of total contracted annual rent roll.

With practical completion expected in Summer 2021, this highly sustainable building will target BREEAM Excellent and EPC A rating, with key features including:

- a gross internal floor area of c.2.3 million sq ft, including three structural mezzanine floors;
- a clear internal height of 20 metres;
- high levels of automation through capital investment by the customer; and
- a substantial 3.5 MW solar PV scheme.

The project will deliver attractive returns to investors, based on:

- a new 20-year lease, subject to annual upward only rent reviews indexed to CPI (collared at 1% per annum and capped at 3% per annum), with the first review in Summer 2022; and
- the Group benefiting from a licence fee from the Developer during the construction period, equivalent to the annual rent payable by the customer following completion of the building.

The total development cost for this project, including land and demolition, is expected to be £205 million, with a further £164 million costs to completion. This will be funded using existing credit facilities, with the project delivering a yield on cost of 6%, which is in line with our target for this site. The profit generated from the Phase 2 pre-let development is expected to achieve the Company's original expectations for development profit across the whole Littlebrook site

Littlebrook is adjacent to the QE2 Bridge, Dartford Tunnel and the River Thames and has the potential to become one of London's largest Big Box logistics parks, in a critical "last journey" location inside the M25. This is a rare asset so close to London, benefiting from exceptional transport connectivity via motorway, rail and water, excellent infrastructure, significant power provision and a robust labour market.

Phase 1 of the site already benefits from detailed planning consent for up to 450,000 sq ft of ground floor area and an eaves height of 21 metres. The infrastructure and ground preparation works undertaken to date mean we could deliver this unit within 26 weeks of receiving a commitment from an occupier. With Phase 2 now also secured with planning and a pre-let, the master plan for Phase 3 can be progressed, subject to planning. The precise square footage achievable will be driven by market demand and planning, but we anticipate a further c300,000 sq ft of ground floor area could be achieved on the balance of the Littlebrook site.

#### *Development Management Agreements (DMAs)*

Tritax Symmetry has a number of DMAs with third-party funders, under which Tritax Symmetry will manage the delivery of an asset in return for a fee and/or profit share. The Group will not own the asset at any point and DMAs are therefore not included within the Group's asset portfolio. DMAs are active on three schemes, with the potential to deliver approximately 1.2 million sq ft.

In addition, there are two schemes where the Group has a continuing economic interest and fees are potentially receivable in the future, but without a capital outlay by the Company.

### **3) High-quality assets attracting world leading customers**

Since IPO, we have assembled an unrivalled portfolio of investment assets underpinned by some of the world's best companies. Portfolio composition is driven by the Group's objective to own high-quality logistics assets capable of generating attractive, stable, and long-term returns for its shareholders. The characteristics that generate these returns, such as the quality of the Group's customers, the location, size, format and age of the assets and the income growth embedded in the leases, have made the business highly resilient, as witnessed through the Covid-19 pandemic, and sustainable over the long term.

At the period end, the total portfolio value was £4.18 billion. This comprised the Investment Portfolio, which provides the Group's long-term, stable and growing income, and the Development Portfolio, which offers significant growth potential:

<b>Investment Portfolio</b>	<b>91% of GAV</b>	<b>Development Portfolio</b>	<b>9% of GAV</b>
Foundation assets	73%	Tritax Symmetry	7%
Value add assets	13%	Littlebrook, Dartford	2%
Growth covenant assets	5%		

The Investment Portfolio comprises 61 assets (31 December 2019: 58 assets), following the completion of two small speculative developments during the period at Aston Clinton, totalling 112,000 sq ft and 56,000 million sq ft respectively, and the agreement of the 2.3 million sq ft pre-let to Amazon at Littlebrook, Dartford.

#### *A secure and resilient customer base*

The Group has a diversified base of 40 different customers, with 82% of the Group's income derived from members of major stock market indices in the UK, USA or Europe. We believe this tenant line-up is one of the strongest of any quoted logistics real estate business in Europe. When adding new customers to the portfolio, we have sought to increase exposure to online retail and control exposure to high street retail. As described under our approach to asset management below, we have worked closely with customers to support them where necessary during the pandemic, whilst protecting our own position and our responsibility to shareholders.

<b>Sector</b>	<b>% of annual rent</b>	<b>Customers</b>
Online retail	26.1	Amazon, Ocado, Marks & Spencer, AO.com
Food retail	16.3	Tesco, Sainsbury's, Morrisons, Co-Op
Homewares and DIY retail	9.1	Screwfix, Dunelm, B&Q, the Range
Other retail	7.5	Argos, Dixons Carphone
3PL and distribution	6.9	Kuehne+Nagel, DHL, Stobart Group, Wincanton, Eddie Stobart

Fashion retail	6.8	Next, TK Maxx, Matalan, New Look
Other manufacturing	6.3	Howdens, Wolseley, Hachette
Wholesale	4.9	Brakes, Euro Car Parts, ITS
Electricals manufacturing	4.0	Bosch, Whirlpool
Consumer goods manufacturing	4.0	Unilever, L'Oreal, Nice-Pak
Automotive manufacturing	3.3	Rolls Royce, Gestamp
Post and parcels	2.7	Royal Mail
Food production	2.1	Kelloggs, Cerealto, Global Infusion Group

### *A long-term and reliable income stream*

The long-term security of the Group's income is shown by the weighted average unexpired lease term (WAULT) of the Investment Portfolio, which was 14.1 years at the period end (31 December 2019: 14.1 years). Foundation assets, which provide the Group's core income, had a WAULT of 16.0 years (31 December 2019: 16.1 years). In addition, our customers typically commit significant capital investment including, but not limited to, high degrees of automation, which anchors them to our assets for the long term.

Reflecting the long WAULT, just 12.3% of total rents were from leases expiring within five years of the period end, with 53.7% generated by leases with 15 or more years to run.

### *Embedded income growth*

We have assembled the Investment Portfolio to have a balanced timing of rent reviews, supporting the Group's ability to deliver annual income growth. The Group's leases provide for upward-only rent reviews, of which 54% are RPI/CPI linked, 30% are open market, 10% are fixed and 6% are hybrid. In recent years, tenants have preferred new occupational leases with index-linked rent reviews, usually including cap and collar arrangements.

Some 88% of the portfolio rent roll is subject to review in the period 1 January 2020 to December 2022, including those leases with annual reviews occurring each year. Of this, 17% is due for review in 2020, 37% in 2021 and 34% in 2022.

The attractive nature of the rent review clauses within leases means that 56% of the portfolio's rent roll has guaranteed minimum uplifts, i.e. a lease with either a fixed or minimum level of increase at the point of rent review. Those leases which have a minimum rental uplift will produce a weighted uplift of 1.7% p.a. when a review arises. In addition, we can capture reversionary potential in our open market rents or when signing new leases. The independently assessed estimated rental value (ERV) for the Investment Portfolio was £192.7 million at 30 June 2020, representing a 7.8% reversion (the level at which market rents are deemed to exceed the passing rent of the Group's properties) including vacant assets. This will help the Group to generate attractive rental growth over the next three years, particularly in the context of both low inflation and interest rates.

### **Advancing the Group's sustainability strategy**

The Group recognises the importance of sustainability to its customers, shareholders, and communities in which its assets operate. In addition, the Board believes a rigorous focus on sustainability will ensure the long-term viability and commercial success of the Group. By ensuring sustainability underpins our overall strategy, the Board believes the Manager will be helped to make sound decisions in the long-term interests of all stakeholders.

During the period, the Board approved the Group's sustainability strategy, as summarised below:

Big Goal	Objectives	2023 targets
<b>Healthy and sustainable buildings</b> <b>Ensure and demonstrate the sustainability of our assets</b>	<ul style="list-style-type: none"> <li>• Embed ESG into our Investment principles</li> <li>• Ensure high Green Building certification standards</li> <li>• Engage in key ESG indices and demonstrate year-on-year progression</li> <li>• Embed green lease clauses into our leases</li> <li>• Engage customers on sustainability and support sustainable operations</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure any new acquisitions and investments align with ESG investment principles</li> <li>• Improve GRESB score to three Green Stars</li> <li>• Implement green leases on all new leases</li> <li>• Provide recommendation reports and sustainable operations guides to customers</li> </ul>
<b>Energy and Carbon</b> <b>Net carbon zero</b>	<ul style="list-style-type: none"> <li>• Develop new assets to be net zero carbon to the point of practical completion</li> <li>• Improve the energy efficiency of the portfolio, demonstrated through high EPC grades</li> <li>• Install onsite renewable energy generation for customers</li> <li>• Ensure the assets are resilient to climate-related weather risks</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the products and processes that remove carbon from construction</li> <li>• Improve EPCs to A-C Grade</li> <li>• Install renewable energy generation projects to generate 13,900 kWp</li> <li>• Ensure priority assets have climate resilience plans in place</li> </ul>
<b>Nature and wellbeing</b> <b>Enhance biodiversity on the Group's land</b>	<ul style="list-style-type: none"> <li>• Install measures that support and enhance biodiversity in our construction and management</li> <li>• Install measures that help to regulate the climate</li> <li>• Install features that support customers' wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot 15% biodiversity net gain on new developments</li> <li>• Implement at least one biodiversity, climate and wellbeing measure on each asset</li> </ul>
<b>Socio-economic impact</b> <b>Create a positive socio-economic impact through our investment</b>	<ul style="list-style-type: none"> <li>• Ensure the Group's investments create a positive social return</li> <li>• Invest in the Group's communities and support local community causes</li> <li>• Create jobs in construction and support employability and skills in the areas we operate in</li> </ul>	<ul style="list-style-type: none"> <li>• Measure social value to demonstrate impact of the Group's investment</li> <li>• Support apprenticeships and employability in construction</li> <li>• Support Schoolreaders to reach beneficiaries in local communities</li> </ul>

The strategy was developed in conjunction with our stakeholders including investors, customers and certain industry bodies, using a materiality assessment to identify the most significant issues for the Group. The four elements of the strategy align to the following UN Sustainable Development Goals: Goal 11 Sustainable Cities and Communities; Goal 13 Climate Action; Goal 15 Life on Land; and Goal 8: Decent Work and Economic Growth.

We made further progress with implementing the strategy during the period, with particular highlights as follows:

- **Net zero carbon:** we are piloting our net zero carbon ambitions on the developments at Biggleswade and Bicester, with carbon reduction initiatives identified in relation to the highest-impact materials – concrete, aggregates and steel. We are also reviewing opportunities to progress net zero carbon initiatives for standing assets, for example using green energy where the Group is responsible for external lighting.
- **Biodiversity:** we have enhanced our approach to biodiversity by analysing how we can achieve a 15% net biodiversity gain at new developments, as well as creating a biodiversity framework for standing assets. In addition, our sustainability lead, Helen Drury, was appointed to the UK Green Building Council's Nature-Based Solutions Steering Group.
- **Social value and community:** our three-year partnership is progressing with Schoolreaders, a charity that supports primary school children to improve their literacy through one-to-one reading practice. This partnership

funds new volunteers to increase the scheme's coverage in locations where the Group has assets. While Covid-19 has reduced the service, the charity is still supporting young online.

We continue to develop the Group's ESG reporting. The 2019 annual report included ESG disclosures against EPRA sustainability best practice indicators for the first time. We have also completed submissions for GRESB, with results expected in October 2020, and Dow Jones Sustainability Indices, with results expected in November 2020.

To enhance the environmental performance of the Group's assets and help customers improve their own performance and reduce costs, we continue to explore opportunities to install solar PV energy generation. At the Newark asset let to DSG, the installation increased the EPC rating from D to C. Three other PV projects are currently on hold, due to Covid-19. We have also received energy consumption data from one fifth of customers, enabling us to create benchmark reports that will support them to improve consumption. Once the pandemic allows, we will invite customers and wider stakeholders to a sustainability forum, to share best practice and drive operational performance.

## **Financial review**

Set against the backdrop of the Covid-19 pandemic, we have delivered a strong financial performance during the period. Data from various agencies shows that the industrial and logistics sector has been one of the top performers in terms of rent collection, with on average c. 70% of June 2020 rent collected after 21 days. The strength of the Group's customer base and our regular and proactive customer communications meant that as at the reporting date, we had collected 97% of the Q2 rent billed in March 2020 and 90% of the Q3 rent billed in June with an expectation to reach 99% by the end of August 2020. A number of customers opted to make payments monthly in advance instead of quarterly in advance during this period to manage their near-term cash flows. We continue to discuss payment of the outstanding amounts with customers, although we expect the recovery of these rental sums over the rest of 2020 and into 2021 following the agreement of certain payment plans. The Group has not agreed any rent free periods or rent holidays with customers. Calculated in accordance with IFRS 9, the Group has reflected a small provision of £0.2 million against rental arrears at the period end.

As noted in the Chairman's statement, and considering the unprecedented uncertainty caused by Covid-19, on 8 April 2020 we withdrew our dividend guidance for 2020. The Company has declared interim dividends of 1.5625 pence per share in respect of each of the first two quarters of the year, to give a total dividend for the first half of 3.125 pence per share (H1 2019: 3.425 pence per share) representing a pay-out ratio of 96%.

We will continue to monitor the position of the business considering the impact of Covid-19, particularly around rent collection and the performance of our tenants. We will update the market on the dividend position further as the year progresses, with the potential to progressively increase the dividend with improving visibility and in the context of the Company's financial headroom.

As at 30 June 2020, the Group had undrawn committed borrowing facilities of £371.0 million, against capital commitments of £222.0 million in relation to Forward Funded Pre-let Developments, asset management initiatives and development land. There are no significant refinancing events until 2024 and we continue to enjoy strong and supportive relationships with our debt providers.

## **Presentation of financial information**

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

The Board continues to see Adjusted EPS as the most relevant measure when assessing dividend distributions. Adjusted EPS is based on EPRA's Best Practices Recommendations, and excludes items considered to be exceptional, not in the ordinary course of business or supported by cash flows, and includes the developer's licence fees that the Group receives on Forward Funded Developments.

## **Financial results**

### *Net rental income*

Net rental income for the period was £78.8 million (H1 2019: £69.2 million), up £9.6 million or 13.9%. The increase reflected:

- prior-year development activity, with four Pre-let Forward Funded Developments reaching practical completion and rent commencement in 2019, along with one Tritax Symmetry development completion, which was let during construction in 2019; and
- additional rent generated from rent reviews settled in 2019 and the first half of 2020.

The contracted annual rent roll at 30 June 2020 was £178.9 million across 61 assets (31 December 2019: £166.6 million across 58 assets). Included in the contracted annual rent is £26.2 million of rent in relation to pre-let assets in the course of construction at the period end, the majority of which has a licence fee equivalent payable from the developer.

### *Operating profit*

Operating profit before changes in the fair value of Investment properties, share of profits from joint ventures and share-based payments was £70.6 million (H1 2019: £60.7 million, excluding £4.1 million of exceptional costs relating to the acquisition of Tritax Symmetry). The increase reflected higher rental income (as noted above) and marginally higher other income in the form of development management fee income, partially offset by growth in administrative and other expenses.

### *Administrative and other expenses*

Administrative and other expenses, which includes all the operational costs of running the Group, totalled £11.2 million in the period (H1 2019: £10.5 million). Due to the growth in average NAV over the corresponding periods, the Investment Manager fee increased by £0.3 million. There was also an IFRS 9 provision adjustment of £0.2 million, based on an expected credit loss analysis.

The EPRA Cost Ratio for the period reduced to 14.1% (H1 2019: 15.3%). The Group has a low and transparent operating cost base and while the Tritax Symmetry acquisition in 2019 had increased operating costs relative to rental income in the short term, this was done so in the knowledge that multiple developments that were under construction during 2019 would become income producing and positively affect our cost ratio in 2020. The development portfolio has the potential to grow rental income materially over time, giving the Group the opportunity to reduce its cost ratio further considering the yield on cost targets that we believe are achievable through the development pipeline.

### *Share based payment charge and contingent consideration*

The structure of the Tritax Symmetry transaction has led to the B and C shareholders' value being split between:

- i) contingent consideration, which is determined by certain provisions under the shareholder agreement between Tritax Symmetry HoldCo and the Tritax Symmetry Management Shareholders; and
- ii) a share-based payment charge, which is the compensation the B and C shareholders will receive as a result of their economic right held to their share of future performance of the Tritax Symmetry Development Assets.

During the period, £1.9 million (H1 2019: £1.4 million) was charged to the Group Statement of Comprehensive Income in respect of share-based payment charges.

### *Financing costs*

Net financing costs for the period were £18.7 million (H1 2019: £15.9 million), excluding the reduction in the fair value of interest rate derivatives of £2.1 million (H1 2019: £4.4 million). The Group's average debt drawn throughout the period was £1.2 billion, compared to £1.0 billion in the first half of the prior year. The average cost of debt remained relatively

consistent during the period and therefore this increase was ascribed to higher levels of drawings to finance the Group's pre-let developments which were under construction during the period.

### *Tax*

The Group has continued to comply with its obligations as a UK REIT and is exempt from corporation tax on its property rental business. The tax charge for the period was therefore £nil (H1 2019: £0.2 million).

### *Profit and earnings*

Profit before tax for the period was £103.2 million (H1 2019: £67.8 million). This resulted in basic earnings per share (EPS) of 6.04 pence (H1 2019: 4.08 pence) and basic EPRA EPS of 2.94 pence (H1 2019: 2.62 pence).

Adjusted EPS for the period was 3.26 pence (H1 2019: 3.41 pence) and the total dividend for the period was 3.125 pence per share resulting in a pay-out ratio of 96%. Adjusted earnings were broadly stable in comparison to the prior period, however due to an average higher share count in issue throughout the period, when reporting on a per share basis, this has fallen marginally during the period. The calculation of Adjusted EPS can be found in Note 6.

### **Dividends**

The Company conservatively withdrew its dividend guidance for 2020 due to the uncertainty surrounding the impact and length of the Covid-19 pandemic.

Since the start of the year, the Board has declared the following interim dividends in respect of 2020:

- 8 April 2020: 1.5625 pence per share, in relation to the period from 1 January to 31 March 2020, which was paid on 21 May 2020; and
- 6 August 2020: 1.5625 pence per share, in relation to the period from 1 April to 30 June 2020, which will be paid on or around 28 August 2020 to shareholders on the register on 14 August 2020.

### **Portfolio valuation**

CBRE independently values the Group's Investment assets that are leased, pre-leased or have reached practical completion but remain vacant. These assets are recognised in the Group Statement of Financial Position at fair value. Colliers independently values all optioned land, owned land and assets under construction which are unlet. Land options and any other property assets (DMAs) are recognised at cost, less amortisation and impairment charges. The share of joint ventures relates to 50% interests in two sites at Middlewich and Northampton, relating to land and land options. These two sites are equity accounted for and appear as a single line item in the Statement of Comprehensive Income and Statement of Financial Position.

The total portfolio value at 30 June 2020, including all remaining contractual development commitments and the Group's share of joint ventures, was £4.18 billion:

	<b>£m</b>
Investment properties	3,678.8
Other property assets	13.9
Land options (at cost)	232.0
Share of joint ventures	30.4
Remaining forward funded development commitments	222.0
<b>Portfolio value</b>	<b>4,177.1</b>

The gain recognised on revaluation of the Group's Investment properties was £55.3 million (H1 2019: £25.8 million). This equates to a portfolio capital revaluation gain of 1.5% across the six month period.

Despite the onset of Covid-19 in Q1 2020, the demand from the investment market for logistics assets has remained robust. The Company's external valuations which are undertaken by CBRE and Colliers as at 30 June 2020, did not include a material uncertainty clause, which was included in the valuations for many other property sectors. The valuers had determined that transaction volumes in the UK provided a sufficient amount of up-to-date comparable market evidence upon which to base opinions of value. It is difficult to predict the impact Covid-19 might have on the real estate market in the future, therefore, we will continue to monitor the performance of the portfolio closely through ongoing discussions with the Company's external valuers and pay a particular regard to comparable market evidence over the coming months.

This has translated into relative strong performance for the Group's portfolio including a stable valuation yield at 4.4%. The gain recognised on revaluation in the period is largely attributed to the Group's development portfolio.

### Embedded value within land options

Under IFRS, land options are recognised at cost and subject to impairment review. As at 30 June 2020 the Group's investment in land options totalled £232.0 million (31 December 2019: £226.0 million). As the land options approach the point of receiving planning consent, any associated risk should reduce, and the fair value should increase. However, until the Group draws the land down from the landowner, this potential uplift in fair value is not recognised in the Group's IFRS net asset value and any increase in land value remains unrealised.

### Net assets

EPRA's updated Best Practice Recommendations Guidelines issued in October 2019, which became effective for financial years beginning on 1 January 2020, include three replacement Net Asset Valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). We will report all three metrics going forwards, whilst choosing to adopt EPRA NTA as our primary metric as it is the closest to our previous primary metric, EPRA NAV. A reconciliation of all three metrics has been provided in the notes to the EPRA NAV calculations.

At 30 June 2020, the EPRA NTA per share was 154.85 pence (31 December 2019: 151.79 pence), an increase of 2.0%. The primary driver of this increase during the period was the fair value movement on the property portfolio which generated a valuation gain of 1.5% over the period, as highlighted above.

The total return for the period, equating to the growth in EPRA NTA plus dividends paid, was 4.2% (H1 2019: 0.4%).

### Debt capital

At 30 June 2020, the Group had the following borrowings:

Lender	Maturity	Loan commitment £m	Amount drawn at 30 June 2020 £m
<b>Loan notes</b>			
2.625% Bonds 2026	Dec 2026	250.0	249.3
2.86% Loan notes 2028	Feb 2028	250.0	250.0
2.98% Loan notes 2030	Feb 2030	150.0	150.0
3.125% Bonds 2031	Dec 2031	250.0	247.2
<b>Bank borrowings</b>			
RCF (syndicate of seven banks)	Dec 2023/24	350.0	116.5
RCF (syndicate of six banks)	Jun 2024/25	200.0	66.0
Helaba	Jul 2025	50.9	50.9
PGIM Real Estate Finance	Mar 2027	90.0	90.0

Canada Life	Apr 2029	72.0	72.0
<b>Total</b>		<b>1,662.9</b>	<b>1,291.9</b>

In June 2020, the maturity date in respect of £190 million of its £200 million unsecured revolving credit facility (the Facility), was extended from June 2024 to June 2025. The maturity date of the residual £10 million that was not covered as part of this extension will remain June 2024.

The Facility, which is with a syndicate of lenders, retains its uncommitted £100 million accordion option and the margin payable under the Facility of 1.10% per annum over three-month LIBOR remains unchanged. The Facility was entered into in June 2019 for an initial period of five years and this extension is the first of two, one-year extension options that are available to the Company under the original terms.

Of the Group's debt commitments, 64% is at fixed interest rates. The Group's hedging strategy for its variable rate debt is to use interest rate caps which run coterminous with the respective loan. These allow the Group to benefit from current historically low interest rates, while minimising the effect of a significant increase in interest rates in the future. Combined with the fixed-rate debt, the Group's derivative instruments hedge 100% of its drawn debt.

As a consequence of the fixed-rate debt and hedging policy, the Group has a capped cost of debt of 2.68% (31 December 2019: 2.68%). The all-in running cost of borrowing at the period end was 2.43% (31 December 2019: 2.52%).

At 30 June 2020, the Group's debt had an average maturity of 7.1 years (31 December 2019: 7.5 years).

### **Loan to value (LTV)**

The Company has a conservative leverage policy, with a medium-term LTV target of 35% and a maximum of 40%. At the period end, the LTV was 31.8% (31 December 2019: 30.4%), additional drawings have been made in the period to finance the Group's development activity.

### **Net debt and operating cash flow**

Net debt at the period end was £1,256.5 million (31 December 2019: £1,137.8 million).

Net operating cash flow plus the addition of licence fees received was £56.3 million for the half year. Capital expenditure across the Group's Investment and Development portfolios was £100.8 million. There were no disposals during the period.

### **Going concern**

The Group has a healthy liquidity position, a favourable debt maturity profile and substantial headroom against financial covenant levels.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about its future trading performance including the impact of Covid-19. Various forms of sensitivity analysis have been performed having a particular regard to the financial performance of its Customers, taking into account any discussions held with customers surrounding their operational performance, including the current status on rent collection.

As at 30 June 2020, the Group had an aggregate £371.0 million of undrawn commitments under its senior debt facilities, of which £222.0 million (see note 18) was committed under various pre-let development contracts.

The Group's loan to value ratio stood at 31.8%, with the debt portfolio having an average maturity term of approximately 7.1 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants. Since the start of the pandemic, the Group has agreed an extension to the maturity of its £190 million revolving credit facility (see Note 13), indicating that additional liquidity is available in the current environment. The Group's financial covenants have been complied with for all loans throughout the period and up to the date of approval of these financial statements.

As a result, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future (which is considered to be a period of at least 12 months from the date of approval of the financial statements).

### Credit rating

The Company has a Baa1 long-term credit rating and stable outlook from Moody's, which was reaffirmed in October 2019.

### Alternative Investment Fund Manager (AIFM)

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

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

### KEY PERFORMANCE INDICATORS

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

KPI	Relevance to strategy	Performance
1. Total 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.	4.18% for the period to 30 June 2020 (H1 2019: 0.42%).
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.	3.125p per share (H1 2019: 3.425p per share)
3. EPRA NTA per share <sup>1</sup>	The EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	154.85p at 30 June 2020 (31 December 2019: 151.79p).
4. Loan to value ratio (LTV)	The LTV measures the prudence of our financing strategy, balancing the potential amplification of returns and portfolio diversification that come with using debt against the need to successfully manage risk.	31.8% at 30 June 2020 (31 December 2019: 30.4%).
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	3.26p (H1 2019: 3.41p). See note 6.
6. Weighted average unexpired lease term (WAULT)	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	14.1 years at 30 June 2020 (31 December 2019: 14.1 years).
7. GRESB <sup>2</sup> score	The GRESB score reflects the sustainability of our assets and how well we are managing ESG risks and opportunities. Sustainable assets protect us against climate change and help our customers operate efficiently.	55/100, 1 star rating. This is our 2019 score, with the 2020 score expected in October 2020.

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

## 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 the new EPRA NAV measures, please see Notes to the EPRA NAV calculations.

Measure and Definition	Purpose	Performance
1. EPRA Earnings (Diluted) See note 6	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.	£50.0m/2.91p per share (H1 2019: £43.2 million/2.60p per share).
2. EPRA Net Tangible Assets (NTA)	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	£2.6bn/154.85p per share as at 30 June 2020 (31 December 2019: £2.6bn/151.79p per share).
3. EPRA Net Reinstatement Value (NRV)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£2.9bn/171.22p per share as at 30 June 2020 (31 December 2019: £2.8bn/166.96p per share).
4. EPRA Net Disposal Value (NDV)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	£2.5bn/148.69p per share as at 30 June 2020 (31 December 2019: £2.5bn/147.8p per share).
5. 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.	4.32% as at 30 June 2020 (31 December 2019: 4.34%).
6. EPRA 'Topped-Up' NIY	This measure should make it easier for investors to judge for themselves how the valuations of the two portfolios compare.	4.60% at 30 June 2020 (31 December 2019: 4.60%).
7. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	2.0% as at 30 June 2020 (31 December 2019: 1.2%).
8. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	14.1% for the six months to 30 June 2020 (H1 2019: 15.3%). Both the 2020 and 2019 ratios are the same, inclusive or exclusive of vacancy costs.

## PRINCIPAL RISKS

The Audit & Risk Committee, which assists the Board with its responsibilities for managing risk, considers that the principal risks and uncertainties presented on pages 76-79 of our 2019 Annual Report, dated 16 March 2020, remained valid during the half year period and are expected to remain valid for the full year. These risks are summarised below. In addition, the Board has added a new principal risk relating to the impact of the Covid-19 pandemic.

### Property risks

- The default of one or more of our customers would reduce revenue and may affect our ability to pay dividends or meet our debt servicing covenants, while reducing our net asset value and increasing our LTV.
- An adverse change in the performance of our property portfolio may lead to lower returns to shareholders or a breach of our banking covenants.

- Our ability to grow the Portfolio may be affected by competition for investment properties in the Big Box sector.
- Our property performance will depend on the performance of the UK retail sector and the continued growth of online retail.
- Development activities may involve more risk than is associated with standing assets. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/contractor default and general financing risk. We are reliant on third-party developers to complete Forward Funded Developments and the Tritax Symmetry management team for the performance of the Tritax Symmetry portfolio.

#### **Land risk**

- The exposure to land or options over land may involve a higher degree of risk than that associated with existing and built investments or development activities.

#### **Financial risks**

- 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 and deliver attractive returns.
- We must be able to operate within our banking covenants and failure to do so could lead to default and our bank funding being recalled.

#### **Corporate risk**

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

#### **Taxation risk**

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

#### **Political risk**

- The terms of the UK's future relationship with the EU remain unclear and the potential impact on the business remains difficult to predict at this stage.

#### **Severe economic downturn risk**

- The length and duration of the Covid-19 pandemic, including the UK government's response and the consequent impact on the UK and global economy remain uncertain. A prolonged pandemic and deep recession could negatively affect performance of the Company. On 23 March 2020 the Covid-19 pandemic caused the UK Government to place the UK into lockdown and issue significant support to the UK economy. All evidence points to a likely severe technical recession. The Group mitigates the impact of this by investing in high-quality investment assets that operate in a sector that has strong structural drivers and a supply demand imbalance in favour of landlords. The Group's assets are let on long leases to strong customers, all leases provide for upward only rent reviews. The Manager monitors its customer's financial health regularly and maintains regular dialogue throughout various levels of the customers business. The Company, along with key suppliers moved onto their business continuity plans to be able to continue to provide their services to the business, including providing all staff with equipment to be able to work within the government restrictions. The Manager continues to assess the impact that Covid-19 has had on the Groups assets and its tenants in order to protect the Groups cash flow re rent collection, impact on dividends and banking covenants. We are maintaining significant shareholder

engagement during the lockdown period. Covid-19 is likely to accelerating behavioural patterns such as online shopping, which over the medium term is highly supportive of our business model.

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year as disclosed in note 17 and any material changes in the related party transactions disclosed in the 2019 Annual Report.

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

For and on behalf of the Board

Sir Richard Jewson KCVO, JP, Chairman

5 August 2020

## **INDEPENDENT REVIEW REPORT TO TRITAX BIG BOX REIT PLC**

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2020 which comprises the Condensed Group Statement of Comprehensive Income, the Condensed Group Statement of Financial Position, the Condensed Group Statement of Changes in Equity, the Condensed Group Cash Flow Statement and related notes.

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

### **Directors' responsibilities**

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

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

### **Our responsibility**

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

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

## Use of our report

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

BDO LLP

Chartered Accountants

London, United Kingdom

5 August 2020

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

## CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

### For the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
Gross rental income		78.9	69.2	144.4
Service charge income		2.3	2.0	4.1
Service charge expense		(2.4)	(2.0)	(4.2)
<b>Net rental income</b>		<b>78.8</b>	69.2	144.3
Other operating income		3.0	2.0	4.1
Administrative and other expenses		(11.2)	(10.5)	(21.7)
Acquisition-related costs		–	(4.1)	(4.2)
<b>Operating profit before changes in fair value of investment properties and contingent consideration, gain on bargain purchase, impairment of intangible and other property assets and share-based payment charges</b>		<b>70.6</b>	56.6	122.5

Changes in fair value of investment properties	8	55.3	25.8	54.5
Gain on bargain purchase		–	7.1	7.8
Share-based payment charge	14	(1.9)	(1.4)	(3.3)
Impairment of intangible and other property assets		(0.2)	(0.5)	(0.6)
Changes in fair value of contingent consideration payable	14	0.2	0.5	(0.5)
<b>Operating profit</b>		<b>124.0</b>	88.1	180.4
Finance income		–	0.2	0.4
Finance expense	4	(18.7)	(16.1)	(34.4)
Changes in fair value of interest rate derivatives	10	(2.1)	(4.4)	(5.2)
<b>Profit before taxation</b>		<b>103.2</b>	67.8	141.2
Taxation	5	–	(0.2)	–
<b>Profit and total comprehensive income</b>		<b>103.2</b>	67.6	141.2
<b>Earnings per share – basic</b>	6	<b>6.04p</b>	4.08p	8.40p
<b>Earnings per share – diluted</b>	6	<b>5.99p</b>	4.06p	8.38p

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
<b>Non-current assets</b>				
Intangible assets		2.2	2.5	2.3
Investment property	8	3,678.8	3,341.6	3,541.2
Investment in land options	9	232.0	220.8	226.0
Investment in joint ventures		30.4	30.0	30.1
Other property assets		13.9	13.9	13.9
Interest rate derivatives	10	0.4	2.0	1.3
<b>Total non-current assets</b>		<b>3,957.7</b>	3,610.8	3,814.8
<b>Current assets</b>				
Rent and other receivables	11	27.2	15.2	25.7
Cash at bank	12	35.3	177.5	21.4
<b>Total current assets</b>		<b>62.5</b>	192.7	47.1
<b>Total assets</b>		<b>4,020.2</b>	3,803.5	3,861.9
<b>Current liabilities</b>				
Deferred rental income		(33.5)	(28.1)	(35.3)
Trade and other payables		(69.4)	(69.3)	(76.1)
Tax liabilities		(1.9)	(41.1)	(18.7)
<b>Total current liabilities</b>		<b>(104.8)</b>	(138.5)	(130.1)
<b>Non-current liabilities</b>				
Interest rate derivatives	10	(1.2)	–	–
Bank borrowings	13	(389.2)	(205.8)	(256.2)
Loan notes	13	(891.9)	(891.1)	(891.5)
Deferred tax liabilities		–	(1.9)	–

Amounts due to B and C shareholders	14	(24.6)	(20.0)	(22.9)
<b>Total non-current liabilities</b>		<b>(1,306.9)</b>	(1,118.8)	(1,170.6)
<b>Total liabilities</b>		<b>(1,411.7)</b>	(1,257.3)	(1,300.7)
<b>Total net assets</b>		<b>2,608.5</b>	2,546.2	2,561.2
<b>Equity</b>				
Share capital	15	17.1	17.1	17.1
Share premium reserve	15	446.7	446.8	446.7
Capital reduction reserve	15	1,132.2	1,246.6	1,188.1
Retained earnings	15	1,012.5	835.7	909.3
<b>Total equity</b>		<b>2,608.5</b>	2,546.2	2,561.2
<b>Net asset value per share – basic</b>	16	<b>152.81p</b>	149.17p	150.04p
<b>Net asset value per share – diluted</b>	16	<b>152.81p</b>	149.10p	150.04p
<b>EPRA net tangible asset per share – basic and diluted<sup>1</sup></b>	16	<b>154.85p</b>	151.07p	151.79p

1. Note the prior periods have been restated in line with the EPRA guidance over Net Asset Value.

These financial statements were approved by the Board of Directors on 5 August 2020 and signed on its behalf by:  
Sir Richard Jewson KCVO, JP (Chairman)

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

### For the six months ended 30 June 2020

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
Six months ended 30 June 2020 (unaudited)						
<b>At 1 January 2020</b>		<b>17.1</b>	<b>446.7</b>	<b>1,188.1</b>	<b>909.3</b>	<b>2,561.2</b>
Profit and total comprehensive income		–	–	–	103.2	103.2
		<b>17.1</b>	<b>446.7</b>	<b>1,188.1</b>	<b>1,012.5</b>	<b>2,664.4</b>
<b>Contributions and distributions</b>						
Share-based payments		–	–	–	1.2	1.2
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(1.2)	(1.2)
Dividends paid	7	–	–	(55.9)	–	(55.9)
<b>At 30 June 2020</b>		<b>17.1</b>	<b>446.7</b>	<b>1,132.2</b>	<b>1,012.5</b>	<b>2,608.5</b>

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
Six months ended 30 June 2019 (unaudited)						
<b>1 January 2019</b>		<b>14.8</b>	<b>153.6</b>	<b>1,304.4</b>	<b>768.1</b>	<b>2,240.9</b>
Profit and total comprehensive income		–	–	–	67.6	67.6
		<b>14.8</b>	<b>153.6</b>	<b>1,304.4</b>	<b>835.7</b>	<b>2,308.5</b>
<b>Contributions and distributions</b>						
Shares issued in relation to equity issue		1.9	248.1	–	–	250.0
Shares issued in relation to equity consideration		0.4	51.9	–	–	52.3
Share issue costs		–	(6.8)	–	–	(6.8)
Share-based payments		–	–	–	1.1	1.1
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(1.1)	(1.1)
Dividends paid	7	–	–	(57.8)	–	(57.8)
<b>At 30 June 2019</b>		<b>17.1</b>	<b>446.8</b>	<b>1,246.6</b>	<b>835.7</b>	<b>2,546.2</b>

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
Year ended 31 December 2019 (audited)						
<b>1 January 2019</b>		<b>14.8</b>	<b>153.6</b>	<b>1,304.4</b>	<b>768.1</b>	<b>2,240.9</b>
Profit and total comprehensive income		–	–	–	141.2	141.2

	14.8	153.6	1,304.4	909.3	2,382.1
<b>Contributions and distributions</b>					
Shares issued in relation to equity issue	1.9	248.1	–	–	250.0
Shares issued in relation to equity consideration	0.4	51.9	–	–	52.3
Share issue costs	–	(6.9)	–	–	(6.9)
Share-based payments	–	–	–	2.3	2.3
Transfer of share-based payments to liabilities to reflect settlement	–	–	–	(2.3)	(2.3)
Dividends paid	7	–	(116.3)	–	(116.3)
<b>At 31 December 2019</b>	<b>17.1</b>	<b>446.7</b>	<b>1,188.1</b>	<b>909.3</b>	<b>2,561.2</b>

## CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
<b>Cash flows from operating activities</b>				
Profits for the period (attributable to the shareholders)		103.2	67.6	141.2
Add: tax charge		–	0.2	–
Add: changes in fair value of contingent consideration payable		(0.2)	0.5	0.5
Add: finance expense		18.7	16.1	34.4
Add: changes in fair value of interest rate derivatives		2.1	4.4	5.2
Add: share-based payment charges		1.9	1.4	3.3
Add: impairment of intangible and other property assets		0.2	(0.5)	0.6
Less: changes in fair value of investment properties		(55.3)	(25.8)	(54.5)
Less: gain on bargain purchase		–	(7.1)	(7.8)
Less: finance income		–	(0.2)	(0.4)
Accretion of tenant lease incentive		(4.6)	(3.1)	(6.1)
(Increase)/decrease in rent and other receivables		(4.1)	17.5	2.3
(Decrease)/increase in deferred income		(1.9)	(2.1)	5.1
Increase/(decrease) in trade and other payables		10.6	(0.5)	(7.9)
<b>Cash generated from operations</b>		<b>70.6</b>	<b>68.4</b>	<b>115.9</b>
Taxation paid		(16.8)	(0.1)	(22.6)
<b>Net cash flow generated from operating activities</b>		<b>53.8</b>	<b>68.3</b>	<b>93.3</b>
<b>Investing activities</b>				
Additions to investment properties		(95.1)	(139.8)	(286.6)
Additions to land options		(5.7)	(3.1)	(10.9)
Additions to joint ventures		(0.3)	–	(0.1)
Licence fees received		2.5	11.5	15.8
Interest received		0.1	0.3	0.5
Amount transferred out of restricted cash deposits		–	–	0.7
Acquisition of subsidiary, net of cash acquired		–	(189.6)	(194.0)
<b>Net cash flow used in investing activities</b>		<b>(98.5)</b>	<b>(320.7)</b>	<b>(474.6)</b>
<b>Financing activities</b>				
Proceeds from issue of Ordinary Share Capital		–	250.0	249.9
Cost of share issues		–	(6.8)	(6.9)
Bank borrowings drawn		132.5	62.0	135.0
Bank and other borrowings repaid		–	(250.7)	(273.7)
Amounts received on issue of loan notes		–	400.0	400.0
Loan arrangement fees paid		(0.3)	(3.2)	(4.1)
Bank interest paid		(17.3)	(11.4)	(28.2)

Interest rate cap premium paid		–	(1.3)	(1.3)
Dividends paid to equity holders		<b>(56.3)</b>	(57.1)	(115.5)
<b>Net cash flow generated from financing activities</b>		<b>58.6</b>	381.5	355.2
Net increase/(decrease) in cash and cash equivalents for the period		<b>13.9</b>	129.1	(26.1)
Cash and cash equivalents at start of period	12	<b>21.2</b>	47.4	47.3
<b>Cash and cash equivalents at end of period</b>	12	<b>35.1</b>	176.5	21.2

## NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. Basis of preparation

These condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 June 2020 have been reviewed by the Company's Auditor, BDO LLP, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 5 August 2020. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006.

The comparative financial information presented herein for the year to 31 December 2019 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's Annual Report and accounts for the year to 31 December 2019 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

#### 1.1. Going concern

Given the recent impact of Covid-19, the Board has paid particular attention to the appropriateness of the going concern basis in preparing these financial statements. Any going concern assessment considers the Group's financial position, cash flows and liquidity, including its continued access to its debt facilities and its headroom under financial loan covenants.

The Directors have considered the cash flow forecasts for the Group for a period of five years from 30 June 2020 of these condensed consolidated financial statements. These forecasts include the Directors' assessment of the impact of Covid-19 on the Group, and plausible downside scenarios. The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about its future trading performance including the impact of Covid-19. Various forms of sensitivity analysis have been performed having a particular regard to the financial performance of its Customers, taking into account any discussions held with the Customer surrounding their rental obligations. The analysis also included sensitising the impact of portfolio valuation movements through the market volatility, rent collection and customers default.

To date, the impact on the Group from Covid-19 has been limited. Whilst the Group has a greater level of arrears than it would ordinarily expect with regards to rental income, the arrears are not significant in the context of the portfolio as a whole. Whilst a number of the Group's tenants have opted to move from quarterly in advance rental payments to monthly in advance rental payments for a short period, there have been no agreements to grant rent free periods or rent holidays. The Group has agreed rent deferrals over only a small number of leases and expects to recover these rent arrears during 2020/21. Such requests are considered on a case by case basis and based on the merits of such request and the circumstances of the tenant. The Directors have also considered the arrears position in light of IFRS 9, expected credit loss model, see Note 11 for further details.

As at 30 June 2020, the Group had an aggregate £371 million of undrawn commitments under its senior debt facilities, of which £222 million was committed under various pre-let development contracts.

At 30 June 2020 the Group's loan to value ratio stood at 31.8%, with the debt portfolio having an average maturity term of approximately 7.1 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants. As at 30 June 2020 property values would have to fall by approximately 45% and there would need to be a loss of income of approximately 60% before loan covenants are breached.

The Group's financial covenants have been complied with for all loans throughout the period and up to the date of approval of these financial statements.

The Directors are therefore satisfied that the Group is in a position to continue in operation for at least twelve months from the date of approval of these condensed consolidated financial statements and consider it appropriate to adopt the going concern basis of accounting in preparing them. There is no material uncertainty relating to going concern.

## **2. Significant accounting judgements, estimates and assumptions**

The condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgements, estimates and key assumptions as set out in the notes to the Group's annual financial statements for the year ended 31 December 2019, as amended where relevant to reflect the new standards, amendments and interpretations which became effective in the period.

### **2.1. Judgements**

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

#### **Land options**

##### **Classification**

A number of land options were acquired as part of the Tritax Symmetry acquisition in the prior year. These were bought for the potential to exercise the option and develop the land into a pipeline of future investment assets. The options do not represent a current direct interest in land, they cannot be classified as Investment property and therefore carried at fair value. The Directors have concluded that the land options should be classified as a non-financial asset and measured at cost less provision for impairment in accordance with IAS 36.

##### **Measurement**

Land options, and other non-financial assets, are initially capitalised at cost and considered for any impairment indication annually. The impairment review includes consideration of the resale value of the option, likelihood of achieving planning consent and current recoverable value as determined by an independent valuer.

#### **B and C Shares**

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

1. Subject to remaining in continued employment these shares entitle the holders to 13% of the Adjusted NAV of Tritax Symmetry Group. Were an individual to leave employment and be deemed a bad leaver, the amount payable is the lower of the value of the shares on the completion date and 60% of Adjusted NAV. The Directors have therefore concluded that the unconditional amount payable to the B and C shareholders, being 60% of the value of the B and C Shares on acquisition, should be treated as contingent consideration in accordance with IFRS 3. The fair value of the contingent consideration is remeasured at each reporting date. Any additional amounts paid to the B and C Shareholders as a result of their continued service is accounted for as payment for the provision of post-combination services.
2. The B and C Shares have put options in place at various points in time over an eight-year period from completion, along with a put and call option at the end of eight years from the completion date. The B and C Shares are not considered to represent a present ownership interest in the Group as an element of the amount due to the B and C Shareholders is dependent on them continuing to remain in employment and provide services to the Group. Therefore, the Directors have concluded that the B and C Shares do not represent a non-controlling interest and the amounts owed to the B and C Shareholders should instead be presented as a financial liability.
3. When settled the B and C Shares are settled 25% in cash with the remaining 75% settled in either cash or shares at the discretion of the Company. Both elements are considered to represent share-based payments as the amounts due are based on the Adjusted NAV of the underlying business of Tritax Symmetry Limited. The

Directors will endeavour to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the Group. In accordance with IFRS 2 this is accounted for as a cash settled share-based payment. In conformity with the requirements of IFRS 2 for cash settled share-based payments, the share-based payment charge is the fair value of the settlement value of the B and C Shares in Tritax Symmetry Limited, established by a Monte Carlo simulation model and reassessed at each reporting date.

## 2.2. Estimates

### Fair valuation of Investment property

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

The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 (“the Red Book”). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of Investment property are set out in note 8.

## 3. Summary of significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2019 and are expected to be applied consistently during the year ending 31 December 2020.

### 3.1 New standard issued and effective from 1 January 2020

The following new accounting amendments have been applied in preparing these condensed consolidated financial statements:

- Amendments to IFRS 3 “Business Combinations”, definition of a business
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, definition of material
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

They are not expected to impact the Group significantly as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

### 3.2. New standards issued but not yet effective

Amendment to IFRS 16 regarding Covid-19-related rent concessions was issued in May 2020, for annual reporting periods beginning on or after 1 June 2020 (earlier application is permitted). This amendment has not been endorsed by the EU yet. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The impact of this amendment is considered immaterial as the Group does not hold any material operating or leasehold agreements as lessee.

There are other new standards and amendments to standards and interpretations which have been issued that are effective in future accounting periods, and which the Group has decided not to adopt early. None of these are expected to have a material impact on the condensed consolidated financial statements of the Group.

## 4. Finance expense

	<b>Six months ended 30 June 2020 (unaudited) £m</b>	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
Interest payable on bank borrowings	<b>3.8</b>	3.2	6.1
Interest payable on loan notes	<b>12.9</b>	11.1	24.1
Commitment fees payable on bank borrowings	<b>0.9</b>	0.7	1.8
Amortisation of loan arrangement fees	<b>1.1</b>	1.1	2.4
	<b>18.7</b>	16.1	34.4

None of the interest payable on financial liabilities and amortisation of loan arrangement fees were capitalised in the current and preceding period.

## 5. Taxation

The UK corporation tax rate for the financial year is 19%. Accordingly, this rate has been applied in the measurement of the Group's tax liability at 30 June 2020.

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

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

## 6. Earnings per share

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

In relation to the dilutive shares to be issued in respect of the B and C Shares, the Directors have indicated a current intention to settle these 100% in cash. The calculation of basic and diluted earnings per share is based on the following:

	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings per share pence
<b>For the six months ended 30 June 2020 (unaudited)</b>			
<b>Basic EPS</b>	<b>103.2</b>	<b>1,706,975</b>	<b>6.04</b>
Adjustment for dilutive shares:			
Changes in fair value of contingent consideration payable	(0.2)		
Dilutive shares in respect of B and C Shareholders <sup>3</sup>		12,724	
<b>Diluted EPS<sup>2</sup></b>	<b>103.0</b>	<b>1,719,699</b>	<b>5.99</b>
Adjustments to remove:			
Changes in fair value of contingent consideration payable	0.2		
Changes in fair value of Investment property	(55.3)		
Changes in fair value of interest rate derivatives	2.1		
Gain on bargain purchase and impairment of intangible contract	0.2		
<b>EPRA EPS</b>	<b>50.2</b>	<b>1,706,975</b>	<b>2.94</b>
Add back: Changes in fair value of contingent consideration payable	(0.2)		
<b>EPRA diluted EPS<sup>2</sup></b>	<b>50.0</b>	<b>1,716,999</b>	<b>2.91</b>
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	5.2		
Fixed rental uplift adjustments	(2.6)		
Share-based payments charges	1.9		
Amortisation of loan arrangement fees and intangibles (see note 4)	1.1		
<b>Adjusted EPS</b>	<b>55.6</b>	<b>1,706,975</b>	<b>3.26</b>
<b>Adjusted diluted EPS</b>	<b>55.6</b>	<b>1,716,999</b>	<b>3.23</b>

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

2. Based on the weighted average number of Ordinary Shares in issue throughout the period, plus potentially issuable dilutive shares (see below).

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

	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings per share pence
<b>For the six months ended 30 June 2019 (unaudited)</b>			
<b>Basic EPS</b>	<b>67.6</b>	<b>1,655,654</b>	<b>4.08</b>
Adjustment for dilutive shares:			

Changes in fair value of contingent consideration payable	–		
Dilutive shares in respect of management fee		704	
Dilutive shares in respect of B and C Shareholders <sup>3</sup>		10,039	
<b>Diluted EPS<sup>2</sup></b>	<b>67.6</b>	<b>1,666,397</b>	<b>4.06</b>
Adjustments to remove:			
Changes in fair value of contingent consideration payable	–		
Changes in fair value of Investment property	(25.8)		
Changes in fair value of interest rate derivatives	4.4		
Costs associated with a business combination	4.1		
Gain on bargain purchase and impairment of intangible contract	(6.6)		
<b>EPRA EPS</b>	<b>43.7</b>	<b>1,655,654</b>	<b>2.62</b>
Add back: Changes in fair value of contingent consideration payable	(0.5)		
<b>EPRA diluted EPS<sup>2</sup></b>	<b>43.2</b>	<b>1,666,397</b>	<b>2.60</b>
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	12.9		
Fixed rental uplift adjustments	(2.2)		
Share-based payments charges	1.4		
Amortisation of loan arrangement fees and intangibles (see note 4)	1.1		
<b>Adjusted EPS</b>	<b>56.4</b>	<b>1,655,654</b>	<b>3.41</b>
<b>Adjusted diluted EPS</b>	<b>56.4</b>	<b>1,656,358</b>	<b>3.41</b>

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

2. Based on the weighted average number of Ordinary Shares in issue throughout the period, plus potentially issuable dilutive shares (see below).

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

	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings per share pence
<b>For the year ended 31 December 2019 (audited)</b>			
<b>Basic EPS</b>	<b>141.2</b>	<b>1,681,525</b>	<b>8.40</b>
Adjustment for dilutive shares:			
Changes in fair value of contingent consideration payable	0.5		
Dilutive shares in respect of B and C Shareholders <sup>3</sup>		8,521	
<b>Diluted EPS<sup>2</sup></b>	<b>141.7</b>	<b>1,690,046</b>	<b>8.38</b>
Adjustments to remove:			
Changes in fair value of contingent consideration payable	(0.5)		
Changes in fair value of Investment property	(54.5)		
Changes in fair value of interest rate derivatives	5.2		
Costs associated with a business combination	4.2		
Gain on bargain purchase and impairment of intangible contract	(7.2)		
<b>EPRA EPS</b>	<b>88.9</b>	<b>1,681,525</b>	<b>5.29</b>
Add back: Changes in fair value of contingent consideration payable	0.5		
<b>EPRA diluted EPS<sup>2</sup></b>	<b>89.4</b>	<b>1,690,046</b>	<b>5.29</b>
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	21.4		
Fixed rental uplift adjustments	(4.9)		
Share-based payments charges	3.3		

<b>Adjusted EPS</b>	<b>111.6</b>	<b>1,681,525</b>	<b>6.64</b>
<b>Adjusted diluted EPS</b>	<b>111.6</b>	<b>1,690,046</b>	<b>6.60</b>

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

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

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

Adjusted earnings is a performance measure used by the Board to assess the Group's financial performance and dividend payments. The metric adjusts EPRA earnings by other non-cash items credited or charged to the Group Statement of Comprehensive Income, such as fixed rental uplift adjustments and amortisation of loan arrangement fees. Licence fees received during the period are added to EPRA 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 proportion of the total period of completed construction during the period, multiplied by the total licence fee receivable on a given forward funded asset. Licence fees will convert into rental income once practical completion has occurred and therefore rental income will flow into EPRA and Adjusted earnings from this point.

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

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

## 7. Dividends paid

	<b>Six months ended 30 June 2020 (unaudited) £m</b>	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
Fourth interim dividend for the period ended 31 December 2018 – 1.675 pence per Ordinary Share	–	28.6	28.6
First interim dividend for the period ended 31 December 2019 – 1.7125 pence per Ordinary Share	–	29.2	29.2
Second interim dividend for the period ended 31 December 2019 – 1.7125 pence per Ordinary Share	–	–	29.2
Third interim dividend for the period ended 31 December 2019 – 1.7125 pence per Ordinary Share	–	–	29.3
Fourth interim dividend for the period ended 31 December 2019 – 1.7125 pence per Ordinary Share	<b>29.2</b>	–	–
First interim dividend for the period ended 31 December 2020 – 1.5625 pence per Ordinary Share	<b>26.7</b>	–	–
<b>Total dividends paid</b>	<b>55.9</b>	57.8	116.3
<b>Total dividends paid in respect of the period/year</b>	<b>1.563p</b>	1.713p	5.138p
<b>Total dividends unpaid but declared in respect of the period/year</b>	<b>1.563p</b>	1.713p	1.713p
<b>Total dividends declared – per share</b>	<b>3.13p</b>	3.43p	6.85p

On 6 August 2020, the Company announced the declaration of the second interim dividend in respect of the year ended 31 December 2020 of 1.5625 pence per share payable in August 2020. In relation to the total dividends declared for the period of 3.125 pence, 3.125 pence is a property income distribution (PID).

## 8. Investment property

In accordance with IAS 40: Investment property, the Investment property has been independently valued at fair value by CBRE Limited ("CBRE") and Colliers International Valuation UK LLP ("Colliers"), both accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. CBRE value all Investment property with leases attached or assets that have reached practical completion.

Colliers value all land holdings and assets under construction with no pre-agreed letting. 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 outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a "Global Pandemic" in March 2020 has impacted global financial markets and global economy. It is difficult to predict the impact Covid-19 might have on the real estate market in the future, therefore, we will continue to monitor the performance of the portfolio closely through ongoing discussions with the Company's external valuers and pay a particular regard to comparable market evidence over the coming months. Despite the onset of Covid-19 in Q1 2020, the demand from the investment market for logistics assets has remained robust. The Company's external valuers decided that the valuations as at 30 June 2020 should not include a material uncertainty clause. The valuations are ultimately the responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

(unaudited)	Investment Property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2020	2,578.0	640.8	322.4	3,541.2
Property additions <sup>1</sup>	2.6	–	75.1	77.7
Fixed rental uplift and tenant lease incentives <sup>2</sup>	3.7	0.9	–	4.6
Transfer of completed property to Investment property	18.0	–	(18.0)	–
Change in fair value during the period	(6.1)	(3.5)	64.9	55.3
<b>As at 30 June 2020</b>	<b>2,596.2</b>	<b>638.2</b>	<b>444.4</b>	<b>3,678.8</b>

(unaudited)	Investment Property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2019	2,053.7	635.6	349.0	3,038.3
Property additions <sup>1</sup>	3.8	0.6	141.7	146.1
Property acquired through business combination	–	–	128.4	128.4
Fixed rental uplift and tenant lease incentives <sup>2</sup>	2.1	0.9	–	3.0
Transfer of completed property to Investment property	122.7	–	(122.7)	–
Change in fair value during the period	(0.6)	0.2	26.2	25.8
<b>As at 30 June 2019</b>	<b>2,181.7</b>	<b>637.3</b>	<b>522.6</b>	<b>3,341.6</b>

(audited)	Investment Property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2019	2,053.7	635.6	349.0	3,038.3
Property additions <sup>1</sup>	16.1	0.7	297.1	313.9
Property acquired through business combination	–	–	128.4	128.4
Fixed rental uplift and tenant lease incentives <sup>2</sup>	4.3	1.8	–	6.1
Transfer of completed property to Investment property	503.3	–	(503.3)	–
Change in fair value during the year	0.6	2.7	51.2	54.5
<b>As at 31 December 2019</b>	<b>2,578.0</b>	<b>640.8</b>	<b>322.4</b>	<b>3,541.2</b>

1. Licence fees deducted from the cost of Investment property under construction totalled £13.7 million in the period (31 December 2019: £0.6 million).

2. Included within the carrying value of Investment property is £47.3 million (31 December 2019: £43.0 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.

<b>30 June 2020</b> <b>(unaudited)</b> <b>£m</b>	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
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Investment property at fair value per Group Statement of Financial Position	<b>3,678.8</b>	3,341.6	3,541.2
License fee receivable	–	6.9	2.5
Capital commitments	<b>222.0</b>	234.3	128.1
Additional capital work accrued	–	(3.5)	–
Acquisitions since last valuation	–	1.7	–
<b>Total Investment property valuation*</b>	<b>3,900.8</b>	3,581.0	3,671.8

\* 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 Group Statement of Financial Position (refer to note 18).

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

Fees payable under the DMA totalling £2.1 million (31 December 2019: £3.7 million) have been capitalised in the period being directly attributable to the ongoing development projects.

### Valuation risk

There is risk to the fair value of real estate assets that are part of the portfolio of the Group, comprising variation in the yields that the market attributes to the real estate investments and the market income that may be earned.

Real estate investments can be impacted adversely by external factors such as the general economic climate, supply and demand dynamics in the market, competition and increase in operating costs.

Besides asset specific characteristics, general market circumstances affect the value and income from investment properties such as the cost of regulatory requirements related to investment properties, interest rate levels and the availability of financing.

The Manager of the Group has implemented a portfolio strategy with the aim to mitigate the above stated real estate risk. By diversifying in regions, risk categories and tenants, it is expected to lower the risk profile of the portfolio.

### Fair value hierarchy

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

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

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

MV 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:

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

#### Unobservable input: estimated rental value (ERV)

The rent per square foot at which space could be let in the market conditions prevailing at the date of valuation (range: £3.80 – £10.75 per annum, December 2019: £3.80 - £10.75 per annum, June 2019: £3.80 - £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: 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: 3.67% – 6.25%, December 2019: 3.67%- 6.22%, June 2019: 3.67% - 6.18%).

### 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:

	-0.50% net initial yield £m	-0.25% net initial yield £m	+0.25% net initial yield £m	+0.50% net initial yield £m	-5.0% in passing rent £m	+5.0% in passing rent £m
<b>(Decrease)/increase in the fair value of investment properties as at 30 June 2020 (unaudited)</b>	<b>484.9</b>	<b>228.0</b>	<b>(203.6)</b>	<b>(386.5)</b>	<b>(190.3)</b>	<b>190.3</b>
(Decrease)/increase in the fair value of investment properties as at 30 June 2019 (unaudited)	438.7	206.4	(184.5)	(350.5)	(174.5)	174.5
(Decrease)/increase in the fair value of investment properties as at 31 December 2019 (audited)	445.4	209.4	(187.1)	(355.3)	(175.6)	175.6

## 9. Investment in land options

	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m	Year ended 31 December 2019 (audited) £m
Opening balance	226.0	–	–
Land options acquired in business combination	–	217.4	217.4
Acquisitions in the period	4.4	2.0	–
Costs capitalised in the period	1.6	1.4	16.8
Transferred to Investment property	–	–	(2.7)
Disposals	–	–	(5.5)
Closing balance	232.0	220.8	226.0

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

## 11. Rent and other receivables

	30 June 2020 (unaudited) £m	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Rent receivables	19.6	3.0	7.8
Licence fee receivable	–	6.9	2.5
Prepayments, accrued income and other receivables	6.4	2.9	3.3
VAT	1.2	2.4	12.1
	27.2	15.2	25.7

The carrying value of rent 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. The expected credit loss provision for June 2020 was £0.2 million (June 2019 and December 2019: £nil). 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.

## 12. Cash held at bank

	<b>30 June 2020 (unaudited) £m</b>	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Cash and cash equivalents to agree with cash flow	<b>35.1</b>	176.5	21.2
Restricted cash	<b>0.2</b>	1.0	0.2
	<b>35.3</b>	177.5	21.4

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.

## 13. Borrowings

The Group has a £200 million unsecured revolving credit facility (RCF) with a syndicate of relationship lenders comprising Banco Santander S.A. London Branch, Barclays Bank plc, BNP Paribas London Branch, HSBC UK Bank plc, The Royal Bank of Scotland International Limited London Branch and Wells Fargo Bank N.A. London Branch. In June 2020, the termination date in respect of £190 million of the £200 million RCF was extended from 14 June 2024 to 14 June 2025.

The Group also has a second RCF of £350 million which provides the Group with a significant level of operational flexibility. The syndicate for the £350 million unsecured RCF comprises Barclays Bank plc, BNP Paribas London Branch, HSBC Bank plc, Sumitomo Mitsui Banking Corporation, The Royal Bank of Scotland plc, Santander UK plc and Wells Fargo Bank N.A. London Branch. The termination date of £300 million of the £350 million RCF is 10 December 2024, and the remaining £50 million is 10 December 2023.

As at 30 June 2020, December 2019 and June 2019: 64% of the Group's debt facility commitments are fixed term, with 36% floating term. When including interest rate hedging the Group has fixed term or hedged facilities totaling more than 100% of drawn debt for 30 June 2020, December 2019 and June 2019 (see note 10).

As at 30 June 2020, the weighted average running cost of debt was 2.43% (December 2019: 2.52% and June 2019: 2.47%) and the Group's average capped cost of debt was 2.68% as at 30 June 2020, December 2019 and June 2019. As at 30 June 2020, the Group had undrawn debt commitments of £367.5 million (30 June 2019: £550.0 million and 31 December 2019: £500.0 million).

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

A large part of the Group's borrowings are unsecured financing arrangements. A summary of the drawn and undrawn bank borrowings in the period is shown below:

### Bank borrowings drawn

	<b>30 June 2020 (unaudited) £m</b>	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
At the beginning of the period	<b>262.9</b>	333.9	333.9
Bank borrowings drawn in the period under existing facilities	<b>132.5</b>	62.0	135.0
Bank borrowings repaid in the period under existing facilities	–	(183.0)	(206.0)
<b>Total bank borrowings drawn</b>	<b>395.4</b>	212.9	262.9

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:

### Bank borrowings drawn

	<b>30 June 2020 (unaudited) £m</b>	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Bank borrowings drawn: due in more than one year	<b>395.4</b>	212.9	262.9

Less: unamortised costs on bank borrowings	(6.2)	(7.1)	(6.7)
	<b>389.2</b>	205.8	256.2

## Loan notes

	30 June 2020 (unaudited) £m	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Bonds			
2.625% Bonds 2026	249.3	249.2	249.2
3.125% Bonds 2031	247.2	246.9	247.1
2.860% USPP 2028	250.0	250.0	250.0
2.980% USPP 2030	150.0	150.0	150.0
Less: unamortised costs on loan notes	(4.6)	(5.0)	(4.8)
	<b>891.9</b>	891.1	891.5

The weighted average term to maturity of the Group's debt as at the year end is 7.1 years (June 2019: 7.8 years and December 2019: 7.5 years).

## Maturity of borrowings

	30 June 2020 (unaudited) £m	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Repayable between one and two years	–	–	–
Repayable between two and three years	–	–	–
Repayable between three and four years	–	–	–
Repayable between four and five years	182.5	–	50.0
Repayable in over five years	1,109.4	1,109.0	1,109.2
	<b>1,291.9</b>	1,109.0	1,159.2

## 14. Amounts due to B and C Shareholders

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

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

30 June 2020 (unaudited)	Contingent consideration £m	Share-based payment £m	Fair value £m
Opening balance	19.6	3.3	22.9
Fair value movement recognised	(0.2)	–	(0.2)
Cash settled share-based payment charge	–	1.9	1.9
Closing balance	19.4	5.2	24.6

30 June 2019 (unaudited)	Contingent consideration £m	Share-based payment £m	Fair value £m
Contingent consideration recognised on acquisition	19.1	–	19.1
Fair value movement recognised	(0.5)	–	(0.5)
Cash settled share-based payment charge	–	1.4	1.4
Closing balance	18.6	1.4	20.0

31 December 2019 (audited)	Contingent consideration £m	Share-based payment £m	Fair value £m
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	£m	£m	
Contingent consideration recognised on acquisition	19.1	–	19.1
Fair value movement recognised	0.5	–	0.5
Cash settled share-based payment charge	–	3.3	3.3
Closing balance	19.6	3.3	22.9

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

## 1. Contingent consideration

The B and C Shares vest over a five-year period and require the Symmetry Management Shareholders to, amongst other things, remain in the employment of the Symmetry ManCo for the vesting period. The value of the amount due (subject to certain vesting conditions) is the lower of 60% of the Adjusted NAV of Tritax Symmetry at the relevant future point in time and the value of the B and C Shares at the original completion date. In accordance with IFRS 3 “Business Combinations” the unconditional amount due under Shareholders agreement is accounted for as contingent consideration.

The Adjusted NAV of Tritax Symmetry is the NAV of Tritax Symmetry at the reporting date, adjusted for various matters impacting on the fair value of those land options where planning permission has been obtained but the land has not been acquired.

## 2. Share-based payment

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

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

Amounts due to B and C Shareholders are shown as a liability at fair value in the Group Statement of Financial Position. The liability is fair valued at each reporting date with a corresponding charge recognised in the Group profit or loss over the vesting period.

## 15. Equity reserves

### Share capital

The share capital relates to amounts subscribed for share capital at its nominal value. The Company had 1,706,974,948 shares of nominal value of 1 pence each in issue at the end of the period 30 June 2020, 30 June 2019 and 31 December 2019.

	30 June 2020 (unaudited) £m	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Issued and fully paid at 1 pence each			
Balance at beginning of period – £0.01 Ordinary Shares	17.1	14.8	14.8
Shares issued in relation to further Equity issuance	–	1.9	1.9
Shares issued in relation to the consideration for a corporate acquisition	–	0.4	0.4
Balance at end of period	17.1	17.1	17.1

### Share premium

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

### Capital reduction reserve

The capital reduction reserve account is classed as a distributable reserve. Movements in the current period relate to dividends paid.

### Retained earnings

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

## 16. 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 period. As there are dilutive instruments outstanding, both basic and diluted NAV per share are shown below.

	30 June 2020 (unaudited) £m	30 June 2019 (unaudited) £m	31 December 2019 (audited) £m
Net assets per Condensed Group Statement of Financial Position	2,608.5	2,546.2	2,561.2
Ordinary Shares:			
Issued share capital (number)	1,706,974,948	1,706,974,948	1,706,974,948
<b>Basic net asset value per share</b>	<b>152.81p</b>	<b>149.17p</b>	<b>150.04p</b>
Dilutive shares in issue (number)	1,706,974,948	1,707,678,831	1,706,974,948
<b>Diluted NAV per share</b>	<b>152.81p</b>	<b>149.10p</b>	<b>150.04p</b>

In October 2019, EPRA introduced three new measures of net asset value: EPRA Net Tangible Assets (NTA), EPRA Net Reinvestment Value (NRV) and EPRA Net Disposal Value (NDV). These are applicable for accounting periods starting on or after 1 January 2020. The Group considers EPRA NTA to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. The prior year comparative figures have also been restated in line with the new EPRA methodology. Also refer to EPRA disclosures section for the bridge between the new and the previous set of EPRA NAVs metrics.

	30 June 2020 (unaudited)			30 June 2019 (unaudited)			31 December 2019 (audited)		
	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders	2,608.5	2,608.5	2,608.5	2,546.2	2,546.2	2,546.2	2,561.2	2,561.2	2,561.2
Revaluation of land options	17.5	17.5	17.5	18.4	18.4	18.4	14.7	14.7	14.7
Mark-to-market adjustments of derivatives	19.5	19.5	–	16.7	16.7	–	17.4	17.4	–
Intangibles	(2.2)	–	–	(2.5)	–	–	(2.3)	–	–
Fair value of debt	–	–	(87.9)	–	–	(39.4)	–	–	(53.0)
Real estate transfer tax <sup>1</sup>	–	277.2	–	–	255.0	–	–	256.6	–
<b>EPRA NAV</b>	<b>2,643.3</b>	<b>2,922.7</b>	<b>2,538.1</b>	<b>2,578.8</b>	<b>2,836.3</b>	<b>2,525.2</b>	<b>2,591.0</b>	<b>2,849.9</b>	<b>2,522.9</b>
<b>EPRA NAV per share</b>	<b>154.85 p</b>	<b>171.22 p</b>	<b>148.69p</b>	<b>151.07p</b>	<b>166.15 p</b>	<b>147.93 p</b>	<b>151.7 9p</b>	<b>166.96p</b>	<b>147.80p</b>

<b>Dilutive EPRA NAV per share</b>	<b>154.85</b>	<b>171.22</b>	<b>148.69p</b>	<b>151.07p</b>	<b>166.15</b>	<b>147.93</b>	<b>151.7</b>	<b>166.96p</b>	<b>147.80p</b>
	<b>p</b>	<b>p</b>			<b>p</b>	<b>p</b>	<b>9p</b>		

1EPRA NTA and EPRA NDV reflect IFRS values which are net of RETT (real estate transfer tax). RETT are added back when calculating EPRA NTA.

At 31 December 2019, the EPRA NAV and the EPRA triple NAV as previously reported were £2,578.6 million and £2,508.2 million respectively (Dilutive EPRA NAV per share and dilutive EPRA NNNNAV per share were 151.06p and 146.94p respectively). At 30 June 2019, the EPRA NAV and the EPRA triple NAV as previously reported were £2,562.9 million and £2,506.8 million respectively (Dilutive EPRA NAV per share and dilutive EPRA NNNNAV per share were 150.08p and 146.79p respectively). See Notes to EPRA NAV calculations for further details.

## 17. Transactions with related parties

For the half year 30 June 2020, all Directors and the Members of the Manager are considered key management personnel. The Members of the Manager are Mark Shaw, Colin Godfrey, James Dunlop, Henry Franklin, Petrina Austin and Bjorn Hobart. The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report within the 2019 Annual Report.

The total amount outstanding at the period end relating to the Investment Management Agreement was £4.4 million (30 June 2019: £4.4 million and 31 December 2019: £4.5 million).

The amounts paid to Directors for their services for the period to 30 June 2020 was £0.2 million (30 June 2019: £0.2 million and 31 December 2019: £0.4 million).

The total expense recognised in the Group profit or loss relating to share-based payments under the Investment Management Agreement was £1.2 million (30 June 2019: £1.1 million and 31 December 2019: £2.3 million), of which £1.2 million (31 December 2019: £1.2 million) was outstanding at the period end.

During the period the Directors who served during the period received the following dividends: Richard Jewson: £2,857 (June 2019: £2,956 and December 2019: £5,944), Aubrey Adams: £5,694 (June 2019: £3,829 and December 2019: £8,334), Susanne Given: £nil (December 2019: £nil), Alastair Hughes: £1,146 (June 2019: £1,186 and December 2019: £2,384), Richard Laing: £1,501 (June 2019: £1,552 and December 2019: £3,122), Karen Whitworth: £250 (June 2019: £nil, December 2019: £nil) and Mark Shaw: £nil (June 2019: £43,329 and December 2019: £90,225).

During the period the six Members of the Manager received the following dividends: Mark Shaw: £57,208 (June 2019: £43,329 and December 2019: £90,225), Colin Godfrey: £56,090 (June 2019: £42,173 and December 2019: £90,650), James Dunlop: £54,048 (June 2019: £40,060 and December 2019: £86,402), Henry Franklin: £40,524 (June 2019: £29,937 and December 2019: £64,415), Petrina Austin: £6,082 (June 2019: £4,285 and December 2019: £9,123) and Bjorn Hobart: £6,740 (June 2019: £4,976 and December 2019: £10,946).

## 18. Capital commitments

The Group had capital commitments of £222.0 million in relation to its forward funded pre-let development assets, asset management initiatives and commitments under development land, outstanding as at 30 June 2020 (31 December 2019: £129.9 million). All commitments fall due within two years from the date of this report.

## 19. Contingent liabilities

At 30 June 2020, the Group has committed to a development contract of £10.8 million for one of its tenants to construct a logistic asset on a pre-let basis. As at this date the contract was contingent on the planning consent becoming unconditional. The contract has subsequently become unconditional.

## 20. Subsequent events

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

## NOTES TO EPRA NAV CALCULATIONS

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The Group has adopted these new guidelines and applies them in the 2020 Interim Report. The group considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. EPRA NTA excludes the intangible assets and the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

30 June 2020		Current measures			Previously reported measures	
	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NAV £m	EPRA NNNAV £m
NAV attributable to shareholders		2,608.5	2,608.5	2,608.5	2,608.5	2,608.5
Revaluation of land options		17.5	17.5	17.5	–	–
Mark-to-market adjustments of derivatives		19.5	19.5	–	19.5	–
Intangibles		(2.2)	–	–	–	–
Fair value of debt		–	–	(87.9)	–	(87.9)
Real estate transfer tax <sup>1</sup>		–	277.2	–	–	–
<b>At 30 June 2020</b>	<b>16</b>	<b>2,643.3</b>	<b>2,922.7</b>	<b>2,538.1</b>	<b>2,628.0</b>	<b>2,520.6</b>

30 June 2019		Current measures			Previously reported measures	
	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NAV £m	EPRA NNNAV £m
NAV attributable to shareholders		2,546.2	2,546.2	2,546.2	2,546.2	2,546.2
Revaluation of land options		18.4	18.4	18.4	–	–
Mark-to-market adjustments of derivatives		16.7	16.7	–	16.7	–
Intangibles		(2.5)	–	–	–	–
Fair value of debt		–	–	(39.4)	–	(39.4)
Real estate transfer tax <sup>1</sup>		–	255.0	–	–	–
<b>At 30 June 2019</b>	<b>16</b>	<b>2,578.8</b>	<b>2,836.3</b>	<b>2,525.2</b>	<b>2,562.9</b>	<b>2,506.8</b>

31 December 2019		Current measures			Previously reported measures	
	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NAV £m	EPRA NNNAV £m
NAV attributable to shareholders		2,561.2	2,561.2	2,561.2	2,561.2	2,561.2
Revaluation of land options		14.7	14.7	14.7	–	–
Mark-to-market adjustments of derivatives		17.4	17.4	–	17.4	–
Intangibles		(2.3)	–	–	–	–
Fair value of debt		–	–	(53.0)	–	(53.0)
Real estate transfer tax <sup>1</sup>		–	256.6	–	–	–
<b>At 31 December 2019</b>	<b>16</b>	<b>2,591.0</b>	<b>2,849.9</b>	<b>2,522.9</b>	<b>2,578.6</b>	<b>2,508.2</b>

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

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 December 2019. 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 statutory financial statements for the years ended 31 December 2019 or 31 December 2018, but is derived from those financial statements. Financial statements for the year ended 31 December 2019 have been delivered to the Registrar of Companies and those for the year ended 31 December 2020 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2019 and 31 December 2018 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.