MOODY'S
INVESTORS SERVICE

CREDIT OPINION
13 November 2019

Update

Rate this Research

RATINGS

Tritax Big Box REIT plc

Domicile	United Kingdom
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Ramzi Kattan +44.20.7772.1090
VP-Senior Analyst
ramzi.kattan@moodys.com

Danh Nguyen-Thanh +44.20.7772.5585
Associate Analyst
danh.nguyen-thanh@moodys.com

Richard Etheridge +44.20.7772.1035
Associate Managing Director
richard.etheridge@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Tritax Big Box REIT plc

Update to credit analysis

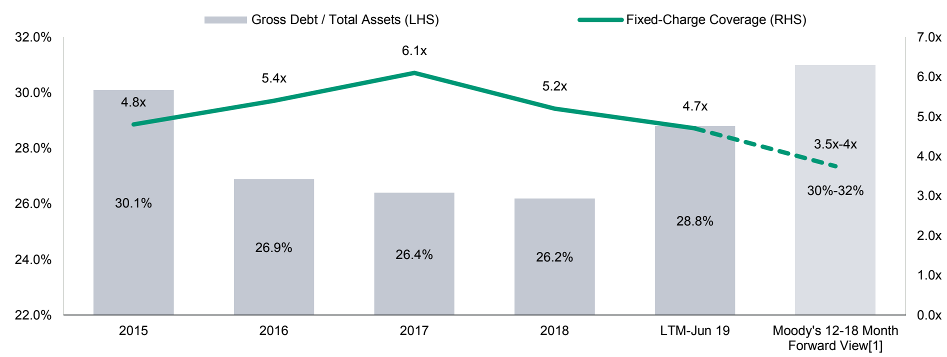
Summary

Tritax Big Box REIT plc's (TBBR) Baa1 rating reflects its strong position in the UK logistics sector and its high-quality, geographically diversified portfolio, which is located near major transportation hubs. A long-dated lease maturity profile with minimal market reletting risk will help sustain the company's stable cash flow. TBBR will maintain strong operating performance and rental growth, underpinned by the importance of the company's assets to its tenants' logistics networks, and the stickiness of the company's tenants, who invest substantial amounts of their own funds fitting out the leased premises. The company's clear and well-executed business plan will benefit from favourable UK logistics property market fundamentals, such as limited supply, strong occupational demand and solid investor appetite for prime logistics assets. We expect the logistics sector to strongly outperform the wider UK commercial real estate market. The company's considerable financial flexibility is supported by a mostly unencumbered asset base and, as of 30 June 2019, a weighted average debt maturity profile of 7.8 years, with no refinance needs until December 2023. Other key credit strengths include moderate leverage and a strong interest coverage ratio.

Exhibit 1

Credit metrics will moderately weaken over the next 12-18 months as the company draws down on its revolving credit facilities to fund developments

TBBR's Moody's-adjusted gross debt/total assets and fixed-charge coverage



All quantitative credit metrics incorporate Moody's standard adjustments to the financial statements for non-financial corporations.

[1] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Sources: Moody's Financial Metrics™ and Moody's estimates

Counterbalancing these credit strengths are (1) a somewhat concentrated tenant base with a material exposure to the UK retail sector, with some tenants potentially vulnerable to the sector's ongoing structural changes and (2) a weakening UK macroeconomic environment amid the uncertainty surrounding Brexit, which is affecting the valuation of the company's investment properties and (3) the company's ambitious development programme although risks are mitigated through pre-let forward funding, land options and management's overall prudence.

Credit strengths

» Leading position in the prime UK logistics property market, which is supported by strong fundamentals, with assets that are mission-critical for its tenants

» Long-dated lease profile and good-credit-quality tenants, with strong rental growth prospects

» Moderate leverage and strong fixed-charge coverage

Credit challenges

» A controlled development programme, which adds value but comes with risks, although investment policy limits exposure to non-income producing assets

» Weakening macroeconomic environment, fuelled by the uncertainty surrounding Brexit

Rating outlook

The stable outlook reflects our expectation that the company will continue to generate stable cash flow and maintain good liquidity while retaining high occupancy levels and a balanced growth strategy. The outlook also reflects a favourable operating environment for the UK logistics property sector.

Factors that could lead to an upgrade

» Further growth in scale and diversification while maintaining strong rental growth and an average lease length profile well above 10 years, and continuing its track record of executing the company's business plans and managing through the cycle

» Moody's-adjusted gross debt/total assets maintained below 30%, alongside financial policies that support the lower leverage

» Moody's-adjusted fixed-charge coverage ratio maintained above 5x

Factors that could lead to a downgrade

» Moody's-adjusted gross debt/total assets above 40%

» A fixed-charge coverage ratio below 4x

» A material deterioration in the credit profile of the company's tenant base, leading to higher structural vacancy

Key indicators

Exhibit 2
Tritax Big Box REIT plc

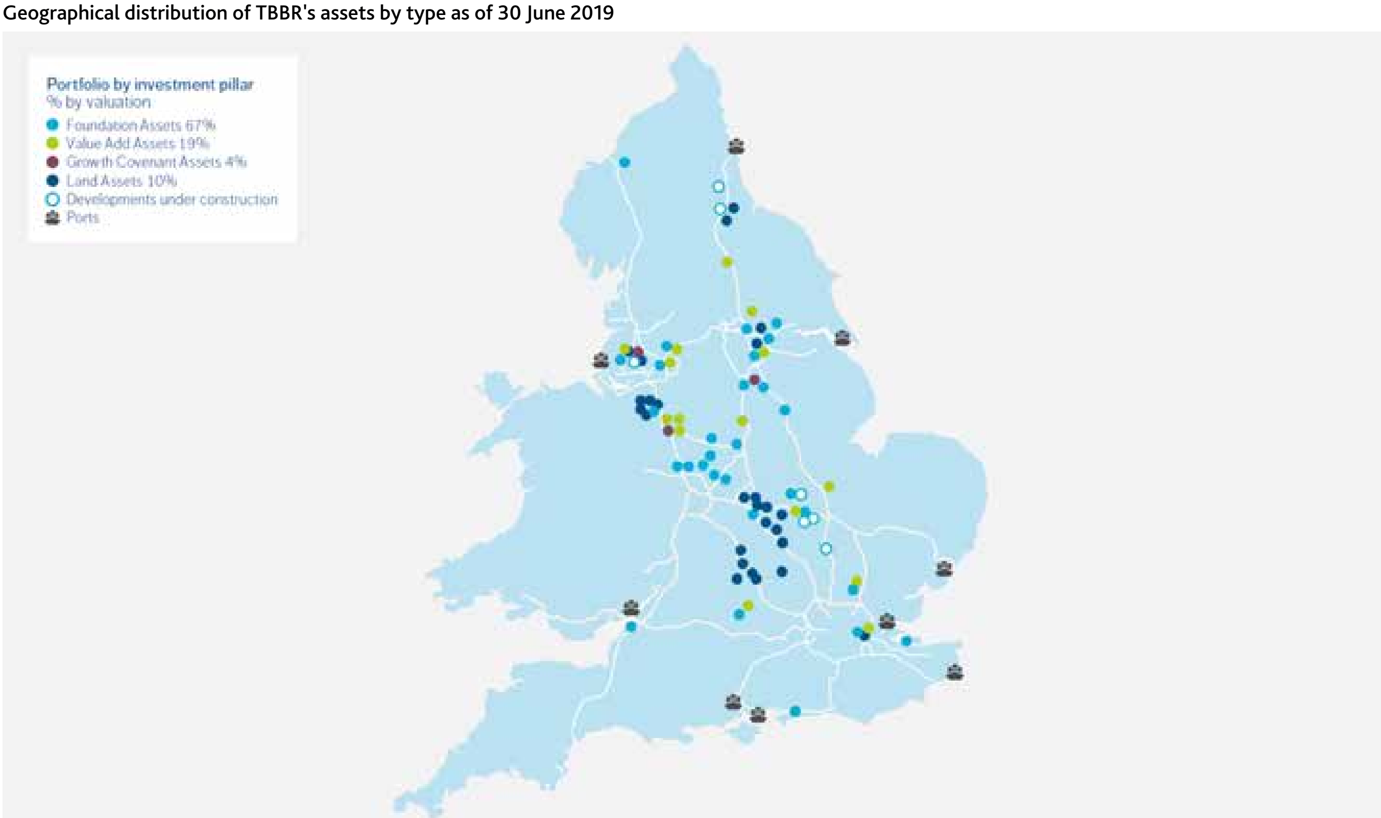
	31/12/2015	31/12/2016	31/12/2017	31/12/2018	6/30/2019(L)	Moody's 12-18 Month Forward View[1]
Gross Assets (GBP Million)	£1,254.3	£1,985.6	£2,689.1	£3,134.1	£3,803.5	£4,200 - £4,400
Unencumbered Assets / Gross Assets		23.0%	78.9%	80.9%	83.5%	84% - 86%
Total Debt + Preferred Stock / Gross Assets	30.1%	26.9%	26.4%	26.2%	28.8%	30% - 32%
Net Debt / EBITDA	8.8x	5.9x	6.8x	6.8x	7.5x	9.5x - 10.5x
Secured Debt / Gross Assets	30.1%	26.9%	7.9%	6.8%	5.4%	4.5% - 5.5%
Fixed Charge Coverage	4.8x	5.4x	6.1x	5.2x	4.7x	3.5x - 4x

All quantitative credit metrics incorporate Moody's standard adjustments to the financial statements for non-financial corporations.
[1] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Sources: Moody's Financial Metrics™ and Moody's estimates

Profile

Tritax Big Box REIT plc (TBBR) is a publicly listed UK real estate investment trust (REIT) that owns a portfolio of 58 mostly large-scale logistics assets valued at £3.85 billion and fully let to 40 different customers for £166.8 million of annual rent, with a weighted average unexpired lease length of 14.3 years, as of 30 June 2019. The company is externally managed by Tritax Management LLP (part of the Tritax Group) and is listed on the London Stock Exchange with a market capitalisation of £2.5 billion as of 11 November 2019.

Exhibit 3
A geographically well-diversified portfolio of logistics properties along the UK's main transport infrastructure
Geographical distribution of TBBR's assets by type as of 30 June 2019



Source: TBBR

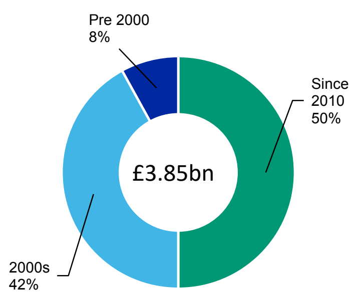
Detailed credit considerations

Leading position in the prime UK logistics property market, which is supported by strong fundamentals

TBBR focuses on larger UK logistics properties, which are essential to building modern and efficient national distribution networks, an asset class that is benefiting from the ongoing structural changes in the retail landscape. Demand for the company's properties, driven in large part by the continuing growth of e-commerce, mostly comes from bricks-and-mortar and online retailers. The UK is the world's most advanced e-commerce market, with 18% of retail sales made online in 2018[1], with some forecasts expecting the ratio to exceed 25% by 2021[2]. Retailers, and to a lesser extent manufacturers, are turning to so-called Big Box logistics properties using them as omnichannel fulfilment and distribution centres for their physical stores and e-commerce operations. Modern Big Boxes, through scale and automation, enable tenants to centralise, consolidate and optimise their supply chains and to lower their lead times, inventory and costs. As of June 2019, TBBR's portfolio was independently valued at £3.85 billion (December 2018: £3.42 billion), with an EPRA net initial yield (NIY) of 4.49% (December 2018: 4.37%). The company's quality portfolio is well distributed across different regions in the UK (see Exhibit 3) and is largely skewed towards units larger than 500,000 square feet (sq ft) (see Exhibit 5).

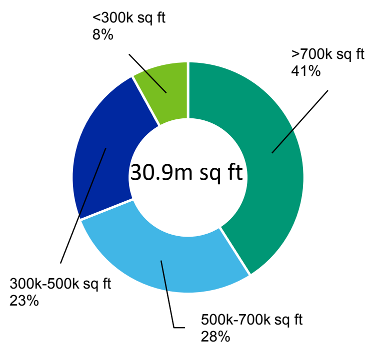
Long lets on modern buildings to high-credit-quality tenants in prime locations account for 67% of the portfolio's value (see Exhibit 6), with 19% offering upside potential from asset management and 4% let to what the company considers tenants with the potential to improve their credit profiles. The remaining 10% represents holdings in land and land options reported at cost.

Exhibit 4
Largely newer modern properties
TBBR's portfolio breakdown by age as of 30 June 2019



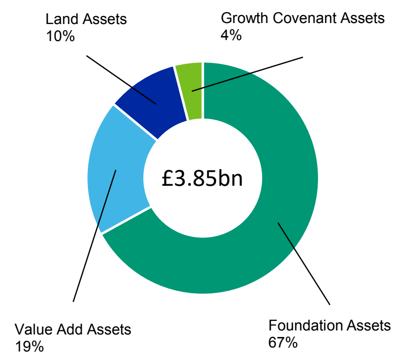
Source: TBBR

Exhibit 5
Weighted towards Big Boxes larger than 500,000 sq ft
TBBR's portfolio breakdown by size as of 30 June 2019



Source: TBBR

Exhibit 6
Low-risk income from core assets represents 67% of portfolio[3]
Tritax's £3.85 billion portfolio as of 30 June 2019



Source: TBBR

Long-dated lease profile and good-credit-quality tenants with strong rental growth prospects

TBBR's long-dated lease profile to good-credit-quality tenants is a key credit strength, which provides stability and protects cash flow and values from potential cyclical downturns. As of 30 June 2019, the group has a weighted average unexpired lease term (WAULT) of 14.3 years across its portfolio and of 17.2 years for its core foundation assets. The strength and reliability of the company's cash flow is further supported by:

» the triple net nature of the leases, resulting in an excellent EBITDA margin of 88%

» the upward-only rent reviews typically occurring every five years that will grow rents between 2% and 4% per year (see Exhibit 9)

» the stickiness of many of the company's tenants who invest substantial amounts of their own funds in fitting out the leased premises, and are, therefore, incentivised to stay and sign long-term leases of typically 10-15 years and as long as 25-30 years for new buildings; the cost of customised fittings by a single tenant can commonly exceed the value of the property where premises are leased

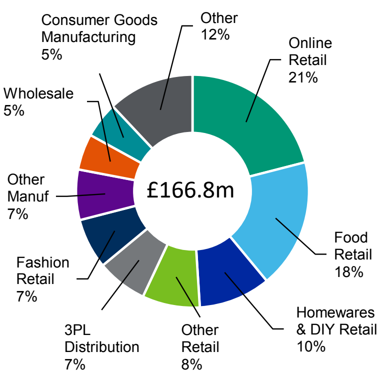
TBBR's tenant base of mostly large, publicly listed companies (see Exhibit 8) includes well-known investment-grade companies such as Amazon (A3 positive), B&Q (Kingfisher plc (P)Baa2 stable), Marks & Spencer (Baa3 stable), Kellogg's (Baa2 stable), Rolls-Royce Motor Cars (BMW A1 stable), DHL (Deutsche Post AG A3 stable), TK Maxx (TJX Companies A2 stable), Unilever (A1 stable), Whirlpool Corporation (Baa1 stable) and L'Oréal (P1 stable).

TBBR is highly exposed to the retail industry, with 43% of the company's properties by rental income occupied by retailers (see Exhibit 7). Nonetheless, there is generally some diversification among various types of retailers, who are exposed to different underlying economic drivers and diverse competitive pressures, and about half of TBBR's exposure to retail is to the more resilient food segment.

Exhibit 7

Good industry diversification but some exposure to the UK high-street

TBBR's £166.8 million contracted rental income as of 30 June 2019

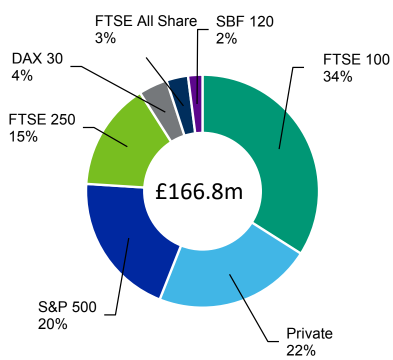


Source: TBBR

Exhibit 8

Supported by a tenant base hailing mostly from major stock indices

TBBR's £166.8 million contracted rental income as of 30 June 2019

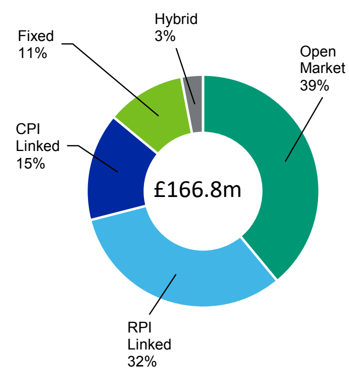


Source: TBBR

Exhibit 9

Income growth is underpinned by upward-only rent reviews

TBBR's £166.8 million contracted rental income as of 30 June 2019

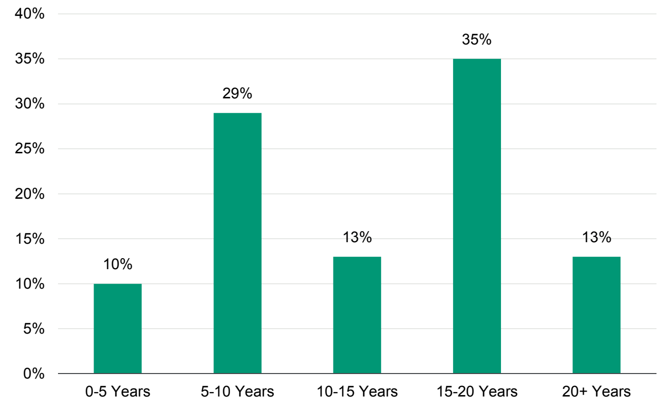


Source: TBBR

TBBR's tenant base is somewhat concentrated, especially among high-street retailers: as of 30 June 2019, Morrisons, Co-op, and Marks & Spencer were among TBBR's top five tenants (see Exhibit 11), which in aggregate account for 34.1% of contracted rent roll, operating in markets that are highly competitive or undergoing rapid fundamental changes. More positively, Amazon became TBBR's largest tenant in the second half of 2018 and represented 13.2% of its rental income as of June 2019, although this constitutes a large exposure to a single tenant.

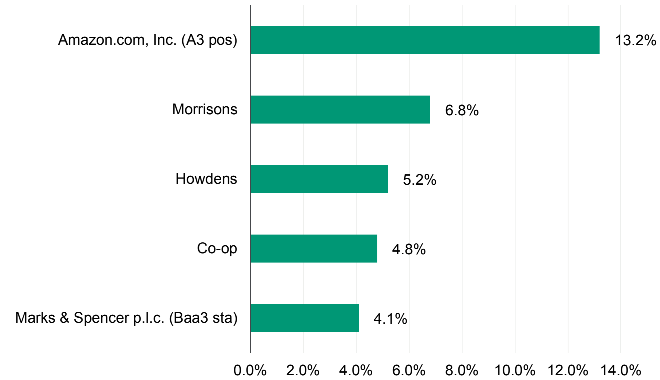
The company is minimally exposed to reletting risk, with 10% of the rent roll as of 30 June 2019 expiring in the next five years (see Exhibit 10). Furthermore, leasing markets for logistics properties are still favourable, particularly for Big Boxes: as of June 2019, only five buildings larger than 500,000 sq ft were speculatively completed or in development, representing only a 2.3-month supply at the record take-up rate of 2018 that saw 13.9 million sq ft of Big Box space newly leased. A bigger risk is a deterioration in the credit quality of the company's tenant base because of worsening macroeconomic conditions, bankruptcies or changing market fundamentals.

Exhibit 10
TBBR has a secure lease term maturity profile, with 10% of its rent roll expiring within the next five years
Percentage of rent roll expiring, by annual rent, as of 30 June 2019



Source: TBBR

Exhibit 11
Top five tenants account for 34% of rent
Top five tenants as percentages of rental income as of 30 June 2019



Source: TBBR

Moderate leverage and strong fixed-charge coverage

TBBR's low leverage and strong fixed-charge coverage provide the company with substantial financial flexibility and room to manoeuvre should the currently favourable operating environment deteriorate. As of June 2019, TBBR's gross leverage stood at only 28.8%, mapping to an A score. We, however, expect leverage to rise to 30%-32% over the next 12-18 months as the company borrows to fund developments, which mostly are forward-funded pre-lets, and further land and development acquisitions. Management has a medium-term net leverage target of 35%, with a ceiling of 40%. The company's fixed-charge coverage (FCC) remained strong at 4.7x for the 12 months ended June 2019 and still maps to an A score, although it has dropped from a high of 6.1x for 2017. TBBR's 7.5x net debt/EBITDA leverage as of June 2019 was an increase from 6.8x as of December 2018 and maps to a Ba score. We expect FCC and net leverage to deteriorate moderately over the next 12-18 months to 3.5x-4x and 9.5x-10.5x, respectively, as the group draws down on its revolving credit facilities (RCFs) to fund its developments. The stability of the company's underlying cash flow and the contracted income from the long 14.3-year lease term profile provide ample cover for debt service until refinancing is needed in December 2023.

The acquisition of db symmetry could nearly double TBBR's size in the long term while still limiting development risks and capital commitments

In February 2019, TBBR acquired for a £320 million consideration an 87% economic interest in db symmetry (DBS), which was then fair valued at £370 million. In the process, TBBR gained control over a large land portfolio, then valued at £373 million, for the potential development of 38 million sq ft of logistics assets across 26 sites and over 2,500 acres. This acquisition could eventually increase TBBR's contracted rental income from currently £167 million to over £300 million. The transaction was funded by a £250 million equity raise, with an issue price at a slight discount to the then share price.

Founded in 1996, DBS is a developer of logistics assets and its portfolio comprises mostly strategic optioned land, along with some owned land. The DBS acquisition also added four assets, including three smaller-scale warehouses, to TBBR's portfolio. Following the acquisition, DBS management was retained on an exclusive eight-year contract, with a 13% economic interest in DBS. DBS management has a certain track record of land promotion, delivering 13 million sq ft of commercial projects. As of 30 June 2019, TBBR controlled about 2,800 acres of land across the UK with the potential to eventually add 41 million sq ft to the group's current 31 million sq ft of logistics property.

As a result of the acquisition, 11% of the group's gross asset value (GAV) consists of land (10%) and speculative developments (1%), meaning that 89% of its GAV is income-producing and was 99% let as of June 2019 (December 2018: 100%). The DBS land portfolio is large enough to constitute a continuous pipeline of logistics development projects for the next eight to 10 years.

The DBS acquisition enables the development of logistics assets internally and therefore we expect the vast majority of the company's new assets to be developed instead of acquired off the market as pre-let forward-funded developments as was the case earlier. Most of DBS's portfolio comprises land options, which are fractions of the land values, whereby the developer is not bound to purchase the plots. Once the developer achieves planning consent, the group can either purchase the land at a predetermined discount (usually 15%-20%) to the land's market value, or sell it at a profit with the benefit of planning consent. Land options fit within the group's investment policy of limiting capital commitments before planning consent and exposure to nonproductive assets. Assets completed by DBS will be either retained or disposed of if deemed unfit for TBBR's portfolio in terms of quality, with the capital being recycled.

Overall, TBBR manages its developments in a prudent way, focusing historically on pre-let forward-funded projects and now on direct pre-let developments with the acquisition of DBS. Completed buildings inherently enhance the value of TBBR's portfolio, lowering the average age and lengthening its WAULT. Management estimates current capital requirements for developments at £500 million-£600 million through 2021, which it plans to fund through debt and equity raises, along with capital recycling. The group expects to allocate half of the funds to the delivery of 5 million sq ft of logistics space over 2019-21, with the other half used to finance further land acquisitions and other projects to come online subsequently. The group has a good track record of delivering projects on time and to budget, with 10 completed pre-let developments totaling 5.4 million sq ft between its 2013 IPO and June 2019. The pre-let developments were purchased at an average 5.4% yield and TBBR achieved an average 23.3% uplift on the acquisition price.

The group adheres to a strict investment policy, limiting land and speculative development exposure to 15% of GAV, with speculative developments accounting for no more than 5%. As of 30 June 2019, TBBR had 6.7 million sq ft of logistics assets under development that were 96% pre-let across seven assets, of which one was completed in July 2019 and pre-let to Amazon.

Weakening macroeconomic environment, fuelled by the uncertainty surrounding Brexit, is weighing on yields, investments and new leases

The United Kingdom's (Aa2 negative) economy is one of the largest, and most competitive and flexible economies in the world. These fundamental strengths will not disappear with the country's exit from the EU. But the decision to leave the EU Single Market implies weaker growth prospects for the UK in the coming years than its historical trend rate. Trade and investments are the main channels from a demand-side perspective.

In Q2 2019, the UK economy contracted by 0.2% compared with Q1 2019 as the uncertainty surrounding Brexit and weak consumer sentiment undermined demand and investments. After growing 1.4% in 2018, the UK economy is likely to remain sluggish for 2019 and 2020, with forecast growth rates of 1.2% and 1.4%, respectively, assuming that the UK exits the EU with an agreement.

The uncertainty surrounding Brexit has somewhat started to affect demand for logistics assets of more than 100,000 sq ft, with an occupier uptake of 12.9 million sq ft in H1 2019, down from over 18 million sq feet in the same period last year. 2018 was a record year, with a 31.8 million uptake. Demand in H1 2019 was, however, still robust, in line with the five-year half-yearly average of around 12 million sq ft, but the lower demand in 2019 compared with 2018 reflects the prudence of occupiers who are awaiting clarity with regard to the Brexit process and its longer-term impact. Annualised prime headline logistics rental growth to the end of June 2019 was 3.2%, down from 4.6% in the same period last year (source: CBRE), driven by a continued increase in land values. At the same time, investment volumes in prime logistics properties in H1 2019 was down by a third compared with the five-year average, also induced by the uncertainty surrounding Brexit. As a result, yields have remained flat at 4.5%.

Environmental, Social, and Governance (ESG) considerations

Governance risks we considers in TBBR's credit profile include potential conflicts of interest that arise as a result of the company being externally managed. We nonetheless consider the company as managed by a strong and experienced team, and there are robust corporate governance procedures in place with clear investment criteria that limit concentration and business risk. Notwithstanding the external management team's experience of managing through cycles, the company itself has a limited track record, having been established in 2013 with no history of operating through a downturn.

Liquidity analysis

TBBR has good liquidity, which is supported by the following as of 30 June 2019:

» £176 million of available unrestricted cash

» £550 million of fully undrawn committed unsecured RCFs

» A £3 billion pool of unencumbered properties that provides a potential alternative source of liquidity should it be needed (via either selling assets or raising secured bank debt against them)

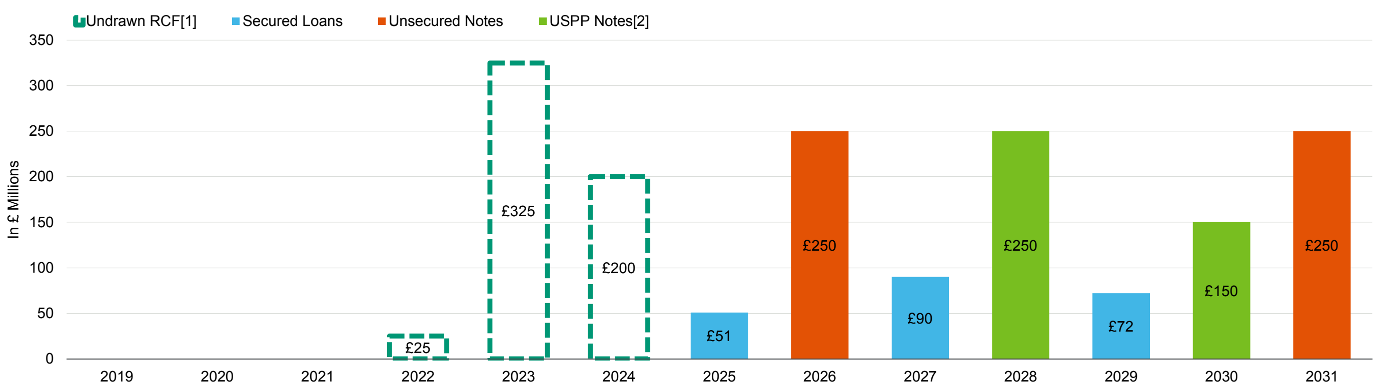
» About £100 million in annual operating cash flow after interest

TBBR has no medium-term refinancing needs, with no material debt maturity until December 2023, which relates to £325 million of currently undrawn RCF. In addition to development activities, with £251 million of capital commitments as of June 2019, and potential future development and land acquisitions, the main demand on cash comes from a high dividend payout ratio because of the company's REIT status. Unlike many of its non-REIT European peers that we rate, the company is obligated by its status to pay out about 90% of its earnings, making it more vulnerable in a downturn and reliant on capital markets and other sources of funding should it need to raise capital.

Exhibit 12

TBBR has no debt maturities until 2022

TBBR's debt maturity profile as of 30 June 2019



[1] In December 2018, the company extended £325 million of its £350 million unsecured RCF by one year to 2023 and has the option for a further one-year extension before December 2019. In June 2019, the company agreed to a new £200 million unsecured RCF due 2024, with two one-year extension options and an uncommitted £100 million accordion option.
[2] Unsecured USPP notes arranged late 2018 and fully drawn in February 2019 in two tranches of £250 million and £150 million maturing in 2028 and 2030, respectively.
Source: TBBR

Structural considerations

The (P)Baa1 rating of the £1.5 billion Euro Medium Term Note (EMTN) programme and the Baa1 rating of the notes issued under the programme are in line with the company's Baa1 long-term issuer rating. Notes under the programme rank pari passu with the unsecured £350 million and £200 million RCFs and all other existing and future senior unsecured obligations. The notes benefit from a capital markets negative pledge in addition to financial covenants that limit the company's net borrowing to 175% of adjusted capital and reserves and a maximum 70% ratio of net unsecured borrowings to unencumbered assets. Senior unsecured creditors are subordinated to the £213 million of secured debt remaining following the December 2017 refinancing.

Rating methodology and scorecard factors

The principal methodology used in these ratings was the rating methodology for REITs and Other Commercial Real Estate Firms, published in September 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

TBBR's Baa1 rating is in line with its scorecard-indicated forward-view outcome.

Exhibit 13

Rating factors

Tritax Big Box REIT plc

Real Estate / REIT Industry Scorecard	Current LTM 6/30/2019		Moody's 12-18 Month Forward View As of 10/17/2019[1]	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$4.8	Baa	$5.1 - $5.6	Baa
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	A	A	A	A
b) Operating Environment	Baa	Baa	Baa	Baa
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	Baa	Baa	Baa	Baa
b) Unencumbered Assets / Gross Assets	83.5%	A	84% - 86%	A
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	28.8%	A	30% - 32%	Baa
b) Net Debt / EBITDA	7.5x	Ba	9.5x - 10.5x	B
c) Secured Debt / Gross Assets	5.4%	A	4.5% - 5.5%	A
d) Fixed Charge Coverage	4.7x	A	3.5x - 4x	Baa
Rating:				
a) Indicated Outcome from Scorecard		Baa1		Baa1
b) Actual Rating Assigned				Baa1

All quantitative credit metrics incorporate Moody's standard adjustments to the financial statements for non-financial corporations.

[1] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Sources: Moody's Financial Metrics™ and Moody's estimates

Peers

Prologis European Logistics Fund FCP-FIS (PELF, A3 stable) is a leading pan-European logistics fund, with €9.4 billion in assets, spread across 12 countries. The fund's 470 properties, totaling 10.2 million square metres, are 96.5% occupied and generate €535 million in annual rent. The top four countries account for 69% of the fund's assets by value — 19.4% in Germany, 19.3% in the UK, 16.3% in France and 13.7% in the Netherlands. The fund was established in 2007 in Luxembourg as a fonds commun de placement (FCP-FIS), a perpetual-life, open-ended private equity fund. PELF benefits from the strong brand name and franchise value of its external manager, Prologis, Inc. (A3 stable), which holds around 27.3% of the fund's units. Prologis, Inc. is the largest publicly traded global industrial REIT, with around $92 billion of assets owned, managed and under development as of 30 September 2018. Prologis has around $42 billion of directly owned assets and about $50 billion of assets in funds, of which $15 billion represents Prologis, Inc.'s share. It is the world's largest owner, manager and developer of industrial facilities, with operations across the Americas, Europe and Asia.

Goodman European Partnership (GEP, Baa1 stable) is one of the leading European logistics real estate vehicles, with a pan-European portfolio of modern, prime logistics assets. The bulk of these assets are located in core Western European countries. As of 30 September 2018, GEP owned a €3.1 billion portfolio spread across 112 properties and 10 Continental European countries. The portfolio was 96.7% occupied, with a 4.8-year average lease length remaining to the first tenant break option. The top three countries accounted for 73.0% of the company's assets by value, with 38.8% in Germany, 20.9% in France and 13.3% in Poland. In the 12 months ended September 2018, GEP's gross rental income was €190 million. GEP is an unlisted real estate investment fund, registered in Luxembourg as a fonds commun de placement. The partnership has 26 investors, with the Goodman Group acting as its external manager and holding a 20.4% stake in GEP.

Segro European Logistics Partnership S.a r.l. (SELP, Baa2 stable) is one of the leading prime logistics players, with a €3.1 billion portfolio spread across eight Continental European countries generating €180 million of gross annual rental income. The top three countries account for 79% of the company's assets by value — 32% in Germany, 24% in Poland and 21% in France. SELP is a 50:50 joint venture established in 2013 between Segro and PSP Investments (PSP), one of Canada's largest pension investment managers, with CAD153 billion of assets under management. Segro acts as SELP's external asset, development and property manager.

Exhibit 14

Peer comparison

	Tritax Big Box REIT plc			Prologis European Logistics Fund FCP-FIS			Goodman European Partnership			SEGRO European Logistics Partnership S.ar.l.	
	Baa1 Stable			A3 Stable			Baa1 Stable			Baa2 Stable	
(in US millions)	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18	LTM Jun-19	FYE Dec-17	FYE Dec-18
Gross Assets	$3,638	$3,992	$4,841	$10,530	$11,364	$12,668	$3,880	$4,048	$4,216	$3,631	$4,236
Unencumbered Assets / Gross Assets	78.9%	80.9%	83.5%	78.5%	84.6%		99.0%			95.3%	
Total Debt + Preferred Stock / Gross Assets	26.4%	26.2%	28.8%	23.5%	19.6%	19.8%	33.6%	29.8%	31.8%	47.5%	44.2%
Net Debt / EBITDA	6.8x	6.8x	7.5x	6.4x	4.1x	4.7x	6.7x	7.8x	8.5x	10.4x	14.3x
Secured Debt / Gross Assets	7.9%	6.8%	5.4%	9.0%	6.3%		0.0%			1.6%	1.3%
Fixed Charge Coverage	6.1x	5.2x	4.7x	5.5x	7.2x	8.0x	8.1x	6.1x	6.1x	3.0x	3.2x

All figures and ratios calculated using Moody's estimates and standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.

Source: Moody's Financial Metrics™

Exhibit 15

Moody's-adjusted EBITDA breakdown

Tritax Big Box REIT plc

(in GBP Millions)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	LTM Ending Jun-19
As Reported EBITDA	**140.8**	**102.8**	**262.6**	**274.3**	**239.5**
Changes in FV of investment properties	-106.8	-47.5	-176.0	-163.0	-126.7
Other unusual items	2.0	7.2	6.8	2.2	10.3
Moody's-Adjusted EBITDA	**36.0**	**62.5**	**93.4**	**113.5**	**123.1**

All figures are calculated using Moody's estimates and standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™

Appendix: Property photos

Exhibit 16

Amazon, Darlington - County Durham (Acquisition price: £120.7 million; NIY: 5.0%; GIA: 1,508,367 sq ft; Eaves height: 18 metres; Practical completion: September 2019; Lease expiry: September 2039; Acquisition date: June 2018)

This is the forward-funded development of a new fulfilment centre, located at Link 66, Darlington, which has excellent motorway connectivity to the A1(M) via the A66 to junctions 57 and 58. The planned Darlington Northern Bypass will link the A1(M) to junction 59, connecting directly to the A66, adjacent to the site. The development will comprise a cross-dock facility with 360-degree circulation, an eaves height of 18 metres and a low site cover of 32%. The building will be constructed with a gross internal floor area of 1,508,367 sq ft over ground and two structural mezzanine floors. There is likely to be significant capital spending on automation by the tenant. Upon practical completion, the property will be let to Amazon on a new 20-year lease subject to five-yearly rent reviews indexed to CPI (collared at 1% per year and capped at 3% per year).

Source: Company website

Exhibit 17

Ocado, Erith - South East London (Acquisition price: £101.73 million; NIY: 5.3%; GIA: 563,912 sq ft; Eaves height: 12 metres; Practical completion: April 2016; Lease expiry: April 2046; Acquisition date: May 2015)

This is the forward-funding development of a new 563,912 sq ft logistics hub pre-let to Ocado Holdings Limited (guaranteed by Ocado Group plc) on a 30-year lease, subject to five-yearly rent reviews indexed to the Retail Price Index (capped and collared). The site is strategically situated in a core location inside the M25 (J1A). Central London is around 12 miles to the west and Tilbury Docks and DP World container port to the east. The location benefits from an excellent access to the wider motorway network, including Greater London and the Home Counties. Such prime quality Big Box assets are in high demand from companies requiring close access to the densely populated London conurbation; this is one of the very few sites inside the M25 capable of accommodating a facility of this size. This highly automated asset is central to helping Ocado fulfil its growing capacity needs in London and the South-East. Upon reaching full capacity, it is likely that this facility will employ 3,500 staff, hold up to 53,000 products and turnaround a staggering 200,000 orders a week.

Source: Company website

Exhibit 18

Morrisons, Sittingbourne - Kent (Acquisition price: £97.80 million; NIY: 5.2%; GIA: 919,443 sq ft; Eaves height: 12.2 metres; Built: 2009; Lease expiry: June 2039; Acquisition date: June 2014)

This unit was developed in 2009 and provides modern design features. It is strategically located four miles from Junction 5 of the M2 and 28 miles south-east of the M25 (around 30 minutes to the city of London), and close to rail and container port facilities. The unit is Morrisons' principal south-east regional distribution facility, supplying 85 superstores with chilled, ambient and cold goods. The rent is reviewed to RPI, capped at 2.0% and paid annually, which provides for long-term growth. The site cover is low at around 42%. Potential asset management opportunities have been identified.

Source: Company website

Exhibit 19

Morrisons, Birmingham - Staffordshire (Acquisition price: £92.33 million; NIY: 5.3% on the asset acquisition; GIA: around 814,329 sq ft; Eaves height: about 16 metres; Lease expiry: May 2038; Acquisition date: 9 June 2017)

This unit is located on Birch Coppice Business Park, close to J10 of the M42. The facility was purpose built for Ocado (the subtenant) with multiple mezzanine floors, high levels of automation and a low site cover of around 23%. It has been acquired with an unexpired lease of 21 years. Annual upward-only rent reviews to CPI, capped at 3.5% per year.

Source: Company website

Exhibit 20

B&Q, Worksop - Nottinghamshire (Acquisition price: £89.75 million; NIY: 5.1%; GIA: 880,175 sq ft; Eaves height: 24-14 metres; Built: 2005; Lease expiry: November 2031; Acquisition date: April 2015)

Developed by B&Q in 2005, this asset has strong property fundamentals incorporating modern design features, an automated racking system in the high bay area, 360 degree circulation and cross docking. It is situated in the East Midlands adjacent to Manton Wood Industrial Estate, directly between the M1 (J30) and A1. This unit has an exceptionally low site cover of 24% and potential for connectivity to rail head and access to rail distribution. It has five-yearly rent reviews to the higher of open market rent or RPI (capped 5% per year). The unit is B&Q's national core products distribution centre and is designed to deal with managing B&Q's wide product range (around 60% of UK stock by value). It is the largest building in the UK to achieve a BREEAM rating of "Excellent". The development won an award in the industrial category at the IAS/OAS Property Awards 2006.

Source: Company website

Exhibit 21

BSH Home Appliances Limited, Corby - Northamptonshire (Acquisition price: £89.3 million; NIY: 5.2% (net of acquisition costs to the company); GIA: 945,375 sq ft; Eaves height: 15 metres; Build: PC targeted for Autumn 2019; Lease expiry: around Autumn 2029; Acquisition date: October 2018)

The company has exchanged contracts, conditional on receiving full planning consent, to provide forward funding for the development of a new national distribution centre at Midlands Logistics Park (MLP), Corby. The property is pre-let to BSH Home Appliances Limited (BSH), part of the Bosch Group. The new prime facility will be purpose built to a high specification and will become BSH's largest UK distribution centre. The property will comprise a cross-docked facility with 360-degree circulation, a minimum eaves height of 15 metres, together with extensive parking and a site cover of about 50%. The property benefits from direct access onto the A43 dual carriageway, which has recently been upgraded, thereby providing improved access to the M1 southbound, the M6 and A1(M) via the A14 dual carriageway. Upon practical completion of the construction, targeted for Autumn 2019, the property will be let to BSH on a new 10-year lease, subject to five-yearly upward-only rent reviews indexed to the RPI, subject to a cap and a collar.

Source: Company website

Exhibit 22

Marks & Spencer, Castle Donington - Leicestershire (Acquisition price: £82.58 million; NIY: 5.2%; GIA: 906,240 sq ft; Eaves height: 25 metres; Built: 2011; Lease expiry: December 2036; Acquisition date: December 2013)

It is a newly developed building bespoke for M&S, providing modern design features such as very high eaves, energy-efficient systems and a dedicated rail freight terminal and sidings. It is strategically located for transportation via road (M1), rail and air, for central UK distribution for e-commerce. M&S has committed significant capital spending to the unit, creating multiple mezzanine floors and highly sophisticated automated picking and handling equipment. Rent is reviewed upwards only to open market value, with a minimum increase equivalent to 1.5% per year and compounded five yearly, currently passing off a low base rent, which we believe is reversionary on the open market. The low site cover of about 41% gives potential for extension and/or a rail terminal building. The next open market rent review is in December 2021.

Source: Company website

Exhibit 23

Eddie Stobart Limited, Corby - Northamptonshire (Acquisition price: £81.80 million; NIY: 5.0%; GIA: 844,000 sq ft; Eaves height: 18 metres; Build: Expected January 2019; Lease expiry: Expected January 2039; Acquisition date: February 2018)

The facility will be a regional distribution centre at the new Midlands Logistics Park (MLP), located south of Corby, with direct access to the recently upgraded A43 dual carriageway, which provides significantly improved access to the M1 southbound, M6 and A1(M). MLP has a 500-metre rail siding and yard, providing potential future connection to the rail network, thereby enhancing connections to the UK's ports and cities. On practical completion, the property will be leased to Eddie Stobart Limited on a new 20-year lease, subject to five-yearly, upward-only rent reviews indexed to the Retail Price Index (collared at 2% and capped at 4% per year). The first rent review is due in early 2024.

Source: Company website

Exhibit 24

Euro Car Parts, Birmingham - West Midlands (Acquisition price: £80.14 million; NIY: 5.0%; GIA: 780,977 sq ft; Eaves height: 18 metres; Built: January 2016; Lease expiry: 2036; Acquisition date: October 2016)

Purpose-built to a high specification and completed in January 2016 for Euro Car Parts as its new main national distribution facility, the property has benefited from significant capital investment from the tenant. Birch Coppice Business Park, Birmingham, located within the Golden Triangle of logistics, is one of the UK's premier rail-connected distribution parks, with direct access to the Birmingham Intermodal Freight Terminal, one of the UK's most-efficient rail freight terminals. The property also has excellent airport and motorway connectivity, with proximity to the M6, M1, M69 and M6, as well as Birmingham International and East Midlands airports. The lease is subject to five-yearly upward-only rent reviews indexed to the Retail Price Index (capped and collared at 2% per year and 4% per year compound). The next rent review is due in January 2021. The passing rent is £5.48 per sq ft, which could be considered reversionary against recent market transactions.

Source: Company website

Ratings

Exhibit 25

Category	Moody's Rating
TRITAX BIG BOX REIT PLC	
Outlook	Stable
Issuer Rating	Baa1

Source: Moody's Investors Service

Endnotes

1 Source: UK Office of National Statistic; year to December 2018 Internet sales as a percentage of total retail sales.

2 Source: eMarketer.

3 **Management Classification: Foundation assets:** Buildings are usually modern, in prime locations and let with long leases to tenants with excellent covenant strength, providing core low-risk income. **Value-add assets**: Typically let to tenants with strong covenants but offering asset management opportunities to enhance capital value or income. **Growth covenant assets**: Well-located buildings let to tenants, which are currently perceived to be undervalued and which the manager believes have the opportunity to improve their financial strength.

REPORT NUMBER 1199685

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454