

Tritax Big Box REIT plc - Tax Strategy

This document is published in accordance with Paragraph 16(2), Schedule 19 of Finance Act 2016 and relates to the financial year ending 31 December 2023.

Summary – Tax strategy

- Our Board has overall responsibility for tax risk.
- Tritax Big Box REIT plc (the “Group”) is committed to complying with its obligations as a UK REIT and therefore expects to be exempt from corporation tax on its UK property rental business.
- We are committed to ensuring that we pay the right amount of tax as and when it falls due, including meeting our filing deadlines.
- We aim to maintain a good corporate relationship with the tax authorities and always act with integrity and transparency in dealings with tax authorities.

Introduction

Tritax Big Box REIT plc is a UK Real Estate Investment Trust (“REIT”). Our shares have been listed on the London Stock Exchange since December 2013 and the Group is a constituent of the FTSE 250 Index. Tritax Big Box REIT plc is the UK’s pre-eminent owner of larger scale logistics real estate, with a portfolio unmatched in quality in the UK quoted real estate sector. We invest in, and actively manage, income producing Big Box assets and pre-let forward funded developments. We also acquire land suitable for logistics use, on which we undertake pre-let development and a limited amount of speculative development.

With an emphasis on acting responsibly, we engage with our customers and other stakeholders to drive the sustainability of our Portfolio, ensure a positive impact on the communities within which our assets are located and support our customers’ own sustainability programmes.

Our customers are some of the biggest names in logistics, manufacturing, retail and e-commerce, for whom our logistics properties are integral, helping them to improve their operational efficiencies, generate cost savings and meet the rapidly growing e-commerce sales demand.

We pride ourselves in building long-term, mutually beneficial relationships with all of our stakeholders in order to enhance their businesses and ours.

As at 30 June 2023, we own and manage c. 36 million square feet of logistics assets and have the potential to deliver a further c. 38 million square feet of space through the land directly owned or land that we have under option. Our portfolio was valued at in excess of £5.0 billion as at this date.

Taxation as a REIT

As a UK REIT, Tritax Big Box REIT plc is exempt from corporation tax on rental income and gains arising from its UK property rental business.

REIT regimes have been established by governments in a large number of countries. Their aim is to closely align the tax treatment of shareholders in a REIT to the equivalent of a direct property investment.

Tritax Big Box REIT plc

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This is done through removing one of the double layers of taxation (historically shareholders have been taxed once at the company level and again on the dividend received). In the UK, this is achieved through exempting the REIT from corporation tax on rental income and gains, with a requirement for the REIT to distribute 90% of annual rental profits as a Property Income Distribution (“PID”). The PID is taxed as rental income in the hands of shareholders.

Tritax Big Box REIT plc is also subject to a number of taxes in the same way as non-REIT companies including: Corporation Tax on income and gains that do not form part of the Group’s property rental business; Stamp Duty/Stamp Duty Land Tax; PAYE; Employer’s National Insurance; Business Rates; VAT, Withholding tax; and various environmental taxes.

Our Relationship with HMRC

Tritax Big Box REIT plc has a dedicated Customer Compliance Manager (CCM) with HMRC. We maintain an open dialogue with HMRC and aim to discuss material transactions as and when they occur. This provides HMRC the opportunity to raise any queries and improve their understanding of the business that might affect our future tax risk profile. It is very important that the Group maintains its REIT status, and so clarification or formal clearances may be sought from HMRC on the interpretation of tax legislation where the tax treatment is uncertain, as we have done in the past. We aim to meet all of our filing deadlines as and when they fall due.

Tax Governance and Tax Risk Management

Overall responsibility for ensuring that tax risk is managed effectively across the Group lies with the Board.

The Audit and Risk Committee is responsible for the oversight of general risk management, which includes tax risk, strategic risk and operational risk in achieving the Group’s performance goals.

The Investment Manager takes on all day to day responsibility for dealing with tax related matters, with assistance from PricewaterhouseCoopers LLP (“PwC”), who act as the tax adviser to the Company. Senior members of the Investment Manager are qualified professionals with many years of relevant experience, supported by regular training. The tax knowledge within the Investment Manager is supported by third party advice from PwC. Senior members of the Management team attend tax update courses held by third parties, including by the tax adviser to the Company, to ensure that the Management team is kept up to date about future changes in tax law that may or may not affect the Group.

Where necessary, the Investment Manager seeks advice from its tax adviser on all transactions to ensure that tax risks are identified and dealt with appropriately. Thorough due diligence is undertaken when conducting a transaction.

In respect of tax compliance, the Company utilises the expertise from its tax advisers to assist with corporation tax preparation/filings. There are controls and processes in place to ensure that all tax compliance/filings are reviewed by the Group ahead of submission.

Tritax maintains a tax risk register and controls document in relation to its taxation obligations and monitors its compliance environment carefully throughout the year. We take care to ensure our controls and processes are fit for purpose, to ensure we meet our tax obligations.

Level of risk in relation to tax

Tritax Big Box REIT plc's attitude to tax planning is driven by our objectives as set out in the Summary above. We seek to retain our REIT status and to maintain our good reputation with HMRC and with other tax authorities.

When entering into commercial transactions we consider applicable reliefs and incentives that are available under government approved laws, such as the REIT legislation and capital allowances. We assess our business decisions in line with our investment strategy, alongside which, we consider any tax related implications (for example, whether to purchase a corporate or a direct property interest).

Advice is sought from reputable third party advisers in order to ensure compliance with the relevant legislation. We review any third party advice to ensure it is consistent with the tax strategy. We do not undertake aggressive tax planning strategies nor do we take an aggressive stance from a tax perspective when assessing commercial transactions.

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December 2023