TRITAX BIG BOX

TRITAX BIG BOX REIT PLC

Results for the 12 months ended 31 December 2022

Strong operational performance – record lettings – high-quality portfolio

Tritax Big Box REIT plc (the Group), a leading investor and developer of high-quality logistics real estate, reports its results for the 12 months to 31 December 2022.

	31 Dec 2022	31 Dec 2021	Change
Operating profit[1]	£183.1m	£178.0m	+2.9%
Adjusted earnings per share[2]	7.79p	8.23p	-5.3%
Adjusted earnings per share (ex. additional development management income)[3]	7.51p	7.38p	+1.8%
IFRS earnings per share	-32.08p	55.39p	-157.9%
Dividend per share	7.00p	6.70p	+4.5%
Dividend pay-out ratio (ex. additional development management income)[3]	93%	91%	+2.0 pts
Total Accounting Return	-15.9%	30.5%	-46.4 pts
EPRA cost ratio (including vacancy cost)	15.7%	13.9%	+1.8 pts
Contracted annual rent roll	£224.0m	£195.6m	+14.5%
EPRA Net Tangible Assets per share	180.37p	222.60p	-19.0%
IFRS net asset value per share	179.25p	218.26p	-17.9%
Portfolio value[4]	£5.06bn	£5.48bn	-7.7%
Loan to value (LTV)	31.2%	23.5%	+7.7 pts

Increasing contracted rent and expected reduction in costs underpinning future earnings growth

- £28.4 million growth (+14.5%) in annual contracted rent to £224.0 million from development lettings and active management underpinning future earnings growth when compared to current passing rent of £205.1 million.
- 5.3% reduction in Adjusted EPS to 7.79 pence (2021: 8.23 pence) from lower additional development management (DMA) income and increased average share count.
- Excluding additional DMA income:
  - Adjusted earnings increased by 8.3% to £140.3 million (2021: £129.6 million); and
  - Adjusted earnings per share increased by 1.8% to 7.51 pence (2021: 7.38 pence) with development completions and rental growth more than offsetting a 6.4% increase in average share count.
- 4.5% increase in dividend to 7.00 pence per share; 93% pay-out ratio when adjusting for additional DMA income.
- -15.9% Total Accounting Return (2021: 30.5%) driven by significant outward yield shift across the logistics real estate sector, (a -13.1% portfolio capital value deficit), offset in part by development gains and rental growth.
- EPRA Cost Ratio reflects greater level of assets under construction which are not yet income producing.
  - Expected reduction in FY 2023 from reduced management fee and increased rental income from developments.

Occupational market remains at near record levels

- 38 million sq ft of UK lettings in 2022 (2021: 42 million sq ft) to a diverse range of occupiers, the third highest year on record and 33% above the 10-year average.
- UK supply constrained with ready to occupy vacant space remaining low at just 2.0% (Q4 2021: 1.6%)[6].
- Transaction market slowed in H2 2022, full year investment volumes totalling £6.7 billion (2021: £11.2 billion).
- Prime market yield for high-quality rack-rented logistics real estate investment with c.15-year unexpired lease and open market rent reviews was 5.0%[6] as at 31 December 2022 (Q4 2021: 3.5%).

Record development lettings secure £23.3 million of contracted annual rent

- £23.3 million of contracted annual rent secured from record 3.1 million sq ft of development lettings in line with 6-8% yield on cost guidance.
- 2.9 million sq ft of development starts in 2022, of which 2.4 million sq ft (82%) has been let to a range of high-quality customers
  - 0.4 million sq ft of development starts unlet with potential to add a further £4.7 million per annum to contracted rent.
  - 0.1 million sq ft started at Littlebrook and subsequently sold post practical completion (see below).
- £2.6 million of additional annual rent secured through 0.3 million sq ft of development lettings post period end.
- 2 – 3 million sq ft per annum long-term development guidance (£200 – 250 million) at a 6 – 8% yield on cost maintained.

Adding value through active management, including £150 million of disposals in line with December 2022 valuations

- £5.1 million added to contracted annual rent from rent reviews and a lease renewal.
  - 7.6% increase in passing rent across the 34.2% of the portfolio subject to lease events resulting in EPRA like-for-like rental growth of 3.6% (2021: 3.3%).
- Record like-for-like ERV growth of 9.2% over the year, with a 19.1% portfolio rental reversion at 31 December 2022.
- Exchanged on the sale of £25 million of newly developed and vacant non-core assets at Littlebrook. In addition, post the period end, exchanged on a three asset portfolio sale realising gross proceeds of £125 million. Both of these transactions were in line with 31 December 2022 independent valuation.

- Continued emphasis on enhancing ESG performance, demonstrated by inclusion in Sustainalytics, 2023 Top – Rated ESG Companies List, increase in MSCI rating from BBB to AA, and launch of new 2023 targets.

High-quality portfolio supports resilient and growing income

- 100% of rent collected in relation to FY 2022 (2021: 100%).
- 2.1% portfolio vacancy, reducing to 1.1% including post-year-end lettings (2021: 0%).
- Long-term and full repairing and insuring (triple net) leases to a diverse range of large and resilient customers with 12.6 years weighted average unexpired lease term (WAULT) as at 31 December 2022 (2021: 13.0 years).

Change in portfolio valuation and EPRA NTA from market repricing of logistics assets

- Total portfolio value of £5.06 billion as at 31 December 2022 (31 December 2021: £5.48 billion), equating to an equivalent yield of 5.3% (31 December 2021: 4.1%).
- Reduction in like-for-like value of investment assets was -15.2%[5] across the year (H2 2022: -20.0%).
- The impact of changes in yields on EPRA NTA has been partly mitigated by development profits and growth in ERV.

Maintaining a strong balance sheet

- 31.2% loan to value at 31 December 2022, within guidance of 30% – 35% and maintaining substantial covenant headroom.
    - Including the assets exchanged for disposal subsequent to the period end, the pro-forma FY22 LTV reduces to 29.0%.
- Stable, recurring cash-flows of the portfolio reflected in 4.8x interest cover.
- 5.4 years average debt maturity, 99% of drawn debt fixed or hedged at 31 December 2022, with an average cost of 2.6%.
- £200 million increase in RCF commitments on existing terms, with available liquidity at 31 December 2022 in excess of £500 million.

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

"We made excellent operational progress this year, successfully deploying capital into higher yielding development opportunities and delivering record levels of new lettings, validating both our strategy and our decision to accelerate development activity in 2022. The income generated from these lettings will increasingly flow into earnings during 2023 and we will see the full benefits in 2024."

"Despite this positive operational performance we have not been immune from the rapid fall in property valuations in the second half of the year. However, we entered this period with a strong balance sheet and high-quality assets, providing us with the headroom to weather these changes as we continued to implement our strategy. Encouragingly, the strength of the occupational market continues to support attractive rental growth and we are seeing early signs of the investment market stabilising as investor confidence begins to return."

"We have a high-quality portfolio delivering resilient and growing income that leaves us well positioned for the future, whatever the economic backdrop. The demand and supply fundamentals of our sector remain highly compelling and we are confident in our ability to deliver further income and capital value growth."

Presentation for analysts and investors

A Company presentation for analysts and investors will take place via a live webcast with Q&A at 9.00am (GMT) today and can be viewed at: https://stream.brrmedia.co.uk/broadcast/63cebc47777efd4a8b5147a1

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

UK: +44 (0) 33 0551 0200

UK (toll free): 0808 109 0700

US: +1 786 697 3501
Password: Tritax Full Year Results

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

Notes

1. Operating profit before changes in fair value and other adjustments.
2. See Note 13 to the financial statements for reconciliation.
3. The anticipated run rate for development management income is £3.0 – 5.0 million per annum over the medium term. Adjusted EPS becomes 7.51p when excluding development management income above this anticipated run rate ('additional' development management income). £9.3 million of development management income is included in the 7.79p Adjusted earnings per share in 2022 (2021: £19.0 million included in 8.23p Adjusted earnings per share). Also see Note 1 to EPRA and Other key performance indicators.
4. The Portfolio Value includes the Group's investment assets and development assets, land options held at cost, the Group's share of joint venture assets and other property assets.

5. Excludes development assets, land and land options.
6. Source: CBRE

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:
Tritax Big Box REIT plc (ticker: BBOX) is the largest listed investor in high-quality logistics warehouse assets and controls the largest logistics-focused land platform in the UK. Tritax Big Box is committed to delivering attractive and sustainable returns for shareholders by investing in and actively managing existing built investments and land suitable for logistics development. The Company focuses on well-located, modern logistics assets, typically let to institutional-grade tenants on long-term leases with upward-only rent reviews and geographic and tenant diversification throughout the UK. The Company seeks to exploit the significant opportunity provided by the imbalance between strong occupational demand and constrained supply of modern logistics real estate in the UK.

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

CHAIRMAN'S STATEMENT

Strong operational performance and record development activity

Operationally and strategically, 2022 was an excellent year for the Company. Through our development programme, we let a record 3.1 million sq ft of space and secured £23.3 million of additional rental income, which will increasingly flow through into earnings during the course of 2023, and we will see the full benefit in 2024. We also continued to enhance our income and protect value through the active management of our high-quality portfolio. During 2022, the occupational market remained strong, with high occupier demand, very low availability and as a consequence rising rents across the UK. This is underpinned by the long-term structural tailwinds of e-commerce growth, supply chain optimisation and sustainability.

Macroeconomic factors impacting property valuations

The second half of the year saw investment market conditions deteriorate due to macroeconomic and geopolitical issues. A significant adjustment in underlying interest rates, in an attempt to curb high levels of inflation in the UK economy, caused a sharp increase in overall cost of capital and subsequently drove property yields higher. The relatively low volumes of investment transactions that completed in the latter part of the year were likely to have been priced around the time of the UK's "mini Budget" in September and October, when uncertainty was at its height. The valuers have been quick to reflect this in year-end valuations, which has led to a decline in our portfolio valuation and net asset value. We expect higher quality assets, of the type we own, to stabilise quicker and be more resilient in the face of a potentially weaker UK economy. Although we see the potential for some further but limited outward yield movements in the first half of the year, since the year end we have seen encouraging signs of the investment market stabilising and we believe there remains significant capital waiting to be deployed into the logistics sector, given its favourable long-term fundamentals.

A high-quality, diverse and resilient platform

In more uncertain times, we benefit from having built a business focused on quality. Our investment portfolio is differentiated by its high quality and modern logistics real estate assets with strong ESG credentials, let on long leases to a resilient and diverse customer base that includes many of the world's leading companies. The investment portfolio comprises more than 90% of our portfolio value and provides a strong foundation to our income generation and a resilient platform from which to pursue growth opportunities through active management and our development land portfolio.

Complementing our investment portfolio is our development land portfolio. We have structured our development activities to enhance returns while minimising risk and maintaining flexibility using options over land. The land options include a defined discount to prevailing land values at the time of drawdown and they give us greater discretion and flexibility around capital deployment. The scale of our combined investment portfolio and development platform gives us in-depth insight into the market which enables us to effectively adjust our development activity to match market conditions. This puts us in a strong position to maximise returns while minimising development risk. Through development, we can create an attractive pipeline of high-quality new buildings, which meet the highest ESG requirements, in a range of sizes, from small and last mile buildings through to the largest distribution centres, with a variety of lease structures all at an attractive yield on cost. The development pipeline, with its potential range of locations and building sizes, helps us better meet a broader range of requirements from customers and maintain the modernity of assets within our investment portfolio and can enhance the average unexpired lease term.

We actively manage our investment portfolio by working to enhance the value of assets we own. We dispose of those assets which no longer meet our return expectations and selectively acquired assets in the market where we see strong potential. Proceeds from investment disposals will also be used to fund our developments. Given the volatility in the investment market during 2022, we decided to reduce our acquisition activity. However, as markets normalise, we expect to see opportunities to make investment acquisitions that enhance portfolio returns, with a focus on assets with open market leases in a range of building sizes.

Continuing to improve our ESG performance

In addition to the clear imperative around environmental issues, we believe there is a strong alignment between value, financial performance and ESG. In simple terms, looking ahead we think buildings with superior ESG credentials attract more demand from customers and in turn will be more marketable and command higher rents. It is pleasing to see our work being recognised, with improving ESG scores, including being named in Sustainalytics' 2023 Top-Rated ESG Companies List, improving our MSCI rating to AA (an upgrade from BBB), and improving our GRESB score to 83/100 (an improvement from our score of 81/100 in 2021). We still have much to do, and a key priority has been establishing a clear baseline from which to launch our new 2023 ESG targets. While these encompass the full range of factors we are considering, most notable within these targets is an enhanced commitment to achieve net zero carbon across all aspects of our business by 2040, rather than our previously stated 2050 target. You can read more about our new targets, and our approach to ESG in more detail in our annual report.

Strong balance sheet and significant liquidity

With an LTV at the year-end of 31.2%, within our guidance range of 30 – 35%, and benefiting from a low cost of debt with fixed or capped interest rates across the vast majority of our debt facilities, we have maintained our balance sheet strength despite the downward adjustment in our portfolio value during the second half of 2022. We had available liquidity in excess of £500 million at the year end, with no loan maturities until the end of 2024. We agreed increases to our revolving credit facilities of £200 million in the year, demonstrating support from our lenders. Our balance sheet strength both increases our resilience to further changes in asset valuations and provides us with the ability to continue to efficiently fund our strategy.

Financial performance and dividend

Our underlying financial performance was good and in line with our expectations. Adjusted earnings increased by 8.3% when excluding additional DMA income, although as a consequence of higher average shares in issue we saw a more modest increase in Adjusted EPS[1] of 1.8%. The contribution made by our development activity secured a 14.5% increase in contracted annual rent during 2022. With the majority of these development assets still under construction, and therefore not yet contributing to gross rental income, this provides us with confidence in our ability to grow earnings during 2023, with the full benefit expected in 2024. The decline in the fair value of the portfolio, principally driven by outward yield movements due to macro economic factors, resulted in EPRA Net Tangible Assets of 180.37 pence per share (31 December 2021: 222.60 pence).

The reduction in EPRA NTA will be a contributing factor to an expected reduction in the investment management fee in FY 2023 which, combined with the increasing income contribution from development completions, we believe will result in a lower EPRA Cost Ratio for 2023.

Having paid three interim dividends of 1.675 pence each, we have declared a fourth interim dividend of 1.975 pence per share, to give a total for the year of 7.0 pence, an increase of 4.5% (2021: 6.70 pence).

Karen Whitworth appointed as Senior Independent Director

In November 2022, we announced changes to some Board and Committee responsibilities. The principal change was Karen Whitworth's appointment as Senior Independent Director (SID), in addition to being the Board's champion for ESG matters, and taking over from Alastair Hughes, who had been in the role since May 2021. Alastair made an invaluable contribution as SID and he will continue to play an important part as a Non-Executive Director to the Group.

Enhancements to the Investment Management Agreement

As previously reported, during the year Shareholders approved a new Investment Management Agreement, the contract that defines the relationship between the Company and the Manager, with an extended term, expanded key person principles and a lower NTA derived fee scale from 1 July 2022. This reduces costs and gives us additional security in respect of our main service provider. On behalf of the Board, I would like to thank the Manager for their performance

during the year, particularly in navigating the changing investment landscape and delivering the strong operational performance we report today. See the Manager's Report for further details.

Outlook supported by long-term structural drivers, strategic positioning and portfolio quality

The strong operational performance we have delivered in 2022 through our extensive development letting activity will begin to make an increasing contribution to FY 2023 earnings and a full contribution in FY 2024. Development led leasing will be complemented with ongoing rental growth from our investment portfolio through a blend of inflation linked and open market rent reviews plus the potential for lease renewals.

We have seen exceptionally high occupational demand for new logistics space in recent times although it is likely that a more challenging economic backdrop may moderate occupational demand to levels which historically would have still been considered strong. The structural demand drivers, combined with very low levels of new logistics buildings supply, are expected to continue to support attractive rental growth in the future.

While we continue to see high levels of interest from occupiers with incremental space requirements, with greater economic uncertainty, and due to the volatility in the investment market, we expect to revert to our long-term guidance for new construction starts in 2023 of 2 – 3 million sq ft, targeting capital expenditure into development of £200 – 250 million. We see the potential for some further, albeit more limited, yield expansion in the first half of the year, but we are witnessing encouraging early signs of stabilisation in the investment market which could manifest more clearly in the second half. A moderated pace of development, combined with our ability to rotate capital from standing investments, allows us to maintain a strong balance sheet, with LTV within a 30 – 35% range, while continuing to capture attractive investment and development opportunities.

Looking further ahead, the outlook for the sector remains positive. The structural tailwinds in the occupational market continue as occupiers seek to reduce their own cost pressures by generating greater internal operating efficiencies, led by optimisation of supply chains. As the current spike in inflation recedes, we see good prospects for rental growth to exceed inflation over the medium term which will help us to deliver attractive returns to our Shareholders.

[1] excluding additional development management income

MANAGER'S REPORT

Market review

Long-term structural drivers enhance the attractions of the sector

Three long-term drivers continue to underpin occupier demand for logistics real estate in the UK. Our strategy is aligned to these drivers, which are:

1. *The growth of e-commerce*

Consumers want faster, more flexible and more convenient ways to make purchases, which has driven strong growth in e-commerce over the last decade and beyond. Physical restrictions during Covid-19 accelerated the trend and online sales remain well above pre-pandemic levels, accounting for 26.5% of total UK retail sales in 2022, up from 19.2% in 2019[1]. Demographic and technology trends remain supportive and are expected to drive further growth over the medium term.

Logistics real estate plays a fundamental role in delivering online orders to consumers and managing returns rapidly and efficiently. Price transparency contributes to business models being orientated around throughput where delivery, speed and convenience are critical. This drives up distribution costs and our research shows that for e-commerce companies, rents are typically a relatively small proportion of total supply chain cost. Proximity to final delivery point is therefore essential and as a result, leading e-commerce, omni-channel and parcel companies require large, flexible, well-located properties. This is contributing to demand for new and larger buildings which have the technical and ESG attributes required to support operations that are often highly automated and which can act as a hub for distribution to end consumers or urban/last mile facilities. Typically, we see these attributes manifest in areas such as floor quality and

[1] ONS

loading capacity, building height and flexibility, power availability, workplace safety, and the digital infrastructure required to connect to central logistics management systems.

2. *The need to optimise supply chains*

Global supply chains continue to face intense pressure even as Covid-19 related challenges subside. The high-inflation environment that has prevailed through 2022 has resulted in significant increases in costs which have exacerbated the challenges already evident from Brexit. Companies continue to review how they operate and adjust their supply chain accordingly. Additional resilience is now a priority alongside optimising for efficiency, productivity, and cost. Occupiers continue to pursue a variety of solutions, including:

- consolidating older disparate units into larger, often purpose-built distribution centres, which offer economies of scale and the ability to optimise staffing and distribution costs as well as stock levels;
- deploying automation and technology to stock, retrieve and process products in volume and at speed. These systems are most suited to large, modern logistics buildings;
- bringing more inventory onshore and reviewing every aspect of their supply chains, from manufacturing and transportation to storage. This “deglobalisation” effect is further increasing demand for high-quality logistics space closer to the end consumer. It also has the benefit of reducing the environmental impact of supply chains, by cutting the distances goods must travel; and
- outsourcing supply chain functions to specialists or leveraging third-party logistics providers’ (“3PLs”) networks to provide overflow space for stock. 3PLs were particularly active in the market in 2022 accounting for 33% of leasing activity[2].

3. *The drive for ESG performance*

Most organisations are now striving to be more sustainable. This offers numerous benefits, including:

- reducing their environmental impact and improving the resilience of their operations and assets;
- cutting energy use, helping to protect them from high and volatile energy prices, and increasing demand for renewable energy sources;
- increasing employee and local community engagement through enhanced comfort and wellbeing facilities, which is important in a highly competitive labour market; and
- helping them to meet the ESG demands of their own investors and other stakeholders.

Modern logistics assets have important sustainability features, such as enhanced insulation, LED lighting and large roof spaces capable of accommodating solar PV. These buildings are also more likely to meet future regulations, such as minimum energy performance standards. In addition, larger modern buildings lend themselves to better staff facilities, such as gyms, canteens and offices, and have more scope for green space, which can support biodiversity and outdoor amenities. Logistics assets can make a positive contribution to local communities by offering employment opportunities, green infrastructure for community use and support for local good causes.

Near record demand and low availability are continuing to drive rental growth

Occupational demand remains at elevated levels

The trends discussed above continue to drive high occupier demand. Following two years of very strong annual take-up in excess of 42 million sq ft, leasing activity in 2022 was 38 million sq ft, remaining well ahead of the 10-year average annual take-up of 29 million sq ft. Demand was strong for all size bands with 139 deals completed in 2022 and 18 of those being for buildings over 500k sq ft (2021: 18). Businesses continue to invest in their supply chain and a further 11.9 million sq ft of space was under offer at the year-end (2021: 9.1 million sq ft)[3].

Demand for space remains very diverse. Supply chain issues impact all companies and with the UK economy reopening and rebalancing through 2022, more companies have begun to adjust their networks accordingly. 3PLs were particularly active in 2022, accounting for 33% of take-up, while manufacturing (12%), omni-channel retailers (16%) and the food sector (11%, including food service and supermarkets) have also been prominent. Online retail accounted for 11% of take-up, down from 40% in 2021 with some market leaders having already made significant investments in their warehouse networks over the last few years. New entrants and companies from outside the traditional logistics sectors

[2] CBRE
[3] All data from CBRE

also continue to take space in the UK market. Other occupiers, which includes our 1 million sq ft letting to Iron Mountain Inc. at Rugby, accounted for 9% of take-up during the year[3].

Availability remains very low

Strong demand, low vacancy and rising rents (see below) have encouraged speculative development but much of this space has been rapidly taken up. UK completions totalled 33 million sq ft in 2022 but vacancy (buildings that are physically built, standing and capable of being utilised by an occupier immediately) stands at just 2.0% (2021: 1.6%). At the year end, speculatively developed space either completed and unlet or for delivery in the next 12 months totals 22 million sq ft. 70% of these buildings (by number) are in the 100k – 250k sq ft size range with three larger than 500k sq ft[3].

Going into 2023, we expect occupiers to continue to sign new leases on modern buildings that meet technical requirements, can accommodate automation, meet stringent ESG standards, provide an attractive work environment and are mission critical to their businesses. Larger logistics buildings fulfil a strategic role – occupiers will often sign a long lease and invest significantly in operational fit-out; as such these are long-term commitments which tend to look beyond the prospect of a near-term recession. Economic conditions may, however, make some occupiers more cautious about taking space in the short term and we expect demand in 2023 to moderate across all size bands towards levels that would historically have still been considered strong.

We also expect levels of speculative development in the market to decline as a consequence of the current and expected near-term UK economic challenges. Savills, for example, suggests there is 3.6 million sq ft of space that has yet to sign a build contract and could therefore be delayed[4]. In addition to this potential slow down, substantial barriers to new supply remain in place. These include the:

- low availability and cost of suitable land, in the right locations and with sufficient power and labour supplies;
- slow planning system and extensive infrastructure requirements before a building is constructed;
- reduced availability and substantially increased cost of debt financing;
- higher build costs, although we may see some reductions in 2023; and
- buyer and seller pricing aspirations for land out of equilibrium (sellers not yet having adjusted to market correction).

Control of a significant land portfolio, largely through capital efficient option agreements, some with existing planning consents and which is capable of near-term development is, particularly attractive in the current market. The fact that we have agreements in place which link our land purchase price to open market value (less a prescribed discount) means that we benefit from the overall reduction in land values across our future development pipeline. This is assisting in maintaining our guided 6 – 8% yield on cost range from development.

The logistics development industry has also changed markedly since the global financial crisis, with a decline in the importance of trader-developers and the growth of well-capitalised investor-developers, who are incentivised to obtain the best possible terms for new leases, to protect the value of their existing investments. More recently, for those remaining trader-developers, a change in market dynamics and particularly the cost of finance and exit yield positioning means that, for some, the financial returns have become unviable and therefore this will naturally curtail supply over the short-term. Today, the investor-developer community approaches development with a greater degree of sophistication than in the past, which therefore allows overall levels of supply to be moderated to match demand.

Robust rental growth

Strong demand and limited available space have pushed rents to new highs across all UK regions. Outside of the Southeast, headline prime rents are typically between £8 and £9 psf. Headline rents have increased by between 75 pence and £1.25 psf through 2022. In the Southeast headline rents are £10.75 (Q4 2021: £9.75) in prime big box logistics markets such as along the M1 corridor. Inner London urban rents are significantly higher at around £26.50 psf but units tend to be smaller, and often have shorter lease terms[3].

UK real estate leases often create a lag in capturing market rental growth across an investment portfolio due to the common nature of 5-yearly rent reviews. Market rental growth is, however, reflected in the further increase in our portfolio rental reversion to 19.1% at 31 December 2022 (2021: 11%). Active asset management and development lettings provide a faster transmission and here we have been able to add £28.4 million of annual contracted rent in 2022, helped by achieving rents above appraised ERVs at developments such as Biggleswade and Aston Clinton.

[4] Savills, Big Shed Breakfast webinar, November 2022

Capital market backdrop slows investment activity

Capital market conditions adjusted rapidly through 2022 and investors reconsidered pricing in light of elevated inflation, a higher cost of capital and a weaker growth outlook. Debt markets repriced as costs increased and lenders lowered loan-to-value ratios for new loans to maintain adequate interest cover. Balance sheets and available liquidity are once again important metrics, and we continue to benefit from a low LTV of 31.2% and available liquidity in excess of £500 million.

Logistics transaction volumes have slowed since Q1 2022 with total investment volumes for the year of £6.7 billion (2021: £11.2 billion)[5]. Prime market yields softened rapidly through the second half of 2022 to 5.0% as at 31 December 2022 (2021: 3.5%)[2]. The speed at which pricing adjusted is unprecedented with the equivalent 150bps movement seen in the second half of 2022 taking more than 12 months to materialise in 2007[2]. While investors have been understandably hesitant to transact in a volatile and rapidly adjusting market, it is notable that liquidity remains evident with several deals completing towards the end of the year and more transactions being progressed currently.

The health of the logistics occupier market and the scope for continued rental growth remains an attractive feature of our sub-sector. While the near-term outlook for capital values will continue to be impacted by the macro-drivers that currently dominate, in the medium term, we believe logistics real estate remains a compelling area for investment. The structural tailwinds supporting the occupier market remain in place, supply chain evolution is still in its early stages of development and investment capital remains committed to an asset class that is core to the global economy.

Strategy

Our strategy aligns the Group to the market drivers, while ensuring it meets its wider responsibilities and carefully manages risk.

The strategy has three interlinked components that aim to deliver sustainable income and capital growth, resulting in attractive performance through the economic cycle that underpins a reliable and progressive dividend:

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

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

3) Insight-driven development and innovation – capturing occupier demand and creating value.

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

- Sustainable buildings – ensuring existing assets, acquisitions and developments align with our ESG objectives;
- Climate and carbon – achieving net zero carbon for all direct (scope 1 and 2) and indirect (scope 3) activities;
- Nature and wellbeing – enhancing biodiversity and wellbeing across the portfolio; and
- Social value – creating value and positive impact for people and communities.

Information on how we implemented our strategy during 2022 is set out in the following sections.

1) High-quality assets attracting world-leading customers

Through our continuous focus on quality, we have assembled what we believe to be one of the best portfolios of any quoted logistics real estate business in Europe. The portfolio’s quality is reflected in its long leases with embedded income growth, high-quality customers, desirable locations, and modern flexible buildings in a range of sizes and formats, with strong ESG credentials.

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[5] Property Data

The portfolio has been constructed to generate attractive long-term income through the economic cycle. The quality of our assets and customer base enabled us to collect 100% of rent again this year, an area where we outperformed during the pandemic, and we continue our track record of never having a void on lease expiry.

Our priorities for 2022

We set the following priorities for 2022 in relation to the investment portfolio:

Priority	Progress
Rotate out of assets which no longer fit the shape and balance of the portfolio and which are expected to deliver lower-quartile total returns.	Disruption in the investment market meant we decided to pause on our planned disposals in H2 2022. We exchanged on the disposal of two, non-core assets at Littlebrook for £25 million. Post the period end we exchanged on the disposal of a portfolio of assets with a gross consideration of £125 million.
Maintain our disciplined approach to acquisitions, ensuring they complement the portfolio and have potential for superior risk-adjusted returns relative to the investment pillar; these may include opportunities to add value through active management or investments considered mispriced.	Maintained discipline and did not acquire any assets during 2022, reflecting superior opportunities for capital and income returns through allocating capital to the development programme and the desire to maintain balance sheet strength and corporate liquidity.
Maintain the balance between low-risk foundation income and higher rental growth potential.	Foundation assets continue to comprise the majority of the investment portfolio (63.1% of GAV), with Value Add assets (29.4% of GAV) presenting appropriate exposure to growth opportunities. This balance is further considered against our development activity which is subject to limits set within our investment policy.

Portfolio composition supports resilience and growth

Our overall portfolio comprises the investment portfolio, which are assets with either a lease or agreement for lease in place, and the development portfolio, which generates new assets for us through pre-let and speculative developments (see *insight driven development and innovation* below).

At the year end, the total portfolio was valued at £5.06 billion (31 December 2021: £5.48 billion), a reduction of 7.7% over the year, reflecting the portfolio equivalent yield softening over the year from 4.1% to 5.3%, which more than offset the impact of development gains, asset management and ERV growth.

As at 31 December 2022, the investment portfolio had increased to 79 assets (31 December 2021: 62 assets), as we leased or practically completed new buildings from our development activities. The investment portfolio's gross lettable area was 37.5 million sq ft at the year-end (31 December 2021: 33.7 million sq ft).

Investment portfolio: 92.5% of GAV	Development portfolio: 7.5% of GAV
Foundation 63.1% Value Add 29.4%	Developments and land: 7.5%

Foundation assets are typically new or modern buildings in prime locations, let on long leases to customers with excellent covenant strength. They provide us with long-term and resilient income through the economic cycle. Value Add assets present opportunities to grow income and capital values through active asset management or have customers with the potential to grow and improve in covenant quality. They typically have shorter remaining lease terms and therefore nearer term opportunity to capture market rental reversion.

Secure customer base underpins income generation

The Group has a diversified base of 51 customers (2021: 44), including some of the biggest and most important companies in the world, with 74.5% being part of groups listed on exchanges such as the S&P 500, FTSE 100 and DAX 30. We have minimal exposure to small and medium sized enterprises (SMEs). We conduct ongoing due diligence on our customers' covenant strength, as discussed in the asset management section below.

Our buildings often form the backbone of our customers' UK supply chains, and they frequently invest heavily in technology and automation within the buildings. The structural importance of our buildings to our customers' supply chains further increases the income resilience of our portfolio.

The portfolio reported 2.1% vacancy as at 31 December 2022 (2021: 0%), reflecting recently completed development buildings that were unlet at the year end. When including post-year-end lettings, the pro forma vacancy rate reduces to 1.1% within the portfolio; this vacancy offers opportunity for further short-term income growth following letting.

The table below lists the Group's top 10 customers:

Customer	% of contracted annual rent	Customer	% of contracted annual rent
Amazon	14.5%	B&Q	3.9%
Morrisons	5.3%	The Co-Operative Group	3.7%
Tesco	4.7%	Ocado	3.4%
Iron Mountain	4.5%	Marks & Spencer	3.4%
Howdens	4.0%	Argos	3.2%

Long duration, full repairing and insuring leases minimise capex and enhance income security

At the year end, the investment portfolio's WAULT was 12.6 years (31 December 2021: 13.0 years), with the Foundation assets having a WAULT of 15.9 years (31 December 2021: 15.1 years).

Of total rents:

- 35.2% is generated by leases with 15 or more years to run; and
- 20.1% comes from leases expiring in the next five years, providing near-term opportunities to capture the growing reversion within the portfolio.

All but one of our properties is single let. Our leases are full repairing and insuring[6] (equivalent to triple net leases in the United States). This means our customers are responsible for property maintenance and dilapidations. This minimises our irrecoverable property costs, which in 2022 totalled £0.2 million, and is reflected in our strong gross to net rental income conversion ratio of 99.9% in the year.

Leases provide protection from inflation and an effective minimum level of rental growth

All our leases benefit from upward-only rent reviews, with 18.5% of our rents reviewed annually and 81.5% reviewed every five years (on a staggered basis such that there are five-yearly rent reviews taking place every year). The table below shows the composition of rent review types across the portfolio, which balances the certainty offered by fixed and inflation-linked leases with the ability to capture market rental growth from open market and hybrid reviews. Through our development activities we have successfully increased the weighting of the investment portfolio's exposure to open market rent reviews from 36.7% to 39.0%.

	% of contracted rent roll	
Rent review type	**31 December 2022**	**31 December 2021**

[6] Including one property with a sinking fund to cover repair costs creating an effective full repairing and insuring arrangement.

RPI/CPI linked	52.3%	53.6%
Hybrid (Higher of inflation / open market)	8.5%	8.2%
Open market	30.5%	28.5%
Fixed	8.7%	9.7%

35% of the portfolio was subject to rent reviews in 2022 with a further 19% in 2023. Progress with rent reviews in 2022 is discussed in the *direct and active management* section below.

Approximately 55.7% of the rent roll has either a fixed or minimum increase at rent review. This creates an effective minimum annualised rental growth of 1.7% across this element of the portfolio. Our inflation linked reviews typically have cap and collar arrangements, at an average range of 1.6% to 3.5% respectively. While this provides an element of certainty on the minimum rental increase within the portfolio, we aim to supplement this via the capture of strong market rental growth through uncapped open market and hybrid rent reviews, alongside other forms of active asset management including the opportunity to capture market rental reversion following lease expiry.

Increasing ERVs provide future rental growth opportunities

At each valuation date, the valuer independently assess the investment portfolio's estimated rental value (ERV), which is the amount of rent that the properties would be expected to secure through an open market letting at that date. As at 31 December 2022, our portfolio ERV was £266.8 million (31 December 2021: £217.1 million). This is £42.7 million (19.1%) above the FY 2022 contracted rent position and a 9.2% like-for-like ERV increase over the year. We have opportunities to capture this reversionary potential through regular rent reviews, lease expiries or lease regears.

Due to the balance between open market and inflation linked rent reviews, and the growing rental reversion within the investment portfolio, we remain positive about our ability to continue to deliver attractive, long-term income growth, particularly when allied with the strong rental growth we are capturing through our new developments and the ability to apply this positive new letting evidence in enhancing the open market rent review outcomes of our investment portfolio.

As of 31 December 2022, 98%[7] of our investment portfolio has an EPC rating of C or above, and all assets which are certified by BREEAM (49%) have a rating of Very Good or above.

Of our development assets which completed during the financial year, 100% received an EPC rating of A, they all targeted a BREEAM Very Good rating (final certification pending) and were built to be net zero carbon in construction in accordance with the UK Green Building Council's (UK GBC) framework definition.

Our priorities for 2023

Our priorities for the investment portfolio in 2023 are to continue:

- to closely monitor customers' credit quality in the face of a potential UK recession;
- to evaluate the weighting of the portfolio between Foundation and Value Add to inform our approach to active management of the portfolio; and
- to evaluate both the geographic composition and range of building sizes within the portfolio to maintain an appropriate balance between rental growth, covenant strength and risk.

2) Direct and active management

Our priorities for 2022

We set the following priorities for 2022 in relation to asset management:

Priority	Progress

[7] Includes 2% where EPC ratings are in the process of being reviewed and are expected to be recertified at or above their previous classification.

Complete all outstanding open market rent reviews.	Completed three of the four open market rent reviews outstanding from 2021. Six open market rent reviews were in negotiation at the year end.
Complete further lease extensions, incorporating ESG initiatives and green lease clauses.	Extended three leases - two by 10 years, and one increased to 15 years lease term. All three leases included green lease clauses.
Agree terms to extend a property or alternatively secure an additional pre-let for our development portfolio with a current customer.	In discussions with six existing customers about taking additional properties from the development portfolio, as well as extensions to existing assets.

Understanding and supporting customers

Being close to our customers maximises our ability to identify opportunities to support their logistics needs. We undertake supply chain research on selected customers, which gives us detailed insights into their entire logistics network, the role of our assets within it and their future business needs. This means we can have meaningful conversations about supporting them through our developments and active asset management, as well as informing our investment decisions and helping us work in partnership with customers on ESG objectives.

We conduct ongoing covenant analysis of our customers, combining publicly available and third-party information with our own insights. Following the Russian invasion of Ukraine, we enhanced our monitoring of the sanctions lists, as part of these reviews. This work has not identified any direct concerns relating to entities covered by sanctions.

Realising value and recycling capital through disposals

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

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

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

3) the asset's relative future performance may be below others in the portfolio perhaps because there is less opportunity or more risk attached to future performance.

When considering asset disposals, we take account of criteria such as age, location and ESG credentials, income and capital value growth prospects, conditions in the investment market, and near-term opportunities to reinvest in income-producing acquisitions and developments to maintain earnings and dividend progression. This activity helps to maintain an appropriate portfolio composition to achieve our strategic objectives.

Our approach to disposals evolved over the course of 2022, influenced by market conditions. Initially, our expectation was that divestments were likely to take place towards the end of the year and into the early part of 2023. This would correspond with accelerated development activity in 2022 and our expectation that these new development assets will become income producing through 2023. The rapid deterioration in the investment market, combined with the strength of our balance sheet, meant significant disposals were not in Shareholders' interests in the second half of 2022. We were able to exchange contracts to sell two vacant multi-let assets at Littlebrook in December 2022 for £25 million, with completion occurring post the year end. Subsequent to the year end, we also exchanged on the disposal of three assets, to an institutional buyer, for a gross consideration of £125 million in line with 31 December 2022 valuations.

Investment acquisitions complementing returns

Given its attractive returns, over the past 12 months we have focused our capital deployment on development. However, we continue to evaluate acquisitions in the market with a focus on assets that offer opportunities for near-term reversion capture and greater exposure to open market reviews across a broad range of building sizes. Given the changing dynamics within the investment market we are beginning to see increasing opportunities and so could be more active in the investment market during 2023 than we were last year. Investment acquisitions give us further opportunities to tailor the overall composition of our investment portfolio to meet our strategic objectives.

Growing and lengthening income

During the year we agreed 20 rent reviews, an increase for one lease to 15-year lease term certain, and two 10-year lease renewals, that in total resulted in a £5.1 million increase in annual contracted passing rent, an increase of 7.6%. Three of these rent reviews were outstanding from 2021. Overall, 33% of the portfolio benefited from a review. In total, we reported a 3.6% increase in EPRA like-for-like rental growth in the year.

The table below shows a breakdown of these reviews by type:

	Number	% of Contracted rent	Growth in passing rent
Index linked	12	21.7%	5.7%
Open market / hybrid	5	6.3%	12.9%
Fixed	3	5.0%	5.5%
Sub-total	**20**	**33.0%**	**7.0%**
Lease renewal	1	1.2%	23.1%
Total	**21**	**34.2%**	**7.6%**

During 2022, 23 leases representing 35% of our portfolio rent roll were due for rent review. Of these reviews, we settled 17, representing 28% of the 35% expected. The six unsettled open market reviews along with one from 2021, representing 7% of the portfolio, are expected to be settled during 2023.

Lease renewal negotiations are currently ongoing with three customers whose leases expire in 2023 and 2024. We continue to negotiate a wide range of other lease proposals with customers, including new mezzanine floors and ESG initiatives (see below).

Delivering ESG performance through integration, engagement and active management

Our ESG strategy and performance criteria fundamentally underpin our investment philosophy and approach to active management.

Delivering ESG performance in partnership with customers is a key part of our active asset management. Through these initiatives, we can increase income and capital values, prolong an asset's life, improve its liquidity and reduce obsolescence risk. Customers can also reduce their operating costs and make progress towards their ESG targets, such as net zero.

ESG is embedded across the asset lifecycle and our supply chain. Our investment decisions are made in line with our ESG targets and KPIs, using both data and evidence. This approach is achieved through due diligence, development, asset and supply chain management and asset disposals. Our ESG performance is validated and evidenced using third-party global frameworks and benchmarks such as GRESB, Sustainalytics, MSCI, EPRA and BREEAM. This robust approach to governance allows us to maximise our environmental and social impact.

Our active management priorities for 2023 are to:

- settle the outstanding open market rent reviews;
- continue to progress lease extension and renewal discussions with customers;
- in addition to the disposal of three assets exchanged subsequent to the year end, make further selective asset disposals, in line with our annual target of £100 million to £200 million;

- continue to evaluate opportunities for acquisitions; and
- work with customers on further initiatives to enhance the assets, including their ESG credentials.

3) Insight-driven development and innovation

We control the UK's largest land portfolio for logistics development, capable of delivering approximately 39.7 million sq ft of new logistics space, which has the potential to more than double the size of our business. Most of the land portfolio is held through long-term option agreements, which include hard-coded discounts to prevailing land prices upon land drawdown. Controlling land through options is capital efficient and gives us the flexibility to align the pace, scale and location of our development activity to market demand. In other words, we typically buy in land when risk is reduced through receipt of planning and when we are in a position to add value. We commit to construction on a building-by-building basis and construction times are short, typically 9 – 12 months. This means we have flexibility with our capital commitments, allowing for good visibility over our exposure to changes in market conditions during the construction phase given these short timescales.

The land portfolio provides us with an important competitive advantage. It has taken over a decade to assemble and nurture to a point where it is capable of delivering significant value to our business and its scale, diversity and strategically important locations would be extremely difficult to replicate. The consented land within the portfolio also gives us an edge over competitors who may be constrained by uncertain planning timescales. We actively manage the land portfolio to ensure that land that is utilised and developed is replaced from time-to-time with new sites.

Our team has a long, proven track record of successfully obtaining planning consents and delivering new buildings. This provides a pipeline of new, quality assets, across a range of building sizes for our investment portfolio, and is a key driver of returns, delivering a target yield on cost of 6 – 8% through a blend of pre-let and speculative developments. The development pipeline is diversified geographically and provides a high degree of flexibility in terms of size and location, enabling us to match our customers' requirements for urban or last mile assets all the way through to "mega-boxes". As we implement our strategy, the balance of the investment portfolio will gradually evolve to reflect this broader mix of building sizes and attractive blend of lease profiles.

Our commitment to sustainable development encompasses our standards for construction, which includes achieving a minimum of BREEAM Very Good, an EPC A grade and consideration for achieving our net zero carbon pathways. We continue to look for ways to improve our performance and reduce embodied carbon in our new buildings. As part of this, we have enhanced the collection and verification of data around carbon performance in our developments, to give us a clear baseline to work from and set effective targets.

Our priorities for 2022

We set the following priorities for 2022 in relation to our development programme:

Priority	Progress
Commence construction of 3 – 4 million sq ft of high-performing, sustainable buildings.	Started construction of 2.9 million sq ft, moderating our activity in the second half of the year in response to changes in the investment market.
Continue to identify pre-lets and occupiers to lease the speculative programme.	Achieved lettings on 3.1 million sq ft of developments, of which 53% was pre-let, adding £23.3 million or 11.9% to contracted annual rent. 82% of constructions starts commenced in 2022 have been successfully let.
Position the development portfolio to deliver 2 – 3 million sq ft of logistics space over the longer term – but be ready to respond to higher levels of demand in the near term.	Continuing to secure additional planning consents and transitioning land to a "credible delivery state" in support of our 2 – 3 million sq ft long-term annual run rate.

Secure further planning consents to ensure the targeted level of development can be maintained.	Secured planning on 1.6 million sq ft across four sites in 2022.
Secure further options on land, to replenish the overall development land portfolio.	Continued to add to the land portfolio, securing options over a further 201 acres, capable of delivering over 4 million sq ft on completion of land assembly.

Significant development activity in 2022

We made excellent progress with our development programme during the year, delivering:

- 3.1 million sq ft of development lettings, increasing contracted annual rent by £23.3 million or 11.9%;
- 2.9 million sq ft of construction starts, of which 82% has either been pre-let or let during construction, comprising:
  - 1.6 million sq ft of developments that are pre-let build to suits, adding £11.4 million to contracted annual rent; and
  - 1.3 million sq ft of speculative developments, with the potential to add £12 million to contracted annual rent, 61% of which has been let during construction (or sold in the case of the MLI units at Littlebrook); and
- Secured new planning consents for a further 1.6 million sq ft, across four sites.

Development lettings enhancing investment portfolio

Development lettings secured in 2022 have continued to enhance our investment portfolio, providing brand new, highly sustainable buildings in a range of sizes, let to a diverse range of strong customers on various lease lengths and structures. The 3.1 million sq ft of development lettings secured:

- delivered an average new lease term of 14.7 years;48% represented open market rent reviews, 10% hybrid (offering the higher of open market or inflation) and 42% inflation linked (with average floor and cap of 2.1% and 4.4% respectively);
- 250,000 sq ft average building size with an overall range of 75,000 sq ft to 552,000 sq ft; and
- geographically diversified across key strategic distribution locations throughout the UK.

The Development Pipeline comprises the following:

- Current Development Pipeline of buildings under construction, which totals 3.0 million sq ft, with 2.6 million sq ft (86%) pre-let or let during construction;
- Near-term Development Pipeline, with the potential to deliver around 10.8 million sq ft within the next 36 months, with the potential to add £87.6 million to contracted annual rent; and
- Future Development Pipeline (approximately 1,340 net acres), capable of accommodating 28.4 million sq ft of development over the longer term.

A carefully considered and low-risk approach to development

Development is an attractive way to significantly enhance our returns, while carefully managing the associated risks. Our Investment Policy limits land and development exposure to 15% of GAV, including a maximum exposure to speculative development of 5% of GAV. At the year end:

- land and development exposure was 7.5% of GAV; and
- speculative exposure (based on aggregated costs) was 1.1%.

Below we outline how we manage the risks associated with our development activities:

a) The role of speculative development

We favour pre-let development but will consider speculative development, as it provides a range of benefits, including:

- meeting the needs of customers with near-term occupational requirements, through a geographically diverse range of product;
- opening up new sites and establishing them in the marketplace with prospective customers and agents; and
- providing faster delivery of rental income from the point of securing a letting as much of the construction period is already past.

As we hold options over the majority of our land portfolio, we have the flexibility to adapt our speculative development programme to changing market conditions. Our approach is considered and analytical and we only develop speculatively in locations where:

- the supply of competing buildings is low;
- occupational demand is high; and
- we have identified at least one occupier requiring the size of building we intend to construct in that location.

Our speculative development performance track record is strong. In 2022, 61% of our speculative development starts were let ahead of practical completion and at rental levels in excess of appraisals.

b) Managing build costs

Having come through a period of rapidly increasing build costs, we have seen a more stable cost environment in recent months and significantly improved availability of key materials such as steel and cladding. We continue to have excellent relationships with key suppliers and the scale of our development programme means we have considerable buying power.

Looking to 2023, it is likely that some developers will delay developments or reduce their programmes because of economic conditions, which may further improve the cost and availability of both materials and contracting services.

During the period of tight material supply and rapidly rising costs, we worked collaboratively with individual contractors on a negotiated basis to ensure we could secure materials and labour in a timely fashion and therefore have firmer programme delivery timescales. With the improvement in material supplies and easing pressures on pricing, we are now reverting to contractor tenders across our projects to ensure best pricing is secured on our fixed-price build contracts.

Consequently, we continue to maintain our guidance of delivering a 6 – 8% yield on cost on our overall development programme.

c) Careful selection and monitoring of contractors

We closely monitor the financial strength of our contractors and place our main building contracts with a panel of contractors that are experienced in logistics warehousing and have robust balance sheets.

The UK's largest land portfolio for logistics development

The Group's land portfolio comprises:

- sites that we own or where we are in the process of exercising options, with capacity for 3.8 million sq ft of development; and
- sites we control through long-term option agreements, with capacity for a further 35.9 million sq ft.

A customer-centric approach to development

Iron Mountain is the global leader for storage and information management services. Over the last 12 months, Iron Mountain has partnered with us to support their ongoing UK growth strategy. We are delivering a campus solution at Symmetry Park, Rugby which will provide approximately 1.0 million sq ft across 4 units along with a further 0.3 million sq ft unit at Symmetry Park, Kettering. Iron Mountain took occupation of their new Kettering DC in February and the first two units at Rugby due to complete construction in the summer of 2023. All leases are 15-years in length with five yearly open market rent reviews. The ESG credentials of the Tritax developments both in construction and during operation has been a key focus for Iron Mountain to support their objective to achieve Net Zero Emissions by 2040.

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

1) Current Development Pipeline – assets that have received planning consent and are under construction. These assets are either pre-let or speculative developments. The Group owns these sites.

2) Near-term Development Pipeline – sites with planning consent received or expected to be received in the near term, and where we aim to begin construction in the next three years. The Group will own some of these sites, with others held under option pending planning consent.

3) Future Development Pipeline – longer-term land opportunities, which are principally held under option.

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

As at 31 December 2022, the Group had the following assets in the Current Development Pipeline, all of which were under construction. The total estimated cost to complete is £99.9 million.

	Estimated costs to completion					
	Total	**Period**			**Total sq ft**	**Contractual rent / ERV**
	£m	H1 2023 £m	H2 2023 £m	H1 2024 £m	m	£m
Current speculative development	9.7	9.4	0.3	-	0.4	4.7
Current let/pre-let development	90.2	45.6	44.6	-	2.6	18.9
Total	**99.9**	**55.0**	**44.9**	**-**	**3.0**	**23.6**

Of the Current Development Pipeline of 3.0 million sq ft, 86%, representing £18.9 million of annual contracted rent has been pre-let or let during construction.

When negotiating new leases, we are increasingly looking to maximise our future income growth by incorporating hybrid rent reviews, where rental increases are the higher of open market or inflation. If this is not possible, we currently favour open market rent reviews due to the current balance across the portfolio. However, this remains under constant review, with the merits of different rent review types depending on economic conditions, while we also look to ensure a balance of review types across the portfolio.

In addition, on certain pre-let developments, where there is a delay between signing an "agreement to lease" prior to construction start (and sometimes receipt of detailed planning consent) and completion of the unit, we are looking where possible to incorporate a rent review upon completion of the construction in order to capture any rental growth that has occurred in the market during the intervening construction period.

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

At the year end, the Near-term Development Pipeline consisted of land capable of accommodating 10.8 million sq ft and delivering £87.6 million of annual rent. Of this:

- 5.3 million sq ft relates to land with detailed or outline planning consent; and
- 2.3 million sq ft relates to sites where we have submitted a planning application.

As at 31 December 2022, the Group was awaiting decisions on planning applications totalling 4.9 million sq ft on previously unconsented land.

The table below presents the Near-term Development Pipeline at the year end. Movements in the figures are driven by construction starting (which will move space to the Current Development Pipeline), or changes in our view on likely timing starts, resulting in movements between the two categories below. All schemes are expected to be delivered within our 6 – 8% yield on cost guidance:

	Total sq ft	**Current book value**	**Estimated cost to completion**	**ERV**
		£m	**£m**	**£m**
Near-term starts in 2023	2.3m	47.3	244.9	18.2
Near-term starts in the following 12 – 24 months	8.5m	109.2	932.5	69.4
	10.8m	**156.5**	**1,177.4**	**87.6**

3) Future Development Pipeline - construction expected to start after 36 months

The Future Development Pipeline has sites at various stages of the planning process, with multiple sites being currently promoted through local plans. We look to replenish the pipeline as we exercise options and let buildings. At 31 December 2022, the Future Development Pipeline comprised approximately 1,340 net acres with the potential to support up to 28.4 million sq ft of development.

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

Development Management Agreements (DMAs)

Under a DMA, the Group typically manages the development of an asset for a third-party funder, in return for a fee and/or profit share. The Group will not typically own the asset and DMAs are therefore not included in the Group's portfolio value. DMAs can provide the Group with an attractive but variable source of other operating income for Shareholders, with no capital funding requirements.

Income from DMAs can vary over time. The treatment and impact of DMA income is discussed in the Financial Review.

Priorities for 2023

Our priorities for 2023 are to:

- commence construction of between 2 to 3 million sq ft of new developments while keeping a close eye on the macroeconomic backdrop, within our yield on cost guidance of 6 – 8%;
- secure a blend of pre-let and speculative lettings;
- progress planning consents and ensure sufficient consented land is in a credible delivery state to support our long-term development activity, and aim to replenish land once developed; and

- continue to develop our low-carbon baseline specification and work towards embedded and whole life carbon performance targets.

FINANCIAL REVIEW

The Group delivered further growth in net rental income and Adjusted earnings[8], as we benefited from the successful delivery of our strategy and continued like-for-like rental growth underpinned by strong market fundamentals. The total dividend declared for the year was 7.00 pence per share (2021: 6.70 pence), representing annual growth of 4.5%. The decline in asset valuations across the market in the second half of the year was stimulated by a short and sharp adjustment to underlying interest rates – the Bank of England base rate moved from 0.25% to 3.5% during the year, with property yields increasing to accommodate a higher risk-free rate and higher cost of capital for investors. This led to an overall reduction in EPRA Net Tangible Assets per share of 19.0%, to 180.37 pence (2021: 222.60 pence) and a Total Accounting Return of -15.9% (2021: 30.5%).

Importantly, we have continued to drive our contracted rental income through development and asset management, which has increased by 14.5% over the year to £224.0 million (2021: £195.6 million). With a lot of this increase in contracted income, but not yet passing, due to a number of assets remaining under construction, this provides us with confidence in the overall growth in our earnings through 2023 and 2024. In addition our portfolio rental reversion grew to 19.1% or £42.7 million as at the year end, which includes 2.1% of recently developed vacant space, and offers opportunity for further income capture over the short to medium term.

We continue to exercise rigorous capital discipline and the balance sheet remains strong. The LTV at the year-end was 31.2% (31 December 2021: 23.5%), within our guidance range and well below the maximum stipulated in our corporate banking covenants of 60%. We also have significant borrowing headroom in our facilities, with liquidity in excess of £500 million at year end. This will enable us to continue to implement our development strategy and consider asset acquisitions, alongside the careful recycling of assets through disposal.

Our priorities for 2022

We set the following priorities for 2022 in relation to our financial performance:

Priority	Progress
Target further growth in both earnings and net asset value, and therefore provide attractive Total Accounting Returns to Shareholders.	Adjusted EPS[8] increased by 1.8%. However, the reduction in asset valuations in the second half of the year resulted in a fall in net asset value and Total Accounting Return.
Maintain a strong balance sheet and loan to value within the guidance of up to 35%.	We maintained a strong balance sheet, within guidance, as our loan to value at year end was 31.2%.
Increase capital expenditure deployed into development, with a 2022 target of £350 – £400 million.	Capital expenditure deployed was £339 million.

Presentation of financial information

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

The Board continues to see Adjusted EPS[8] as the most relevant measure when assessing dividend distributions. Adjusted EPS[3] is based on EPRA Earnings per share with exclusion of items considered to be exceptional, not in the ordinary course of business or not supported by cash flows.

Financial results

Net rental income

Net rental income for the year increased by 11.6% to £206.0 million (2021: £184.6 million). The growth was primarily the result of a full year's income recognised for both development completions in 2021 and the Avonmouth asset

[8] Excluding additional development management agreement income

acquired in April 2021, alongside income generated from development completions in 2022 and uplifts from rent reviews. EPRA like-for-like rental growth was 3.6%, reflecting the indexation inherent in many of the leases and the benefits of open market rent reviews settled in the year. See *Growing and lengthening income* above for further details.

At the year end, the contracted annual rent roll was £224.0 million across 79 assets (31 December 2021: £195.6 million across 62 assets). The passing rent at 31 December 2022 was £205.1 million (which includes £6.3 million currently within a rent free period), with the difference reflecting those new lettings secured during the year on assets which remain under construction, but which will complete and therefore support earnings growth through 2023 and into 2024.

Administrative and other expenses

Administrative and other expenses, which includes all the operational costs of running the Group, totalled £32.2 million (2021: £25.5 million). The investment management fee for the year was £26.0 million (2021: £20.7 million). The changes to the Investment Management Agreement during the year (see below) reduced the fee scale from 1 July 2022. The combination of the revised fee scale and the decline in net asset value at the end of 2022 are expected to result in cost savings for the Group in 2023.

The Group's operating cost base remains low and transparent. The EPRA Cost Ratio (including and excluding vacancy cost) for the year was 15.7% (2021: 13.9%). The increase was due to greater administrative costs as EPRA NTA grew through early 2022, while the positive impact on gross rental income is yet to be fully recognised due to a significant number of assets remaining under construction.

The pro-forma investment management fee for 2023 reduces to £21.9 million based on the 2023 opening EPRA NTA, a proforma reduction in fee of 16.0%. When applying the same reduction in fee, the pro-forma EPRA Cost Ratio would be 13.7%.

Investment Management Agreement

During the year, Shareholders approved certain key changes to the Investment Management Agreement (IMA). These include a reduction in the investment management fee scale and an extension to the term of the IMA. The term extension, along with an expansion of key person principles, gives the Group additional security in relation to its main service provider, as well as supporting the Manager in recruiting and retaining key people.

From 1 July 2022, the new investment fee scale is as follows:

EPRA NTA value	Relevant percentage
Up to and including £2 billion	0.7%
Above £2 billion and up to and including £3 billion	0.6%
Above £3 billion and up to and including £3.5 billion	0.5%
Above £3.5 billion	0.4%

Details of the main amendments to the IMA are set out in the 2022 AGM Notice, which is available on the Group's website.

Operating profit

Operating profit before changes in fair value and other adjustments was £183.1 million (2021: £178.0 million).

The Group earns DMA income from managing developments for third parties. DMA income is more variable than property rental income, and we include it within Adjusted earnings as it is supported by cash flows. The Group recognised £9.3 million of other operating income from these agreements in the year (2021: £18.9 million). Excluding DMA income in excess of our longer term guidance of £4.0 million per annum (like-for-like), operating profit before changes in fair value and other adjustments increased by £14.8 million, or 9.1%. Given the variability of DMA income,

and the fact that this income was significantly above our expected run rate in the prior year, we have highlighted the impact on earnings within the *profit and earnings* section below.

Share-based payment charge and contingent consideration

The acquisition of Tritax Symmetry resulted in senior members of the Symmetry team becoming B and C Shareholders in Tritax Symmetry Limited. Under IFRS, the structure of this 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 to a share of the future performance of Tritax Symmetry Development Assets.

During 2022, £1.9 million (2021: £5.5 million) was charged to the Group Statement of Comprehensive Income in respect of share-based payment charges.

Financing costs

Net financing costs for the year were £37.8 million (2021: £40.1 million), excluding the improvement in the fair value of interest rate derivatives of £14.9 million (2021: £2.8 million improvement). The average cost of debt at the year end was 2.57% (2021: 2.26%). SONIA rose by c.320 bps during the course of the year and while this affected the cost of our variable rate debt, the impact was limited by the interest rate caps we hold as part of our hedging policy (see below).

Alongside the average cost of debt increasing modestly and with the average drawn debt during the year relatively consistent with that of the prior year, the movement in net financing costs also reflects an increase to £4.7 million (2021: £0.7 million) in interest expense capitalised. As a policy, interest is only capitalised upon construction commencement, and therefore due to the timing of development starts in 2021 and due to the greater level of development activity this year, the weighted average capital invested into construction activity has increased significantly compared with 2021.

The interest cover ratio, being operating profit before changes in fair value and other adjustments over net finance expense, was 4.8x for the year (2021: 4.4x)

Tax

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

A tax charge of £0.4 million arose on the DMA income in the year. In 2022, a reversal of a provision made against tax payable in 2021 of £2.0 million resulted in an overall credit of £1.6 million for the year.

Profit and earnings

The loss before tax was significantly influenced by the movement in property valuations (see below) and was a loss of £601.0 million (2021: profit of £971.1 million). The calculation of earnings per share (EPS) for 2022 was also affected by the issue of 147.1 million new Ordinary Shares in September 2021, which increased the Company's weighted average number of shares in issue by 6.4%. Basic EPS was therefore -32.08 pence (2021: 55.39 pence). Basic EPRA EPS, which excludes the impact of fair value movements, was 7.92 pence (2021: 7.47 pence).

Adjusted EPS for 2022 was 7.79 pence (2021: 8.23 pence). The calculation of Adjusted EPS can be found in note 13. When removing DMA income in excess of the anticipated run-rate, which we see as our KPI most aligned to recurring earnings, Adjusted EPS grew 1.8% to 7.51 pence (2021: 7.38 pence), which also reflects the increase in average share count during the year. On an absolute basis, Adjusted earnings excluding excess DMA income increased by 8.3% to £140.3 million (2021: £129.6 million) – see Note 1 of *Notes to the EPRA and Other Key Performance Indicators* below.

As noted above, the contracted annual rent of £224.0 million rests 9.2% above the passing rent at the year end. As the associated developments reach practical completion, which will largely occur by the end of Q3 2023, this additional rent will enhance gross rental income. Alongside the rental reversion of 19.1% across the portfolio, and the reduction to the investment management fee, we believe that these factors will lead to an increase in earnings through FY 2023 and FY 2024.

Dividends

We aim to deliver an attractive and progressive dividend. Our policy is for the first three quarterly dividends to each represent 25% of the previous full year dividend. We then use the fourth-quarter dividend to determine any progression and aim to achieve an overall pay-out ratio in excess of 90% of Adjusted earnings. In line with this policy, the Board has declared the following interim dividends in respect of the year:

Declared	Amount per share	In respect of three months to	Paid/to be paid
4 May 2022	1.675p	31 March 2022	1 June 2022
28 July 2022	1.675p	30 June 2022	25 August 2022
11 October 2022	1.675p	30 September 2022	3 November 2022
1 March 2023	1.975p	31 December 2022	30 March 2023

The total dividend for the year was therefore 7.00 pence per share, an increase of 4.5% on the 6.70 pence paid in respect of 2021. The pay-out ratio was 93% of Adjusted EPS[9].

Portfolio valuation

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

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 31 December 2022 was £5.06 billion, including the Group's share of joint ventures:

	31 December 2022 £m	31 December 2021 £m
Investment properties	4,847.3	5,249.1
Other property assets	2.3	4.0
Land options (at cost)	157.4	201.5
Share of joint ventures	27.2	25.6
Asset held for sale	25.1	-
Portfolio value	**5,059.3**	**5,480.2**

The loss recognised on revaluation of the Group's investment properties was £759.5 million (2021: £840.9 million gain). The main driver of this movement was an approximate 120 bps increase in the portfolio equivalent yield during the second half of the year, to 5.3% (2021: 4.1%), in response to rising interest rates and a higher inflationary environment

[9] Excluding additional development income

across the UK economy. The annual like-for-like reduction across the investment assets within the portfolio was -15.2%, however this was partially offset by the benefits of our continued progress with the development programme, generating an overall portfolio capital value deficit of -13.1%.

Capital expenditure

Capital expenditure for 2022 was £339 million, across 2.9 million sq ft of construction starts. This compares with our guidance of £350 – 400 million for the year, based on an expected range of 3 – 4 million sq ft of construction starts. Due to the heightened market volatility through H2 2022, we were more cautious with our approach towards capital deployment during this period.

Embedded value within land options

Under IFRS, land options are recognised at cost and subject to impairment review. As at 31 December 2022, the Group's investment in land options totalled £157.4 million (31 December 2021: £201.5 million) with £57.1 million being transferred to investment property during the year as certain options were exercised.

As the land under option approaches the point of receiving planning consent, any associated risk should reduce and the fair value should increase. When calculating its EPRA NTA, the Group therefore makes a fair value mark-to-market adjustment for land options. At the period end, the fair value of land options was £20.4 million greater (31 December 2021: £66.0 million greater) than costs expended to date. This movement in the fair value of the land options in the year is due to the adverse market conditions; although this impact is significantly lower than would be experienced had we owned this land outright.

Net assets

The EPRA NTA per share at 31 December 2022 fell to 180.37 pence (31 December 2021: 222.60 pence), as a result of the reduction in the property portfolio valuation, as described above.

The Total Accounting Return for the year, which is the change in EPRA NTA plus dividends paid, was -15.9% (2021: 30.5%).

Debt capital

At 31 December 2022, the Group had the following borrowings:

Lender	Maturity	Loan commitment £m	Amount drawn at 31 December 2022 £m
Loan notes			
2.625% Bonds 2026	Dec 2026	250.0	249.6
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	247.8
1.5% Green Bonds 2033	Nov 2033	250.0	246.8
Bank borrowings			
RCF (syndicate of eight banks)	Dec 2024	450.0	164.0
RCF (syndicate of seven banks)	Jun 2026	300.0	103.0
Helaba	Jul 2028	50.9	50.9
PGIM Real Estate Finance	Mar 2027	90.0	90.0

Canada Life	Apr 2029	72.0	72.0
Total		**2,112.9**	**1,624.1**

During the first half of the year, the Group extended the facility with Helaba by three years to a July 2028 maturity, while JP Morgan replaced HSBC in the Group's RCF syndicates, aligning the maturities of its respective holdings with the maturity of the remainder of the facilities. In December 2022, the Group agreed increases of £100 million to each of its RCF commitments, with the facilities now standing at £450 million and £300 million respectively. The terms of the RCFs were unchanged, with the full commitments maturing in December 2024 and June 2026 respectively. The Group ended the year with total liquidity available in excess of £500 million.

Interest rates and hedging

Of the Group's debt commitments, 62% is at fixed interest rates. For its variable rate debt, the Group's hedging strategy is to use interest rate caps which run coterminous with its respective floating rate facilities. These protect the Group from significant increases in interest rates.

Combined with the fixed-rate debt, the Group's derivative instruments hedged 99.0% of its drawn debt as at the year end. The cost of debt as at 31 December 2022 was 2.57% (31 December 2021: 2.26%).

Debt maturity

At 31 December 2022, the Group's debt had an average maturity of 5.4 years (31 December 2021: 6.5 years), with its earliest next maturity requiring refinancing due in approximately two years and the farthest maturity falling due in more than 10 years.

Loan to value (LTV)

The Group has a conservative leverage policy, with a medium-term LTV target of 30 – 35%. At the year end, the LTV was 31.2% (31 December 2021: 23.5%), reflecting both the increase in level of debt drawn at the year end and the lower valuation of the Group's assets.

Subsequent to the year end, the Company exchanged on the sale of three assets for a gross consideration of £125 million. When including the proceeds from this disposal and the completion of the Littlebrook disposal, the pro-forma balance sheet LTV reduces to 29.0%.

Net debt and operating cash flow

Net debt at the year end was £1,576.4 million, comprising £1,624.0 million of gross debt less £47.6 million of cash (31 December 2021: £1,356.3 million gross debt, £71.1 million cash).

Net operating cash flow plus licence fees received was £177.4 million for the year (2021: £196.1 million).

Going concern

We continue to have a healthy liquidity position, with strong levels of rent collection, a favourable debt maturity profile and substantial headroom against our financial covenants.

The Directors have reviewed our current and projected financial position over a five-year period, making reasonable assumptions about our future trading performance. Various forms of sensitivity analysis have been performed, in particular regarding the financial performance of our customers, and the value of our portfolio, whilst taking into account the current macroeconomic environment including the outlook over inflation and interest rates. As at 31 December 2022, our property values would have to fall by more than 45% before our loan covenants are breached at the corporate level.

At the year end, we had an aggregate of £483.0 million of undrawn commitments under our senior debt facilities and £47.6 million of cash, of which £99.9 million (see note 34) was committed under various development contracts. Our loan to value ratio stood at 31.2%, with the debt portfolio having an average maturity term of approximately 5.4 years.

As at the date of approval of this report, we had substantial headroom within our financial loan covenants. Our financial covenants have been complied with for all loans throughout the year and up to the date of approval of these financial statements. As a result, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which is considered to be to 31 March 2024.

Credit rating

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

Priorities for 2023

Our priorities for 2023, in relation to our financial performance and position, are to:

- maintain the Group's strong balance sheet and liquidity, and keep the LTV within guidance of 30 to 35%;
- target further growth in income and earnings and therefore to enhance the dividend on a sustainable basis; and
- refinance the £450 million RCF maturing in December 2024.

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 Accounting Return (TAR)	TAR calculates the change in the EPRA Net Tangible Assets (EPRA NTA) over the period plus dividends paid. It measures the ultimate outcome of our strategy, which is to deliver value to our Shareholders through our portfolio and to deliver a secure and growing income stream.	-15.9% for the year to 31 December 2022 (2021: 30.5%)
2. Dividend	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our TAR.	7.00p per share for year to 31 December 2022 (2021: 6.70p)
3. EPRA NTA per share[10]	The EPRA NTA reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	180.37p at 31 December 2022 (31 December 2021: 222.60p).
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.	31.2% at 31 December 2022 (31 December 2021: 23.5%).
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	7.79p per share for the year to 31 December 2022 (2021: 8.23p) Excluding additional development management income, Adjusted EPS was 7.51p (2021: 7.38p). See note 1 within EPRA and other key performance indicators.
6. Total expense ratio (TER)	This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	0.76% at 31 December 2022 (31 December 2021: 0.79%).
7. Weighted average unexpired lease term (WAULT)	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	12.6 years at 31 December 2022 (31 December 2021: 13.0 years).
8.GRESB score	The GRESB score reflects the sustainability of our assets and how well we are managing ESG risks and opportunities. Sustainable assets protect	83/100 and 4 Green Star rating for 2022 for standing investments (2021: 81/100, 4 Green Star rating) 99/100 and 5 Green Star rating for 2022 for developments (awarded the GRESB

[10] 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.

us against climate change and help our customers to operate efficiently.

2022 Leader for Development in the European and Global Industrial Sectors award)

EPRA PERFORMANCE INDICATORS

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

For a full reconciliation of all EPRA performance indicators, please see Notes to the EPRA and Other Key Performance Indicators.

Measure and Definition	Purpose	Performance
1. EPRA Earnings (Diluted) See note 13	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£144.8m / 7.66p per share (2021: £131.2m / 7.47p per share).
2. EPRA Net Tangible Assets See note 30	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	£3,370.8m / 180.37p per share as at 31 December 2022 (31 December 2021: £4,157.7m / 222.60p per share).
3. EPRA Net Reinstatement Value (NRV)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£3,759.6m / 201.17p per share as at 31 December 2022 (31 December 2021: £4,535.7m / 242.84p per share).
4. EPRA Net Disposal Value (NDV)	Represents the Shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	£3,591.5m / 192.18p per share as at 31 December 2022 (31 December 2021: £4,095.5m / 219.27p per share).
5 EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	4.19% as at 31 December 2022 (31 December 2021: 3.56%).
6 EPRA 'Topped-Up' NIY	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	4.39% as at 31 December 2022 (31 December 2021: 3.75%).
7. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	2.1% as at 31 December 2022 (31 December 2021: 0%).
8. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	15.7% (2021: 13.9%). Both the 2022 and 2021 ratios are the same, inclusive or exclusive of vacancy costs.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Approach to managing risk

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

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

Risk appetite

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

Principal risks and uncertainties

Further details of our principal risks and uncertainties are set out below. They have the potential to materially affect our business. Some risks are currently unknown, while others that we currently regard as immaterial, and have therefore not included here, may turn out to be material in the future. The principal risks are predominantly the same as detailed in the 2021 Annual Report, with the key changes being i) the removal of a specific Brexit disruption risk, and ii) the consolidation of two risks in relation to portfolio strategy and industry competition into one risk (Risk 2).

Emerging risks

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

PROPERTY RISK

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

Net probability
Medium

Net Impact

Medium - The default of one or more of our tenants would immediately reduce revenue from the relevant asset(s). If the tenant cannot remedy the default and we have to evict the tenant, there may be a continuing reduction in revenues until we are able to find a suitable replacement tenant, which may affect our ability to pay dividends to Shareholders. The macroeconomic environment may lead to certain sectors including certain parts of the retail sector being negatively impacted; this will impact the financial strength of some of our customers.

Mitigation
Our investment policy limits the exposure to any one tenant to 20% of gross assets or, where tenants are members of the FTSE, up to 30% each for two such tenants. This prevents significant exposure to a single retailer. To mitigate geographical shifts in tenants' focus, we invest in assets in a range of locations, with easy access to large ports and key motorway junctions. Before investing, we undertake thorough due diligence, particularly over the strength of the underlying covenant and the group of the covenants. We select assets with strong property fundamentals (good location, modern design, sound fabric), which should be attractive to other tenants if the current tenant fails. We continually monitor and keep the strength of our tenant covenants under review. In addition, we focus on assets let to tenants with strong financial covenant strength, and assets that are strategically important to the tenant's business. Our maximum exposure to any one tenant (calculated by contracted rental income) was less than 14.5% as at 31 December 2022.

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

Net probability
Medium

Net impact
Medium –An adverse change in the performance of our property portfolio may lead to lower returns for Shareholders or a breach of our banking covenants. Market conditions may lead to a reduction in the revenues we earn from our property assets, which may affect our ability to pay dividends to Shareholders. A severe fall in values may result in a fall in our NAV as well as a need to sell assets to repay our loan commitments.

Competitors in the sector may be better placed to secure property acquisitions, as they may have greater financial resources, thereby partly restricting the ability to grow our NAV, deliver value to Shareholders and further diversify the portfolio. The recent impact of inflation and increasing interest rates on transactions and investment pricing has reduced transactional activity in H2 2022. However, post the effects of Covid-19, logistics assets are arguably even more sought after than before and therefore competition is likely to remain strong over the long-term for the prime assets.

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

In recent years, the investment market was particularly strong; this saw increased competition bid down investment yields to record low levels. Despite the recent market turbulence, the long-term fundamentals of the sector have increased the number of investors seeking UK logistics assets. We also maintain close relationships with a number of investors and developers in the sector, giving us the best possible opportunity to secure future acquisitions. We are not exclusively reliant on acquisitions to grow the portfolio. Our leases contain upward-only rent review clauses and we have a large development pipeline and a number of current asset management initiatives within the portfolio, which means we can generate additional income and value from the existing portfolio. We own and control one of the largest development land banks in the UK, which significantly reduces the risk that competition will impact our ability to grow.

3. Performance of the UK retail sector and the continued growth of online retail

Net probability
High

Net impact
Medium – Our focus on the UK logistics sector means we directly rely on the distribution requirements of UK retailers and manufacturers in particular. Insolvencies and CVAs among the larger retailers and online retailers could affect our revenues and property valuations. Poor performance and low profitability could affect our ability to collect rental income and the overall level of demand for space. This could in turn impact future rental growth. A greater proportion of sales being made online to some degree compensates for this, as orders are fulfilled from the strategically important assets that we invest in.

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

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

Net probability
Low

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

Mitigation
The Company has a significant development pipeline; it represents 7.5% of our gross assets as of 31 December 2022. Our development strategy is low risk and we target investing capital into a development project either once a pre-let agreement has been secured, or where we have good visibility over occupier requirements in the location that we are developing. Our appetite for speculative development is low and we have a limit of 5% of GAV exposed to speculative developments within our Investment Policy. The risk of cost overruns is mitigated by our experienced development team which includes a thorough procurement and tender process on all contracts, including agreeing fixed-priced contracts. We undertake thorough covenant analysis and ongoing reviews of our contractors and secure guarantees in relation to build contracts where possible. In respect of pre-let forward funded developments, any risk is low, and mitigated by the fact the developer takes on a significant amount of construction risk and the risk of cost over runs.

FINANCIAL RISK

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

Net probability
Medium

Net impact
Medium – Without sufficient debt funding, we may be unable to pursue suitable investment opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, either to increase the level of debt or refinance existing debt, this may impair our ability to maintain our targeted dividend level and deliver attractive returns to Shareholders. Interest rates on the majority of our debt facilities are fixed term; however, we do have an exposure to variable rate debt. Noting the current environment with interest rates on the rise (UK base rate at Q1 2023 – 4.00%), this is likely to mean that any new debt entered into is more expensive than our average cost of borrowing.

Mitigation
The Group has diversified sources of long-term unsecured borrowings in the form of £500 million in Public Bonds, £400 million in Unsecured Private Loan Notes and £250 million in Green Bonds. We also have £750 million of bank finance available split across two revolving credit facilities, and £212.9 million of secured debt across three separate facilities. This helps keep lending terms competitive. This access to multiple debt markets should enable the Group to raise future liquidity in a more efficient and effective manner via an unsecured platform whilst at competitive rates. The Board keeps liquidity and gearing levels under review, as well as monitoring the bank covenants and any associated headroom within covenant levels. We have undrawn headroom of £483 million within our current debt commitments at 31 December 2022. The Group aims, where reasonable, to minimise the level of unhedged variable debt, by using interest rate hedging with a view to keeping variable rate debt approximately 90%+ of drawn debt either fixed or hedged.

CORPORATE RISK

6. We rely on the continuance of the Manager

Net probability
Low

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

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

TAXATION RISK

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

Net probability
Low

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

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

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

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

OTHER RISKS

8. Severe economic downturn

Net probability
High

Net impact
Medium – A severe downturn in the economy could impact a number of the Groups tenants, contractors, and service providers, which could mean a loss of rental income and disruption to operations. Covid-19 and Russia/Ukraine has caused severe pressure on supply chains which has led to high levels of inflation. The main effects of this are leading to higher prices, particularly around energy, transport and labour, which is putting pressure on profitability.

Mitigation
A severe economic downturn could be caused by civil unrest, terrorism or a pandemic. In 2022 we have experienced global supply chain issues (post Covid-19) and the Russia invasion into Ukraine, which has caused inflation to soar with interest rates rising to try and curb inflation. Inflationary pressures are affecting the consumer which is leading to a weaker outlook for the UK economy.

The Group mitigates the impact of this macro volatility by investing in high-quality investment assets that operate in a sector that has strong structural drivers and a supply demand imbalance in favour of landlords. The Group monitors its Customer's financial health regularly and where possible enters into long leases.

The Manager continues to monitor the business continuity plan of its suppliers to ensure the impact to the Group and its service providers is minimised.

The Manager continues to monitor the impact that the current economic uncertainty and higher inflationary pressures are having on the Groups customers in order to protect the Groups cash flow regarding rent collection, impact on dividends and banking covenants.

Covid-19 has accelerated behavioural patterns such as online shopping, which, coupled with supply chain concerns has resulted in high levels of occupational demand. This is highly supportive of our business model.

9. Physical and transitional risks from climate change

Net probability
Medium

Net Impact
There is a risk of physical damage to the property portfolio as a result climate-related factors such as flood risk and rising temperatures.

As institutional investors focus their capital towards more energy efficient buildings, there is the risk that less energy efficient buildings do not perform as well as those with the highest ESG credentials.

ESG requirements are likely to increase over time and therefore the impact of a failure to comply with regulatory standards has the potential to affect the performance of the Company in the future.

The costs of carbon pricing could increase in the future therefore increasing the future construction costs associated with our development pipeline and therefore reducing development profits.

Mitigation
The Manager operates with a dedicated ESG team as well as an ESG Committee which take operational responsibility for the Company's ESG matters. The Manager regularly reports to the Board, including monitoring against the Company's stated ESG targets and providing updates on future initiatives.

The Company has a modern portfolio, with strong ESG credentials which include 98% of the portfolio having and EPC rating of A - C, these properties should be more appealing to occupiers and therefore perform well relative to others.

ESG is embedded within our investment and development processes such that climate related risks are looked at when purchasing assets and minimum standards of BREEAM Very Good and net zero carbon are targeted for development. We are also confident that due diligence assessments, internal procedures and insurance cover adequately mitigate these ESG risks.

We also actively participate and engage in several real estate and sustainability organisations (such as EPRA, Sustainalytics and the World Green Building Council) to ensure we are aware of future initiatives and challenges. We measure and report annually on our key ESG metrics to demonstrate how we are managing our ESG risks.

TBBR engaged with a third party to conduct climate change risk assessments in 2021 to understand the impacts of climate change on the portfolio, using various scenario analysis. From a physical risk perspective, the findings suggested that the portfolio is unlikely to be materially affected under a 2.0°C global warming scenario.

We are conducting ongoing work to update our physical risk assessments on an annual basis and integrate the outcomes of the analysis into our asset and property management activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Gross rental income	6	**206.2**	184.7
Service charge income	6	**6.3**	5.1
Service charge expense	7	**(6.5)**	(5.2)
Net rental income		**206.0**	184.6
Gross operating income		**18.3**	24.7
Other operating costs		**(9.0)**	(5.8)
Other operating income	6	**9.3**	18.9
Administrative and other expenses	8	**(32.2)**	(25.5)
Operating profit before changes in fair value and other adjustments[1]		**183.1**	178.0
Changes in fair value of investment properties	15	**(759.5)**	840.9
Gain on disposal of investment properties	15	**–**	2.0
Share of profit/(loss) from joint ventures	17	**0.5**	0.1
Impairment of intangible and other property assets		**(1.4)**	(2.9)
Share-based payment charge	24	**(1.9)**	(5.5)
Changes in fair value of contingent consideration payable	24	**1.1**	(4.2)
Operating profit/(loss)		**(578.1)**	1,008.4
Finance income	10	**1.6**	–
Finance expense	11	**(39.4)**	(40.1)
Changes in fair value of interest rate derivatives	26	**14.9**	2.8
Profit/(loss) before taxation		**(601.0)**	971.1
Taxation	12	**1.6**	1.5
Profit/(loss) and total comprehensive income/(expense)		**(599.4)**	972.6
Earnings per share – basic	13	**(32.08)p**	55.39p
Earnings per share – diluted	13	**(32.08)p**	55.31p

[1] Operating profit before changes in fair value of investment properties and contingent consideration payable, gain on disposal of investment properties, share of profit/(loss) from joint ventures, impairment of intangible and other property assets and share-based payment charges.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**At 31 December 2022 £m**	At 31 December 2021 £m
Non-current assets			
Intangible assets		**1.4**	1.7
Investment property	15	**4,847.3**	5,249.1
Investment in land options	16	**157.4**	201.5
Investment in joint ventures	17	**27.2**	25.6
Other property assets	22	**2.3**	4.0
Trade and other receivables	20	**2.0**	2.0
Interest rate derivatives	26	**19.9**	1.8
Total non-current assets		**5,057.5**	5,485.7
Current assets			
Trade and other receivables	20	**24.9**	37.1
Assets held for sale	18	**25.1**	–
Cash at bank	21	**47.6**	71.1
Total current assets		**97.6**	108.2
Total assets		**5,155.1**	5,593.9
Current liabilities			
Deferred rental income		**(34.7)**	(38.6)
Trade and other payables	22	**(111.2)**	(85.9)
Tax liabilities	12	**(1.1)**	(4.3)
Total current liabilities		**(147.0)**	(128.8)
Non-current liabilities			
Trade and other payables	22	**(2.0)**	(2.0)
Bank borrowings	25	**(474.8)**	(207.6)
Loan notes	25	**(1,139.1)**	(1,137.6)
Amounts due to B and C shareholders	24	**(42.2)**	(41.4)
Total non-current liabilities		**(1,658.1)**	(1,388.6)
Total liabilities		**(1,805.1)**	(1,517.4)
Total net assets		**3,350.0**	4,076.5
Equity			
Share capital	29	**18.7**	18.7
Share premium reserve	29	**764.3**	762.0
Capital reduction reserve	29	**835.1**	964.5
Retained earnings	29	**1,731.9**	2,331.3
Total equity		**3,350.0**	4,076.5
Net asset value per share – basic	30	**179.25p**	218.26p
Net asset value per share – diluted	30	**179.25p**	218.18p
EPRA net tangible asset per share – basic	30	**180.37p**	222.60p

EPRA net tangible asset per share – diluted	30	**180.37p**	222.52p

These financial statements were approved by the Board of Directors on 1 March 2023 and signed on its behalf by:

Aubrey Adams, Chairman

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2022		**18.7**	**762.0**	**964.5**	**2,331.3**	**4,076.5**
Profit for the year and total comprehensive income		–	–	–	**(599.4)**	**(599.4)**
		18.7	**762.0**	**964.5**	**1,731.9**	**3477.1**
Contributions and distributions:						
Shares issued in relation to management contract	29	**–**	**2.3**	**–**	**–**	**2.3**
Share-based payments		**–**	**–**	**–**	**5.3**	**5.3**
Transfer of share-based payments to liabilities to reflect settlement		**–**	**–**	**–**	**(5.3)**	**(5.3)**
Dividends paid	14	**–**	**–**	**(129.4)**	**–**	**(129.4)**
31 December 2022		**18.7**	**764.3**	**835.1**	**1,731.9**	**3,350.0**

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2021		17.2	466.5	1,078.9	1,358.7	2,921.3
Profit for the year and total comprehensive income		–	–	–	972.6	972.6
		17.2	466.5	1,078.9	2,331.3	3,893.9
Contributions and distributions:						
Shares issued in relation to equity issue	29	1.4	298.5	–	–	299.9
Share issue costs		–	(5.8)	–	–	(5.8)
Shares issued in relation to management contract	29	0.1	2.8	–	–	2.9
Share-based payments		–	–	–	2.7	2.7
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(2.7)	(2.7)
Dividends paid	14	–	–	(114.4)	–	(114.4)
31 December 2021		18.7	762.0	964.5	2,331.3	4,076.5

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Cash flows from operating activities			
Profits for the period (attributable to the shareholders)		**(599.4)**	972.6
Add: tax (credit)/charge		**(1.6)**	(1.5)
Add: changes in fair value of contingent consideration payable		**(1.1)**	4.2
Add: finance expense		**39.4**	40.1
Add: changes in fair value of interest rate derivatives		**(14.9)**	(2.8)
Add: share-based payment charges		**1.9**	5.5
Add: impairment of intangible and other property assets		**1.4**	2.9
Add: amortisation of other property assets		**1.7**	5.4
Add: share of (profit)/loss from joint ventures		**(0.5)**	(0.1)
Less: changes in fair value of investment properties		**759.5**	(840.9)
Less: gain on disposal of investment properties		**–**	(2.0)
Finance income		**(1.6)**	–
Accretion of tenant lease incentive	15	**(11.1)**	(7.2)
Increase in trade and other receivables		**12.1**	(12.0)
Increase in deferred income		**(3.9)**	1.7
Increase in trade and other payables		**(2.9)**	26.2
Cash generated from operations		**179.0**	192.1
Taxation credit/(charge)	12	**(1.6)**	4.0
Net cash flow generated from operating activities		**177.4**	196.1
Investing activities			
Additions to investment properties		**(286.8)**	(316.9)
Additions to land options		**(13.1)**	(15.0)
Additions to joint ventures		**(2.8)**	(0.5)
Net proceeds from disposal of investment properties		–	4.2
Interest received		**0.1**	–
Dividends received from joint ventures		**0.5**	0.9
Net cash flow used in investing activities		**(302.1)**	(327.3)
Financing activities			
Proceeds from issue of Ordinary Share capital		**2.3**	302.8
Cost of share issues		–	(5.8)
Bank borrowings drawn	25	**319.0**	245.5
Bank and other borrowings repaid	25	**(52.0)**	(245.5)
Interest derivatives received	10	**1.5**	–
Loan arrangement fees paid		**(1.4)**	(0.7)
Bank interest paid		**(35.8)**	(37.5)
Interest cap premium paid		**(3.2)**	–
Dividends paid to equity holders		**(129.2)**	(114.3)
Net cash flow generated from financing activities		**101.2**	144.5
Net increase in cash and cash equivalents for the year		**(23.5)**	13.3
Cash and cash equivalents at start of year	21	**70.9**	57.6

Cash and cash equivalents at end of year	21	47.4	70.9

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the results of Tritax Big Box REIT plc (the "Company") and its subsidiaries (together, the "Group") and were approved by the Board for issue on 2 March 2023. The Company is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are admitted to the official list of the UK Listing Authority, a division of the Financial Conduct Authority, and traded on the London Stock Exchange. The registered address of the Company is disclosed in the Company Information.

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

Accounting policies

2. Basis of preparation

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

The comparative information disclosed relates to the year ended 31 December 2021.

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

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

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

2.1. Going concern

Given the changing economic landscape during 2022, in particular the impact this has had on the value of the Group's portfolio, the Board has paid particular attention to the appropriateness of the going concern basis in preparing these financial statements. Any going concern assessment considers the Group's financial position, cash flows, liquidity and capital commitments including its continued access to its debt facilities and headroom under financial loan covenants.

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

The group has a strong track record with regards to rent collection and has continued to receive 100% of all rent falling due in respect of 2022. The Directors have also considered the arrears position in light of IFRS 9, expected credit loss model; see note 20 for further details.

As at 31 December 2022, the Group had an aggregate £483 million of undrawn commitments under its senior debt facilities, as well as £47.6m of cash held at bank, of which £99.9 million was committed under various pre-let development contracts. The Group's loan to value ratio stood at 31.2%, with the debt portfolio having an average maturity term of approximately 5.4 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants, which include loan to value covenants at 60% on its tightest loans. The Group's financial covenants have also been complied with for all loans throughout the year and up to the date of approval of these financial statements. As at 31 December 2022, property values would have to fall by more than 45% before loan covenants at the corporate level are breached.

The Directors have assessed the Group's ability to continue as a going concern and are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the Directors are satisfied that the Group has the resources to continue in business until at least 31 March 2024.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1. Judgements

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

Other operating income

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

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

Land options

Measurement

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

B and C Shares

As part of the acquisition of Tritax Symmetry which completed on 19 February 2019, shares were issued in Tritax Symmetry Limited to the management shareholders of Tritax Symmetry ("Symmetry Management Shareholders") in the form of B and C shares (the "B and C Shares"). The terms of these shares 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 Limited. Were an individual to leave employment and be deemed a bad leaver, the amount payable is the lower of the value of the shares on the completion date and 50% of Adjusted NAV. The Directors have therefore concluded that the unconditional amount payable to the B and C shareholders, being 50% of the value of the B and C Shares on acquisition, should be treated as contingent consideration in accordance with IFRS 3. The fair value of the contingent consideration 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 to February 2027, along with a put and call option at February 2027. 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.

Business combinations

The Group acquires subsidiaries that own property and other property interests. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or deferred tax arises. The fair value of assets and liabilities are established using industry-leading third-party professionals, instructed by the Company.

Estimates

Fair valuation of investment property

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

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

4. Summary of significant accounting policies

4.1. Basis of consolidation

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

4.2. Subsidiaries

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

4.3. Segmental information

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

4.4. Investment property and investment property under construction

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

The corresponding entry upon recognising lease incentives or fixed/minimum rental uplifts is made to investment property. For further details see Accounting Policy note 4.16.1.

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

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

Investment properties under construction are financed by the Group where the Group enters into contracts to forward fund the development of a pre-let property. All such contracts specify a fixed amount of consideration. The Group also directly enters into construction contracts to develop logistics assets, in the form of pre-let development and with an allowance of up to 5% of GAV in speculative development (with no pre-let secured). Investment properties under construction are initially measured at cost (including the transaction costs), which reflect the Group's investment in the assets. Subsequently, the assets are remeasured to fair value at each reporting date. The fair value of investment properties under construction is estimated as the fair value of the completed asset less any costs still payable in order to complete, which include an appropriate developer's margin.

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

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

4.5. Assets held for sale

An asset will be classified as held for sale in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations if its carrying value is expected to be recovered though a sale transaction rather than continuing use. An asset will be classified in this way only when a sale is highly probable, management are committed to selling the asset at the year-end date, the asset is available for immediate sale in its current condition and the asset is expected to be disposed of within 12 months after the date of the Consolidated Statement of Financial Position.

4.6. Financial instruments

Fair value hierarchy

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

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

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

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

4.6.1. Financial assets

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

Fair value through profit or loss

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

Amortised cost

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

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

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

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

4.6.2. Financial liabilities

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

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

Fair value through profit or loss

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

Other financial liabilities

Other financial liabilities include the following items:

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

Debt modification

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

4.7. Forward funded pre-let investments

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

4.7.1. Licence fees receivable

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

4.8. Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

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

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

- the structure of the joint arrangement;

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

The Group does not have any joint operations.

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

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

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

4.9. Goodwill

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

4.10. Intangible assets

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

4.11. Land options

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

4.12. Impairment of assets

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

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

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

4.13. Business combination

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

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

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

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

4.14. Share-based payments

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

4.15. Dividends payable to shareholders

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

4.16. Property income

4.16.1. Rental income

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

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

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

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

4.16.2. Other operating income

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

4.17. Finance income

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

4.18. Finance costs

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

4.19. Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any profit not relating to the property rental business for the year, using tax rates enacted or substantively enacted at the year-end date, including any adjustment to tax payable in respect of previous years.

5. New standards issued

5.1. New standard issued and effective from 1 January 2022

There was no material effect from the adoption of other amendments to IFRS effective in the year. They have no significant impact to 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.

5.2. New standards issued but not yet effective

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

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

6. Total property income

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Rental income – freehold property	**162.3**	146.5
Rental income – long leasehold property	**32.6**	30.9
Spreading of tenant incentives and guaranteed rental uplifts	**11.1**	7.2
Other income	**0.2**	0.1
Gross rental income	**206.2**	184.7
Property insurance recoverable	**4.2**	3.9
Service charges recoverable	**2.1**	1.2
Total property insurance and service charge income	**6.3**	5.1
Total property income	**212.5**	189.8

There was one individual tenant representing more than 10% of gross rental income, constituting £32.2 million of rental income in 2022 (2021: £25.0 million)

Included in the £9.3 million of other operating income, was a charge of £1.7 million (2021: £5.4 million) being amortisation of other property assets. The other operating income is generated through the Group providing development management services to third parties.

7. Service charge expenses

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Property insurance expense	**4.3**	4.0
Service charge expense	**2.2**	1.2

Total property expenses	**6.5**	5.2

8. Administrative and other expenses

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Investment management fees	**26.0**	20.7
Directors' remuneration (note 9)	**0.5**	0.4
Auditor's fees		
Fees payable for the audit of the Company's annual accounts	**0.4**	0.4
Fees payable for the review of the Company's interim accounts	**0.1**	0.1
Fees payable for the audit of the Company's subsidiaries	**0.1**	0.1
Total Auditor's fee	**0.6**	0.6
Development management fees	**1.0**	0.8
Corporate administration fees	**0.5**	0.5
Regulatory fees	**0.1**	0.1
Legal and professional fees	**1.9**	1.3
Marketing and promotional fees	**0.5**	0.5
Other costs	**1.1**	0.6
Total administrative and other expenses	**32.2**	25.5

9. Directors' remuneration

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Directors' fees	**0.4**	0.3
Employer's National Insurance	**0.1**	0.1
	0.5	0.4

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report.

10. Finance income

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Interest received on bank deposits	**0.1**	–
Interest received on swaps and other derivatives	**1.5**	–
	1.6	–

11. Finance expense

	Year ended 31 December 2022	Year ended 31 December 2021

	£m	£m
Interest payable on bank borrowings	**9.3**	6.1
Interest payable on loan notes	**29.8**	29.8
Commitment fees payable on bank borrowings	**1.7**	2.0
Swap interest payable	**0.1**	0.4
Amortisation of loan arrangement fees	**3.2**	2.5
	44.1	40.8
Borrowing costs capitalised against development properties	**(4.7)**	(0.7)
	39.4	40.1

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

12. Taxation

a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
UK corporation tax credit/ (charge)	**1.6**	(2.4)
Appropriation tax refund	**–**	3.9
Tax credit	**1.6**	1.5

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 31 December 2022.

b) Factors affecting the tax charge for the year

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit/(loss) on ordinary activities before taxation	**(601.0)**	971.1
Theoretical tax at UK corporation tax rate of 19.0% (31 December 2021: 19.0%)	**(114.2)**	184.5
REIT exempt income	**(25.0)**	(23.8)
Non-taxable items	**141.5**	(160.7)
Tax refund	**–**	(3.9)
Residual losses	**(3.9)**	6.3
Total tax charge/(credit)	**(1.6)**	2.4

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

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

The current year tax liability of £1.1 million (2021: £4.3 million) relates to tax payable on non-property profits arising in the year and appropriation tax charges in relation to the business combination which occurred in 2019.

13. Earnings per share

Earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. 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:

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

1. Based on the weighted average number of Ordinary Shares in issue throughout the year.
2. Based on the weighted average number of Ordinary Shares in issue throughout the year, plus potentially issuable dilutive shares (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 to EPRA and Adjusted EPS only at year end.

For the year ended 31 December 2021	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares[1] '000	Earnings per share pence
Basic EPS	972.6	1,755,927	55.39
Add: Shares to be issued on outstanding investment manager's fees		668	
Add back: Dilutive share based payment charge	1.7		
Add back: Fair value movement in contingent consideration	4.2	8,017	
Add back: Dilutive shares in respect of B and C shareholders		4,462	
Diluted EPS[2]	978.5	1,769,074	55.31
Adjustments to remove:			
Dilutive share based payment charge	(1.7)		

Changes in fair value of contingent consideration payable	(4.2)		
Changes in fair value of investment property	(840.9)		
Changes in fair value of interest rate derivatives	(2.8)		
Gain on disposal of investment properties	(2.0)		
Amortisation of other property assets	5.4		
Refund of corporation tax	(3.9)		
Share of profit from joint ventures	(0.1)		
Impairment of intangible contract and other property assets	2.9		
EPRA EPS	131.2	1,755,927	7.47
Add: Shares to be issued on outstanding investment manager's fees		668	
EPRA diluted EPS[2]	131.2	1,756,595	7.47
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	7.3		
Fixed rental uplift adjustments	(6.2)		
Share-based payments charges	5.5		
Changes in fair value of contingent consideration payable	4.2		
Amortisation of loan arrangement fees and intangibles (see note 11)	2.5		
Adjusted EPS[4]	144.5	1,755,927	8.23
Add back: Shares to be issued on outstanding investment manager's fees		668	
Adjusted diluted EPS	144.5	1,756,595	8.22

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 to basic EPS only at year end.
4. Relates to dilutive effect of shares to be issued on outstanding investment manager's fees.

Adjusted earnings is a performance measure used by the Board to assess the Group's dividend payments. The metric reduces EPRA earnings by other non-cash items credited or charged to the Group Statement of Comprehensive Income, such as fixed rental uplift adjustments and amortisation of loan arrangement fees. Licence fees received during the period are added to earnings on the basis noted below as the Board sees these cash flows as supportive of dividend payments. The Board compares the Adjusted earnings to the available distributable reserves when considering the level of dividend to pay.

The adjustment for licence fees receivable is calculated by reference to the proportion of the total period of completed construction during the year, multiplied by the total licence fee receivable on a given forward funded asset. Licence fees will convert into rental income once practical completion has occurred and therefore 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 fully supported by cash flows during the early term of the lease, but this reverses towards the end of the lease.

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

14. Dividends paid

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Fourth interim dividend in respect of period ended 31 December 2021 at 1.900 pence per Ordinary Share (fourth interim for 31 December 2020 at 1.7125 pence per Ordinary Share)	**35.5**	29.5
First interim dividend in respect of year ended 31 December 2022 at 1.675 pence per Ordinary Share (31 December 2021: 1.600 pence)	**31.3**	27.5

	2022	2021
Second interim dividend in respect of year ended 31 December 2022 at 1.675 pence per Ordinary Share (31 December 2021: 1.600 pence)	**31.3**	27.5
Third interim dividend in respect of year ended 31 December 2022 at 1.675 pence per Ordinary Share (31 December 2021: 1.600 pence)	**31.3**	29.9
Total dividends paid	**129.4**	114.4
Total dividends paid for the year	**5.025p**	4.80p
Total dividends unpaid but declared for the year	**1.975p**	1.90p
Total dividends declared for the year	**7.00p**	6.70p

On 1 March 2023, the Company approved the fourth interim dividend for declaration in respect of the year ended 31 December 2022 of 1.975 pence per share payable on 30 March 2023. The total dividends declared for the year of 7.00 pence were made up by 6.775 pence paid as a property income distribution ("PID") and 0.225 pence paid as an ordinary dividend ("Non-PID").

15. Investment property

In accordance with IAS 40, investment property are stated at fair value as at 31 December 2022. The investment property has been independently valued by CBRE Limited ("CBRE") and Colliers International Valuation UK LLP ("Colliers"), both accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. CBRE values all investment property with leases attached or assets under construction. Colliers values all land holdings and land options. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 (the "Red Book") and incorporate the recommendations of the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (Revised April 2015) which are consistent with the principles set out in IFRS 13.

The valuer, in forming its opinion, makes a series of assumptions, which are market related, such as net initial yields and expected rental values, and are based on the valuer's professional judgement. The 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. There have been no changes to the assumptions made in the year as a result of a range of factors including the macro-economic environment, availability of debt finance and physical and transition risks relating to climate change.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board. It is the view of the Company that ESG factors will increasingly play a part in asset valuations in the future. For example, assets with the highest standards of ESG (such as higher EPC ratings and renewable energy sources) are likely to command the highest rental levels and have the least future capex requirements with regards to meeting ESG standards.

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

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

	Investment property freehold £m	Investment property long leasehold	Investment property under construction £m	Total £m

		£m		
As at 1 January 2021	2,885.3	696.1	472.1	4,053.5
Property additions	89.6	–	260.0	349.6
Property disposed in the year	–	–	(2.1)	(2.1)
Fixed rental uplift and tenant lease incentives[1]	6.5	0.7	–	7.2
Transfer of completed property to investment property	681.1	–	(681.1)	–
Change in fair value during the year	546.2	115.7	179.0	840.9
As at 31 December 2021	4,208.7	812.5	227.9	5,249.1

1. Included within the carrying value of investment property is £70.6 million (2021: £59.5 million) in respect of accrued contracted rental uplift income. This balance arises as a result of the IFRS treatment of leases with fixed or minimum rental uplifts and rent-free periods, which requires the recognition of rental income on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property against which revaluations are measured. Also see note 6.

	31 December 2022 £m	31 December 2021 £m
Investment property at fair value per Group Statement of Financial Position	**4,847.3**	5,249.1
Capital commitments under forward funded development and other contracts	–	9.2
Assets held for sale at fair value	**25.1**	–
Total investment property valuation*	**4,872.4**	5,258.3

* Including costs to complete under forward funded development and other contracts.

Costs committed under other contracts of £nil (2021: £9.2 million) have been provided for in the Group Statement of Financial Position in 2022.

The Group has other capital commitments which represent commitments made in respect of direct construction, asset management initiatives and development land (refer to note 34).

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

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

Fees payable under the DMA totalling £2.3 million (2021: £1.0 million) have been capitalised in the year being directly attributable to completed development projects during the year.

The valuation summary is set out in the Strategic Report.

Fair value hierarchy

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

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

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

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

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

Valuation techniques

The yield methodology approach is used when valuing the Group's properties which uses market rental values capitalised with a market capitalisation rate. This is sense-checked against the market comparable method (or market

comparable approach) where a property's fair value is estimated based on comparable transactions in the market.

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

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

Unobservable input: estimated rental value (ERV)

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

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

Unobservable input: net initial yield

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

31 December 2022	**Unobservable Inputs**	
	ERV range £ psf	**Net initial yield range %**
South East	**5.46 – 15.12**	**3.65 – 5.66**
South West	**6.50 – 7.00**	**4.00 – 4.85**
East Midlands	**5.75 – 11.25**	**3.60 – 5.82**
West Midlands	**6.33 – 8.54**	**4.10 – 6.00**
Yorkshire and the Humber	**5.96 – 7.25**	**4.30 – 5.25**
North East	**3.91 – 4.25**	**4.63 – 4.80**
North West	**4.95 – 11.25**	**4.05 – 6.31**

31 December 2021[1]	Unobservable Inputs	
	ERV range £ psf	Net initial yield range %
South East	5.30 - 13.75	2.67 – 5.00
South West	6.25 - 6.50	3.50 – 4.10
East Midlands	5.50 – 7.00	3.24 – 6.00
West Midlands	5.50 – 7.25	3.10 – 5.75
Yorkshire and the Humber	5.75 – 6.50	2.95 – 5.00
North East	3.91 – 4.25	3.40 – 3.40
North West	4.25 – 10.00	3.20 – 6.31

1. The unobservable input data for 2021 was not previously reported and has been provided for comparability purposes.

Sensitivities of measurement of significant unobservable inputs

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

As a result the following sensitivity analysis has been prepared:

	-5% in passing rent £m	+5% in passing rent £m	+0.25% net initial yield £m	-0.25% net initial yield £m
(Decrease)/increase in the fair value of investment properties as at 31 December 2022	**(226.7)**	**226.7**	**(243.6)**	**273.0**
(Decrease)/increase in the fair value of investment properties as at 31 December 2021	(251.1)	251.1	(321.3)	368.5

16. Investment in land options

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Opening balance	**201.5**	228.1
Costs capitalised in the year	**13.0**	15.0
Transferred to investment property	**(57.1)**	(41.6)
Closing balance	**157.4**	201.5

The average maturity date across land options held is approximately eight years (2021: seven years) term remaining.

Fees payable under the DMA totalling £3.4 million (2021: £3.4 million) have been capitalised in the year being directly attributable to the ongoing development projects.

17. Investment in joint ventures

As at 31 December 2022 the Group has two joint ventures which have been equity accounted for. There were no equity accounted joint ventures prior to the acquisition of Tritax Symmetry in February 2019.

The Group has the following joint ventures as at 31 December 2022:

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

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

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

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

Comprehensive Income Statement

Year ended 31 December 2022	Total 100% £m	**Group's share £m**
Income	1.0	**0.5**

Administrative expenses	-	**-**
Profit before taxation	1.0	**0.5**
Taxation	-	**-**
Total comprehensive Profit	1.0	**0.5**

Statement of Financial Position

As at 31 December 2022	Total 100% £m	**Group's share £m**
Investment property	4.8	**2.4**
Options to acquire land	52.8	**26.4**
Non-current assets	57.6	**28.8**
Other receivables	0.4	**0.2**
Cash	0.2	**0.1**
Current assets	**0.6**	**0.3**
Trade and other payables	(3.8)	**(1.9)**
Current liabilities	**(3.8)**	**(1.9)**
Net assets	**54.4**	**27.2**

The Group's share of contingent liabilities in the joint ventures is £nil (December 2021: £nil).

18. Assets held for sale

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Assets held for sale	**25.1**	–

Assets held for sale relate to investment property for which there was board approval to dispose of at the year end date and the intention is to dispose of these assets within 12 months. At the reporting date, two properties are classified as held for sale at the year end for which contracts have been exchanged to sell.

19. Investments

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

20. Trade and other receivables

Non-current trade and other receivables	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Cash in public institutions	**2.0**	2.0

The cash in public institutions is a deposit of £2.0 million paid by certain tenants to the Company, as part of their lease agreements.

	Year ended 31 December 2022	Year ended 31 December 2021

	£m	£m
Trade receivables	**16.4**	7.1
Prepayments, accrued income and other receivables	**2.9**	25.7
VAT	**5.6**	4.3
	24.9	37.1

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The increase in trade receivables in the period was due to an increase in receivable relating to a single DMA project totalling £7.1 million (2021: £nil). The decrease in accrued income, again relates to two DMA projects where accrued income totaled £1.4million (2021: 24.1 million).

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

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The expected credit loss provision as at 31 December 2022 was £0.3 million (31 December 2021: £0.1 million). No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

21. Cash held at bank

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Cash and cash equivalents to agree with cash flow	**47.4**	70.9
Restricted cash	**0.2**	0.2
	47.6	71.1

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

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows totalled £47.4 million (2021: £70.9 million) as at the year end, which excludes long-term restricted and ring-fenced cash deposits totalling £0.2 million (2021: £0.2 million). Total cash held at bank as reported in the Group Statement of Financial Position is £47.6 million (2021: £71.1 million).

22. Trade and other payables

Non-current trade and other payables	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Other payables	**2.0**	2.0

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Trade and other payables	**75.0**	66.6
Bank loan interest payable	**6.5**	6.0
Accruals	**29.7**	13.3
	111.2	85.9

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

23. Business combination

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

The B and C Shares issued to Symmetry Management Shareholders are treated as a combination of both contingent

consideration for the acquisition of a 13% economic interest in the Symmetry Portfolio and a 13% economic right held to their share of future performance of the Tritax Symmetry Development assets. This is as a result of certain vesting conditions attached to the B and C Shares over the first five years of the contract (see note 24 below).

A non-controlling interest has not been recognised at the acquisition date for the 13% economic interest held by the Symmetry Management Shareholders due to the put and call options attached to the shares issued, which are expected to be exercised on or around the eighth anniversary of the acquisition at the latest. The Symmetry Management Shareholders have a put option, on the third to eighth anniversary of the acquisition allowing them to sell 1.5% of their 13% economic interest to the Company at each date subject to satisfying a performance hurdle. The Company has a call option, to buy any remaining economic interest still due to the Symmetry Management Shareholders on the eighth anniversary.

During the year, other property assets were amortised by a charge of £1.7 million (2021: £5.3 million) resulting in a net position on the Group Statement of Financial Position of £2.3 million (2021: £4.0 million).

24. Amounts due to B and C shareholders

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

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

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

31 December 2021	Contingent consideration £m	Share-based payment £m	Fair value £m
Opening balance	22.5	9.2	31.7
Fair value movement recognised	4.2	–	4.2
Share-based payment charge	–	5.5	5.5
Closing balance	26.7	14.7	41.4

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

1. Contingent consideration

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

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

2. Share-based payment

In accordance with IFRS 3 “Business Combinations” the requirement to remain in continued employment in order to realise the full value of the B and C Shares has resulted in the excess value (over and above the amount recognised as contingent consideration) being accounted for as payments for post combination services which reflect the 13% economic right held to their share of future performance of the Tritax Symmetry Development assets over and above the completion NAV. The amount due to Symmetry Management Shareholders 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.

The Company has the legal option of settling the share-based payment either via cash or equity, with a minimum of 25% being settled in cash. The Directors have a current intention to maximise the cash element of the settlement as they believe this would minimise dilution to existing shareholders. 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.

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. For the year ended 31 December 2022, £1.9 million (2021: £5.5 million) was charged in the Group profit or loss for the share-based payment.

25. Borrowings

The Group has a £300 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, J.P.Morgan Chase Bank N.A., London Branch , , The Royal Bank of Scotland International Limited London Branch, Wells Fargo Bank N.A. London Branch and SMBC Bank International. In June 2022, the termination date in respect of £10 million of the £300 million RCF was extended from 14 June 2025 to 14 June 2026 so all £300 million terminates on 14 June 2026.In December 2022, the Company increased the size of the facility, from £200 million to £300 million via use of its accordion option.

The group also has a second RCF of £450 million which provides the Group with a significant level of operational flexibility. The syndicate for the £450 million unsecured RCF comprises Barclays Bank plc, BNP Paribas London Branch, J.P.Morgan Chase Bank N.A., London Branch, Sumitomo Mitsui Trust Bank, The Royal Bank of Scotland plc, Santander UK plc, Wells Fargo Bank N.A. London Branch and Bank of China. In May 2022, the termination date in respect of £50 million of the £350 million RCF was extended from 10 December 2023 to 10 December 2024 so all £450 million terminates on 10 December 2024. In December 2022, the Company increased the size of the facility, from £350 million to £450 million via use of its accordion option.

The increase in the RCF was not deemed to be a substantial modification under IFRS 9 because there has not been a significant change in the terms and conditions and the net present value of the cash flows under the new terms discounted at the original effective interest rate (EIR) is less than 10% different from the carrying amount of the original debt.

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

As at 31 December 2022, 62% (2021: 69%) of the Group's debt facility commitments are fixed term, with 38% floating term (2021: 31%). When including interest rate hedging the Group has fixed term or hedged facilities totalling 99% of drawn debt (see note 26).

As at 31 December 2022, the weighted average cost of debt was 2.57% (2021: 2.26%). As at the same date the Group had undrawn debt commitments of £483.0 million.

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

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

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

From 1 January 2022, all borrowings under these agreements attract an interest rate of the borrowing margin, plus

SONIA, plus a credit adjustment spread equal to 11.93 bps. It is expected that this change in risk free rate will not lead to a material change in overall borrowing costs.

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

Bank borrowings

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

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2021	212.9	550.0	762.9
Bank borrowings drawn in the year under existing facilities	245.5	(245.5)	–
Bank borrowings repaid in the year under existing facilities	(245.5)	245.5	–
As at 31 December 2021	212.9	550.0	762.9

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

	31 December 2022 £m	31 December 2021 £m
Bank borrowings drawn: due in more than one year	**479.9**	212.9
Less: unamortised costs on bank borrowings	**(5.1)**	(5.3)
	474.8	207.6

Loan notes

Bonds	**31 December 2022 £m**	31 December 2021 £m
2.625% Bonds 2026	**249.6**	249.5
3.125% Bonds 2031	**247.8**	247.5
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**246.7**	246.4
Less: unamortised costs on loan notes	**(5.0)**	(5.8)
	1,139.1	1,137.6

The weighted average term to maturity of the Group's debt as at the year end is 5.4 years (31 December 2021: 6.5 years).

Maturity of borrowings

	31 December 2022 £m	31 December 2021 £m

Repayable between one and two years	**164.0**	–
Repayable between two and five years	**443.0**	300.3
Repayable in over five years	**1,022.9**	1,056.0
	1,629.9	1,356.3

26. Interest rate derivatives

To mitigate the interest rate risk that arises as a result of entering into variable rate loans, the Group has entered into a number of interest rate derivatives. A number of interest rate caps and one interest rate swap have been taken out in respect of the Group's variable rate debt to fix or cap the rate to which compounded SONIA can rise. These run coterminous to the initial term of the respective loans. With effect from 1 January 2022, the interest rate derivatives have been transitioned to SONIA, as this is the risk free rate now adopted by the Group's variable rate loan facilities.

The weighted average capped rate, excluding any margin payable, for the Group as at the year end was 1.19% (2021: 1.20%), which effectively caps the level to which SONIA can rise to on £299.3m of notional hedged debt, therefore limiting any effect on the Group of an interest rate rise across this notional amount. The interest rate derivatives mean that 99% of the Group's drawn borrowings at the year end have an all-inclusive interest rate payable of 2.57% (2021: 2.26%). The total premium payable in the year towards securing the interest rate caps was £3.2m (2021: nil).

	31 December 2022 £m	31 December 2021 £m
Non-current assets: interest rate derivatives	**19.9**	1.8
Non-current liabilities: interest rate derivatives	–	–

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

	31 December 2022 £m	31 December 2021 £m
Interest rate derivative valuation brought forward	**1.8**	(1.0)
Premium paid	**3.2**	–
Changes in fair value of interest rate derivatives	**14.9**	2.8
	19.9	1.8

It is the Group's target to hedge at least 90% of the total debt portfolio either using interest rate derivatives or entering fixed-rate loan arrangements. As at the year-end date the total proportion of drawn debt either hedged via interest rate derivatives or subject to fixed-rate loan agreements equated to 99.0%, as shown below:

	31 December 2022 Drawn £m	31 December 2021 Drawn £m
Total borrowings drawn (note 25)	**1,629.9**	1,356.3
Notional value of effective interest rate derivatives and fixed-rate loans	**1,612.9**	1,356.3
Proportion of hedged debt	**99.00%**	100.00%

Fair value hierarchy

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

27. Financial risk management

Financial instruments

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other

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

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

	Book value 31 December 2022 £m	**Fair value 31 December 2022 £m**	Book value 31 December 2021 £m	Fair value 31 December 2021 £m
Financial assets				
Interest rate derivatives	**19.9**	**19.9**	1.8	1.8
Trade and other receivables[1]	**17.2**	**17.2**	31.3	31.3
Cash held at bank	**47.6**	**47.6**	71.1	71.1
Financial liabilities				
Interest rate derivatives	–	–	–	–
Trade and other payables[2]	**87.3**	**87.3**	85.9	85.9
Amounts due to B and C shareholders	**42.2**	**42.2**	41.4	41.4
Borrowings	**1,624.0**	**1,402.8**	1,356.3	1,405.3

1. Excludes certain VAT, prepayments and other debtors.
2. Excludes tax and VAT liabilities.

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

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

	Date of valuation	Total £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Borrowings	**31 December 2022**	**1,084.9**	**941.1**	**143.8**	–
Borrowings	31 December 2021	1,352.5	1,187.3	165.2	–

The Group has two fixed-rate loans totalling £162 million, provided by PGIM (£90 million) and Canada Life (£72 million). The fair value is determined by comparing the discounted future cash flows using the contracted yields with the reference gilts plus the margin implied. The reference gilts used were the Treasury 1.25% 2027 Gilt and Treasury 4.75% 2030 Gilt respectively, with an implied margin that is unchanged since the date of fixing. The loans are considered to be a Level 2 fair value measurement. For all other bank loans there is considered no other difference between fair value and carrying value.

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

The fair value of the financial liabilities at Level 1 fair value measure were £941.1 million (2021: £1,187.3 million) and the financial liabilities at Level 2 fair value measure were £143.8 million (2021: £165.2 million).

Risk management

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

Market risk

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

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis performed to ascertain the impact

on the Group profit or loss and net assets of a 100 basis point shift in interest rates would result in an increase of £3.2 million (2021: £0.3 million) or a decrease of £3.2 million (2021: £0.3 million).

Credit risk

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

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

Trade receivables

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

Credit risk related to financial instruments and cash deposits

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

Liquidity risk

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

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

	<3 months £m	3-12 months £m	Between 1-2 years £m	Between 2-5 years £m	More than 5 years £m	Total £m
31 December 2022						
Borrowings	**12.3**	**36.7**	**212.6**	**469.7**	**1,178.8**	**1,910.1**
Amounts due to B and C shareholders	**–**	**–**	**–**	**42.2**	**–**	**42.2**
Trade and other payables	**111.2**	**–**	**–**	**–**	**2.0**	**113.2**
	123.5	**36.7**	**212.6**	**511.9**	**1,180.8**	**2,065.5**
31 December 2021						
Borrowings	8.7	26.2	34.9	404.3	1,153.9	1,628.0
Amounts due to B and C shareholders	–	–	–	–	41.4	41.4
Trade and other payables	85.9	–	–	–	2.0	87.9
	94.6	26.2	34.9	404.3	1,197.5	1,757.3

Included within the contracted payments is 280.2 million (2021: £265.1 million) of loan interest payable up to the point of maturity across the facilities.

28. Capital management

The Board, with the assistance of the Investment Manager, monitors and reviews the Group's capital so as to promote the long-term success of the business, facilitate expansion and to maintain sustainable returns for shareholders. The

Group considers proceeds from share issuances, bank borrowings and retained earnings as capital. The Group's policy on borrowings is as set out below:

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

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

The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include loan to value ("LTV"), interest cover ratio and loan to projected project cost ratio. The Group LTV at the year end was 31.2% (2021: 23.5%) and there is substantial headroom within existing covenants.

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

29. Equity reserves

Share capital

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

Issued and fully paid at 1 pence each	**31 December 2022 Number**	**31 December 2022 £m**	31 December 2021 Number	31 December 2021 £m
Balance at beginning of year – £0.01 Ordinary Shares	**1,867,781,310**	**18.7**	1,719,141,878	17.2
Shares issued in relation to further Equity issuance	–	–	147,058,823	1.4
Shares issued in relation to management contract	**1,045,682**	–	1,580,609	0.1
Balance at end of year	**1,868,826,992**	**18.7**	1,867,781,310	18.7

Share premium

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

Capital reduction reserve

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

Retained earnings

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

30. Net asset value (NAV) per share

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

	31 December 2022 £m	31 December 2021 £m
Net assets per Group Statement of Financial Position	**3,350.0**	4,076.5
EPRA NTA	**3,370.8**	4,157.6
Ordinary Shares:		
Issued share capital (number)	**1,868,826,992**	1,867,781,310
Basic net asset value per share	**179.25**	218.26p
Dilutive shares in issue (number)	**–**	668,309

Diluted net asset value per share	**179.25**	218.18p

	31 December 2022			31 December 2021		
	EPRA NTA £m	**EPRA NRV £m**	**EPRA NDV £m**	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders	**3,350.0**	**3,350.0**	**3,350.0**	4,076.5	4,076.5	4,076.5
Revaluation of land options	**20.4**	**20.4**	**20.4**	66.0	66.0	66.0
Mark-to-market adjustments of derivatives	**1.8**	**1.8**	**–**	16.9	16.9	–
Intangibles	**(1.4)**	**–**	**–**	(1.7)	–	–
Fair value of debt	**–**	**–**	**221.2**	–	–	(47.0)
Real estate transfer tax[1]	**–**	**387.4**	**–**	–	376.3	–
NAV	**3,370.8**	**3,759.6**	**3,591.5**	4,157.7	4,535.7	4,095.5
NAV per share	**180.37**	**201.17**	**192.17**	222.60p	242.84p	219.27p
Dilutive NAV per share	**180.37**	**201.17**	**192.17**	222.52p	242.75p	219.19p

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

See Notes to EPRA NAV calculations for further details.

31. Operating leases

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

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	More than 5 years £m	Total £m
31 December 2022	**197.3**	**195.3**	**191.0**	**183.3**	**179.7**	**1,836.1**	**2,782.7**
31 December 2021	191.5	190.3	182.8	177.3	169.4	1,825.6	2,736.9

The Group's investment properties are leased to single tenants, with the exception of one asset which is leased to two separate tenants, some of which have guarantees attached, under the terms of a commercial property lease. Each has upward-only rent reviews that are linked to either RPI/CPI, open market or with fixed uplifts. The weighted average unexpired lease term is 12.6 years (2021: 13.0 years).

32. Transactions with related parties

For the year ended 31 December 2022, all Directors and some of the Members of the Manager are considered key management personnel. The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. Details of the amount paid for services provided by Tritax Management LLP ("the Manager") are provided in note 8.

The total amount outstanding at the year end relating to the Investment Management Agreement was £6.7 million (2021: £5.7 million).

The total expense recognised in the Group profit or loss relating to share-based payments under the Investment

Management Agreement was £5.3 million (2021: £2.7 million), of which £2.7 million (2021: £1.5 million) was outstanding at the year end.

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

On 1 February 2021, Alasdair Evans and Philip Redding were appointed as new Members of the Manager. The other six Members of the Manager were Colin Godfrey, James Dunlop, Henry Franklin, Petrina Austin, Bjorn Hobart and Frankie Whitehead.

During the year the Directors who served during the year received the following dividends Aubrey Adams: £16,240 (2021: £13,345), Alastair Hughes: £3,001 (2021: £2,279), Richard Laing: £3,463 (2021: £3,051), Karen Whitworth £2,126 (2021: £1,277) Wu Gang £87 (2021: £nil) and Elizabeth Brown £469 (2021: £nil) . See note 9 and Directors' Remuneration Report for further details.

During the year the Members of the Manager received the following dividends: Colin Godfrey: £174,834 (2021: £149,570), James Dunlop: £170,516 (2021: £145,509), Henry Franklin: £127,643 (2021: £107,003), Petrina Austin: £21,777 (2021: £18,004), Bjorn Hobart: £24,623 (2021: £20,349) and Frankie Whitehead £10,470 (2021: £7,888)

33. Reconciliation of liabilities to cash flows from financing activities

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

In addition to the above cash flow movements in borrowings, interest was also paid of £35.8m (2021: £37.5m), this is included in the movement in accruals.

	Borrowings £m	Derivative financial instruments £m	Loan notes £m	Total £m
Balance on 1 January 2021	206.8	1.0	1,136.5	1,344.3
Cash flows from financing activities:				
Bank borrowings advanced	245.5	–	–	245.5
Bank borrowings repaid	(245.5)	–	–	(245.5)
Amounts received on the issue of loan notes	–	–	–	–
Loan arrangement fees paid	(0.4)	–	(0.5)	(0.9)
Non-cash movements:				
Change in creditors for loan arrangement fees payable	0.1	–	0.2	0.3
Amortisation of loan arrangement fees	1.1	–	1.4	2.5
Fair value movement	–	(2.8)	–	(2.8)
Balance on 31 December 2021	207.6	(1.8)	1,137.6	1,343.4

34. Capital commitments

The Group had capital commitments of £99.9 million in relation to its development activity, asset management initiatives and commitments under development land, outstanding as at 31 December 2022 (31 December 2021: £65.4 million). All commitments fall due within one year from the date of this report.

35. Subsequent events

On 18 January 2023, the Group completed the sale of two newly-developed and vacant non-core assets at Littlebrook for a total consideration of £25 million.

On 1 March 2023, the Group successfully exchanged on the sale of three assets for a total consideration of £125 million, in line with their respective 31st December 2022 valuations, to an institutional investor.

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Company Registration Number: 08215888

	Note	At 31 December 2022 £m	At 31 December 2021 (restated) £m
Fixed assets			
Investment in subsidiaries	5	**2,243.3**	2,243.3
Total fixed assets		**2,243.3**	2,243.3
Current assets			
Trade and other receivables	6	**1,394.7**	1,268.5
Cash held at bank	7	**2.2**	2.8
Total current assets		**1396.9**	1,271.3
Total assets		**3,640.2**	3,514.6
Current liabilities			
Trade and other payables	8	**(17.0)**	(15.3)
Loans from Group companies		**(88.2)**	(71.9)
Total current liabilities		**(105.2)**	(87.2)
Non-current liabilities			
Bank borrowings	9	**(101.1)**	–
Loan notes	9	**(1,139.1)**	(1,137.6)
Total non-current liabilities		**(1,240.2)**	(1,137.6)
Total liabilities		**(1,345.4)**	(1,224.8)
Total net assets		**2,294.8**	2,289.8
Equity			
Share capital	10	**18.7**	18.7
Share premium reserve		**764.4**	762.0
Capital reduction reserve		**835.1**	964.5
Retained earnings		**676.6**	544.6
Total equity		**2,294.8**	2,289.8

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 31 December 2022 amounted to £132.0 million (31 December 2021: £61.4 million).

These financial statements were approved by the Board of Directors on 1 March 2023 and signed on its behalf by:

Aubrey Adams

Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

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

	Note	Undistributable reserves		Distributable reserves		
		Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2021		17.2	466.5	1,078.9	483.2	2045.8
Profit for the year and total comprehensive income		–	–	–	61.4	61.4
		17.2	466.5	1,078.9	544.6	2,107.2
Contributions and distributions						
Shares issued in relation to further equity issue	10	1.4	298.5	–	–	299.9
Share issue costs in relation to further equity issue		–	(5.8)	–	–	(5.8)
Shares issued in relation to management contract		0.1	2.8	–	–	2.9
Share-based payments		–	–	–	2.7	2.7
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(2.7)	(2.7)
Dividends paid	4	–	–	(114.4)	–	(114.4)
31 December 2021		18.7	762.0	964.5	544.6	2,289.8

NOTES TO THE COMPANY ACCOUNTS

1. Accounting policies

Basis of preparation

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

Disclosure exemptions adopted

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

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

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

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

Principal accounting policies

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

Basis of accounting

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

Currency

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

Other income

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

Dividends payable for shareholders

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

1.1 Financial assets

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

Fair value through profit or loss

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

Amortised cost

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

Impairment provisions for current receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the

non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

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

Investments in subsidiaries

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

Share-based payments

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

Significant accounting judgements, estimates and assumptions

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

Prior year restatement

The amounts in the company balance sheet at 31 December 2021 have been restated to increase fixed asset investment in subsidiaries by £55m and reduce current asset trade and other receivables by £55m to correct a misclassification discovered in recording the parent company's subscription for shares in a direct subsidiary. There is no impact on net assets or profit in either the company or group.

2. Standards issued and effective from 1 January 2022

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

3. Taxation

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
UK corporation tax	**–**	–

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 31 December 2022.

4. Dividends paid

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

5. Investment in subsidiaries

	Shares £m	Loan £m	Total £m

As at 1 January 2022 (restated)	**2,243.3**	**–**	**2,243.3**
Increase in investments via share purchase	–	–	–
As at 31 December 2022	**2,243.3**	**–**	**2,243.3**

As at 1 January 2021	2,188.3	–	2,188.3
Increase in investments via share purchase	55.0	–	55.0
As at 31 December 2021 (restated)	2,243.3	–	2,243.3

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

The amounts at 31 December 2021 have been restated to increase fixed asset investment in subsidiaries by £55m and reduce current asset trade and other receivables by £55m to correct a misclassification discovered in recording the parent company's subscription for shares in a direct subsidiary.

	Principal activity	Country of Incorporation	Ownership %
TBBR Holdings 1 Limited	Investment holding company	Jersey	100%*
TBBR Holdings 2 Limited	Investment holding company	Jersey	100%
Baljean Properties Limited	Property investment	Isle of Man	100%
Tritax Acquisition 2 Limited	Investment holding company	Jersey	100%
Tritax Acquisition 2 (SPV) Limited	Investment holding company	Jersey	100%
The Sherburn RDC Unit Trust	Property investment	Jersey	100%
KG (Jersey) Limited#	Investment holding company	Jersey	100%
KL (Jersey) Limited#	Investment holding company	Jersey	100%
G Avonmouth Unit Trust#	Property Investment	Jersey	100%
Tritax Acquisition 4 Limited	Property investment	Jersey	100%
Tritax Acquisition 5 Limited	Property investment	Jersey	100%
Sonoma Ventures Limited	Property investment	BVI	100%
Tritax REIT Acquisition 8 Limited	Investment holding company	UK[1]	100%*
Tritax REIT Acquisition 9 Limited	Investment holding company	UK[1]	100%*
Tritax Acquisition 9 Limited	Property investment	Jersey	100%
Tritax Acquisition 10 Limited	Property investment	Jersey	100%
Tritax Acquisition 11 Limited	Property investment	Jersey	100%
Tritax Acquisition 12 Limited	Property investment	Jersey	100%
Tritax Acquisition 13 Limited	Property investment	Jersey	100%
Tritax Acquisition 14 Limited	Property investment	Jersey	100%
Tritax Worksop Limited	Property investment	BVI	100%
Tritax REIT Acquisition 16 Limited	Investment holding company	UK[1]	100%*
Tritax Acquisition 16 Limited	Property investment	Jersey	100%
Tritax Acquisition 17 Limited	Property investment	Jersey	100%
Tritax Acquisition 18 Limited	Property investment	Jersey	100%
Tritax Harlow Limited	Property investment	Guernsey	100%
Tritax Lymedale Limited	Property investment	Jersey	100%
Tritax Acquisition 21 Limited	Property investment	Jersey	100%
Tritax Acquisition 22 Limited	Property investment	Jersey	100%
Tritax Acquisition 23 Limited	Property investment	Jersey	100%
Tritax Acquisition 24 Limited	Property investment	Jersey	100%
Tritax Knowsley Limited	Property investment	Isle of Man	100%
Tritax Burton Upon Trent Limited	Property investment	BVI	100%

Tritax Acquisition 28 Limited	Property investment	Jersey	100%
Tritax Peterborough Limited	Property investment	Jersey	100%
Tritax Littlebrook 2 Limited	Property investment	Jersey	100%
Tritax Littlebrook 4 Limited	Property investment	Jersey	100%
Tritax Atherstone (UK) Limited	Property investment	UK[1]	100%
Tritax Stoke DC1&2 Limited	Investment holding company	Jersey	100%*
Tritax Stoke DC3 Limited	Investment holding company	Jersey	100%*
Tritax Holdings CL Debt Limited	Investment holding company	Jersey	100%*
Tritax Portbury Limited	Property investment	Jersey	100%
Tritax Newark Limited	Property investment	Jersey	100%
Tritax Carlisle Limited	Investment holding company	Jersey	100%*
Tritax Worksop 18 Limited	Property investment	Jersey	100%*
Tritax Stoke Management Limited	Management company	UK[1]	100%
Tritax Holdings PGIM Debt Limited	Investment holding company	Jersey	100%*
Tritax Merlin 310 Trafford Park Limited	Property investment	Jersey	100%*
Tritax West Thurrock Limited	Property investment	Jersey	100%
Tritax Tamworth Limited	Property investment	Jersey	100%
Tritax Acquisition 35 Limited	Property investment	Jersey	100%
Tritax Acquisition 36 Limited	Property investment	Jersey	100%*
Tritax Acquisition 37 Limited	Property investment	Jersey	100%*
Tritax Acquisition 38 Limited	Property investment	Jersey	100%*
Tritax Acquisition 39 Limited	Property investment	Jersey	100%*
Tritax Acquisition 40 Limited	Property investment	Jersey	100%*
Tritax Acquisition 41 Limited	Property investment	Jersey	100%*
Tritax Littlebrook 1 Limited	Property investment	Jersey	100%
Tritax Littlebrook 3 Limited	Property investment	Jersey	100%
Tritax Atherstone Limited	Investment holding company	Jersey	100%*
Tritax Acquisition 42 Limited	Property investment	Jersey	100%*
Tritax Acquisition 43 Limited	Property investment	Jersey	100%*
Tritax Carlisle UK Limited	Investment holding company	UK[1]	100%
Tritax Edinburgh Way Harlow Limited	Property investment	Jersey	100%*
Tritax Crewe Limited	Investment holding company	Jersey	100%*
Tritax Acquisition 44 Limited	Property investment	Jersey	100%*
Tritax Acquisition 45 Limited	Property investment	Jersey	100%*
Tritax Acquisition 46 Limited	Property investment	Jersey	100%*
Tritax Acquisition 47 Limited	Property investment	Jersey	100%*
Tritax Acquisition 48 Limited	Property investment	Jersey	100%*
Tritax Acquisition 49 Limited[#]	Property investment	Jersey	100%*
Tritax Littlebrook Management Limited[#]	Property investment	UK[1]	100%*
Tritax Symmetry Holdings Limited (formerly known as Tritax Symmetry Limited)	Investment holding company	Jersey	100%*
db Symmetry Group Ltd	Investment holding company	UK[2]	100%
db Symmetry Ltd	Investment holding company	UK[2]	100%
Tritax Symmetry Power Limited[#]	Investment holding company	UK[2]	100%
Tritax Symmetry Power Biggleswade Limited[#]	Investment holding company	UK[2]	100%
Tritax Symmetry (BVI) Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Holdings (Biggleswade) Co Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Biggleswade) Co Ltd	Property investment	British Virgin Islands	100%
Tritax Symmetry Holdings (Blyth) Co Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Blyth) Co. Ltd	Property investment	British Virgin Islands	100%
Tritax Symmetry Holdings (Middlewich) Co. Ltd	Investment holding company	British Virgin Islands	100%

Tritax Symmetry Properties (Middlewich) Co. Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Development (Blyth) UK Ltd	Property development	UK[2]	100%
Tritax Symmetry Development (Biggleswade) UK Ltd	Property development	UK[2]	100%
Tritax Symmetry Ardley Limited	Property investment	Jersey	100%
Tritax Symmetry Bicester 2 Limited	Property investment	Jersey	100%
Tritax Symmetry Northampton West Ltd	Property investment	Jersey	100%
Tritax Symmetry Rugby South Ltd	Property investment	Jersey	100%
Tritax Symmetry St Helens Ltd	Property investment	Jersey	100%
Tritax Symmetry Wigan Ltd	Property investment	Jersey	100%
Tritax Symmetry Oxford North Ltd	Property investment	Jersey	100%
Tritax Symmetry Northampton Ltd	Property investment	Jersey	100%
Tritax Symmetry Merseyside 1 Ltd	Property investment	Jersey	100%
Tritax Symmetry South Elmsall Ltd	Property investment	Jersey	100%
Tritax Symmetry (Goole) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Midlands) Ltd	Investment holding company	UK[2]	100%
Tritax Symmetry (Aston Clinton) Ltd	Property investment	UK[2]	100%
Tritax Symmetry Leicester South Ltd	Property investment	Jersey	100%
Tritax Symmetry Gloucester Ltd	Property investment	Jersey	100%
Tritax Symmetry (Speke) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Barwell) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Rugby) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Hinckley) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Darlington) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Blyth) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Bicester Reid) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Wigan) Ltd	Property investment	UK[2]	100%
Tritax Symmetry (Land) LLP	Investment holding company	UK[2]	100%
Tritax Symmetry (Kettering) LLP	Property investment	UK[2]	100%
Tritax Symmetry (Lutterworth) LLP	Property investment	UK[2]	100%
Tritax Symmetry (Northampton) LLP	Investment holding company	UK[2]	100%
Symmetry Park Darlington Management Company Ltd	Management company	UK[2]	100%
Symmetry Park Aston Clinton Management Company Limited	Management company	UK[2]	100%
Tritax Symmetry Glasgow East Limited	Property investment	Jersey	100%
Symmetry Park Biggleswade Management Company Limited	Management company	UK[2]	100%
Tritax Symmetry Biggleswade 2 Limited	Property investment	Jersey	100%
Tritax Symmetry Biggleswade 3 Limited	Property investment	Jersey	100%
Tritax Symmetry Middlewich 1 Limited	Property investment	Jersey	100%
Tritax Symmetry Biggleswade 4 Limited	Property investment	Jersey	100%
Tritax Symmetry Biggleswade Land Limited	Property investment	UK[2]	100%
Magnitude Land Development UK Limited	Property investment	UK[2]	100%

Symmetry Park Merseyside Management Company Limited#	Management company	UK	100%
Symmetry Park Kettering Management Company Limited#	Management company	UK	100%
Symmetry Park Wigan Management Company Limited#	Management company	UK	
Symmetry Park Rugby Management Company Limited#	Management company	UK	100%
Tritax Symmetry Merseyside Land Limited#	Property investment	UK	100%
Tritax Symmetry West Limited#	Property investment	Jersey	100%

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

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

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

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

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

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

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

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

The Company also has interests in the following joint arrangements as at 31 December 2022:

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

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

6. Trade and other receivables

	31 December 2022 £m	31 December 2021(restated) £m
Amounts receivable from Group companies	**1,393.8**	1,264.8
Prepayments	**0.1**	0.3
Other receivables	**0.8**	3.4
	1,394.7	1,268.5

All amounts that fall due for repayment within one year and are presented within current assets as required by the Companies Act. The loans to Group companies are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the group companies. Interest is charged between 0%–10% (2021: 0%–10%).

The amounts at 31 December 2021 have been restated to increase fixed asset investment in subsidiaries by £55m and reduce current asset trade and other receivables by £55m to correct a misclassification discovered in recording the parent company's subscription for shares in a direct subsidiary.

7. Cash held at bank

	31 December 2022 £m	31 December 2021 £m
Cash held at bank	**2.2**	2.8

8. Trade and other payables

	31 December 2022 £m	31 December 2021 £m
Trade and other payables	**9.3**	8.8
Accruals	**7.7**	6.5
	17.0	15.3

9. Borrowings

Bank borrowings drawn

	31 December 2022 £m	31 December 2021 £m
Bank borrowings drawn: due in more than one year	**103.0**	212.9
Less: unamortised costs on bank borrowings	**(1.9)**	(5.3)
	101.1	207.6

Loan notes

Bonds	31 December 2022 £m	31 December 2021 £m
2.625% Bonds 2026	**249.6**	249.5
3.125% Bonds 2031	**247.8**	247.5
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**246.7**	246.4
Less: unamortised costs on loan notes	**(5.0)**	(5.8)
Non-current liabilities: net borrowings	**1,139.1**	1,137.6

Maturity of loan notes	31 December 2022 £m	31 December 2021 £m
Repayable between one and two years	–	–
Repayable between two and five years	**249.6**	249.5
Repayable in over five years	**894.6**	893.9
	1,144.2	1,143.4

10. Equity reserves

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

11. Related party transactions

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

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

12. Directors' remuneration

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

13. Subsequent events

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

NOTES TO THE EPRA AND OTHER KEY PERFORMANCE INDICATORS

1. Adjusted earnings - income statement

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Gross rental income	**206.2**	184.7
Service charge income	**6.3**	5.1
Service charge expense	**(6.5)**	(5.2)
Fixed rental uplift adjustments	**(6.1)**	(6.3)
Net rental income	**199.9**	178.3
Other operating income	**9.3**	18.9
Administrative expenses	**(32.2)**	(25.5)
Licence fee receivable on forward funded developments	**–**	7.3
Amortisation of other property assets	**1.7**	5.4
Adjusted operating profit before interest and tax	**178.7**	184.4
Net finance costs	**(37.8)**	(40.0)
Amortisation of loan arrangement fees	**3.1**	2.5
Adjusted earnings before tax	**144.0**	146.9
Tax on adjusted profit	**1.6**	(2.4)
Adjusted earnings after tax	**145.6**	144.5
Adjustment to remove additional DMA income	**(5.3)**	(14.9)
Adjusted earnings (Exc. additional DMA income)	**140.3**	129.6
Weighted average number of Ordinary Shares	**1,868,637,910**	1,755,926,756
Adjusted earnings per share	**7.79p**	8.23p
Adjusted earnings per share (Exc. additional DMA income)	**7.51p**	7.38p

2. EPRA earnings per share

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Total comprehensive income (attributable to shareholders)	**(599.4)**	972.6
Adjustments to remove:		
Changes in fair value of investment properties	**759.5**	(840.9)
Changes in fair value of interest rate derivatives	**(14.9)**	(2.8)

Share of loss/(profits) from joint ventures	**(0.5)**	(0.1)
Gain on disposal of investment properties	**–**	(2.0)
Amortisation of other property assets	**1.7**	5.4
Impairment of intangible and other property assets	**1.5**	2.9
Tax refund	**–**	(3.9)
Profits to calculate EPRA earnings per share	**147.9**	131.2
Add back: Dilutive shared based payment charge	**(2.0)**	–
Fair value movement in contingent consideration	**(1.1)**	–
Profits to calculate EPRA diluted earnings per share	**144.8**	131.2

Weighted average number of Ordinary Shares	**1,868,637,910**	1,755,926,756
EPRA earnings per share – basic	**7.91p**	7.47p
Dilutive shares to be issued	**22,814,350**	668,309
EPRA earnings per share – diluted	**7.66p**	7.47p

3. EPRA NAV per share

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

31 December 2022

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

31 December 2021

	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders		4,076.5	4,076.5	4,076.5
Revaluation of land options		66.0	66.0	66.0

Mark-to-market adjustments of derivatives		16.9	16.9	–
Intangibles		(1.7)	–	–
Fair value of debt		–	–	(47.0)
Real estate transfer tax[1]		–	376.3	–
At 31 December 2021	28	4,157.7	4,535.7	4,095.5
NAV per share		222.60p	242.84p	219.27p
Dilutive NAV per share		222.52p	242.75p	219.19p

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

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

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Investment property – wholly owned	**4,872.4**	5,123.7
Investment property – share of joint ventures	**4.2**	2.5
Less: development properties	**(403.2)**	(105.0)
Completed property portfolio	**4,473.4**	5,021.2
Allowance for estimated purchasers' costs	**303.3**	340.4
Gross up completed property portfolio valuation (B)	**4,776.7**	5,361.6
Annualised passing rental income	**224.0**	195.9
Less: contracted rental income in respect of development properties	**(18.8)**	–
Property outgoings	**(0.2)**	(0.2)
Less: contracted rent under rent-free period	**(4.9)**	(4.8)
Annualised net rents (A)	**200.1**	190.9
Contractual increases for fixed uplifts	**9.7**	10.2
Topped up annualised net rents (C)	**209.8**	201.1
EPRA net initial yield (A/B)	**4.19%**	3.56%
EPRA topped up net initial yield (C/B)	**4.39%**	3.75%

5. EPRA vacancy rate

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Annualised estimated rental value of vacant premises	**5.3**	–
Portfolio estimated rental value[1]	**247.2**	216.2
EPRA vacancy rate	**2.1%**	0%

1 Excludes land held for development.

6. EPRA cost ratio

A key measure to enable meaningful measurement of the changes in a company's operating costs.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Property operating costs	**0.2**	0.2
Administration expenses	**32.2**	25.5
Service charge costs recovered through rents but not separately invoiced	**–**	–
Total costs including and excluding vacant property costs (A)/(B)	**32.4**	25.7
Vacant property cost	**–**	–
Total costs excluding vacant property costs (B)	**32.4**	25.7
Gross rental income – per IFRS	**206.2**	184.7
Less: Service charge cost components of gross rental income	**–**	–
Gross rental income (C)	**206.2**	184.7
Total EPRA cost ratio (including vacant property costs)	**15.7%**	13.9%
Total EPRA cost ratio (excluding vacant property costs)	**15.7%**	13.9%

7. EPRA like-for-like rental income

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m	Change £m	Change %
Like-for-like rental income	**168.0**	162.2		
Other rental income	**0.2**	0.1		
Like-for-like Gross rental income	**168.2**	162.3	5.9	3.6
Irrecoverable property expenditure	**(0.2)**	(0.1)		
Like-for-like Net rental income	**168.0**	162.2	5.8	3.6
Reconciliation to Net rental income per Statement of Comprehensive Income:				
Development properties	**22.3**	11.7		
Properties acquired	**4.6**	3.3		
Properties disposed	**0.2**	0.2		
Properties under rent free periods	**–**	(2.6)		
Spreading of tenant incentives and guaranteed rental uplifts	**11.1**	7.2		
Total per statement of comprehensive income	**206.2**	184.6		

8. EPRA property-related capital expenditure

	Year end 31 December 2022 £m	Year ended 31 December 2021 £m
Acquisition[1]	**4.9**	89.6
Development[2]	**375.1**	274.3
Transfers to Investment Property	**(57.1)**	(41.6)

Investment properties:		
Tenant incentives[3]	**11.1**	7.2
Capitalised interest	**4.7**	0.7
Total	**338.7**	330.3

[1] See note 15

[2]See note 15 and note 16

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

9. Total Accounting Return ("TAR")

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

	Year ended 31 December 2022	Year ended 31 December 2021
Opening EPRA NTA	**222.60p**	175.61p
Closing EPRA NTA	**180.37p**	222.60p
Change in EPRA NTA	**(42.23p)**	46.99p
Dividends paid	**6.93p**	6.51p
Total growth in EPRA NTA plus dividends paid	**(35.30p)**	53.50p
Total return	**(15.9%)**	30.5%
One-off transactional costs	**–**	–
Total return excluding one-off transactional costs	**(15.9%)**	30.5%

10. Total expense ratio

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Total operating costs	**32.2**	25.5
Average net assets over the period	**4,219.2**	3,231.0
Total expense ratio	**0.76%**	0.79%

11. Loan to value ratio

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

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Gross debt drawn	**1,623.9**	1,356.3
Less: Cash	**(47.6)**	(71.1)
Net Debt	**1,578.3**	1,285.2
Gross property value	**5,059.3**	5,480.2
Loan to value ratio	**31.2%**	23.5%

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 2022 which are consistent with policies those adopted in the year ended 31 December 2021. Whilst the financial information included in this announcement has been computed in accordance with UK adopted international accounting standards, this announcement does not itself contain sufficient disclosures to comply with IFRS. The financial information does not constitute the Group's statutory financial statements for the years ended 31 December 2022 or 31 December 2021, but is derived from those financial statements. Financial statements for the year ended 31 December 2021 have been delivered to the Registrar of Companies and those for the year ended 31 December 2022 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2022 and 31 December 2021 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.