

# HALF-YEAR REPORT

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Tritax Big Box REIT plc  
11 August 2016

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**Tritax Big Box REIT plc**  
(the "Group" or the "Company")  
**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

Tritax Big Box REIT plc (ticker; BBOX), the only real estate investment trust giving pure exposure to very large logistics assets ("Big Boxes") in the UK, is today reporting its interim results for the Group for the period from 1 January to 30 June 2016.

	30 June 2016	30 June 2015	+/-
Dividend declared per share	3.10p	3.00p	+3.3%
Adjusted earnings per share	3.16p	2.73p	+15.8%
Operating profit before changes in fair value*	£25.66m	£15.84m	+62.0%
*Operating profit before changes in fair value of investment properties			
	30 June 2016	31 December 2015	+/-
EPRA NAV per share	128.91p	124.68p	+3.4%
Portfolio valuation*	£1.53bn	£1.31bn	+16.6%
Weighted average unexpired lease term	16.3yrs	16.5yrs	-0.2yrs
Contracted rent roll per annum	£78.59m	£68.37m	+14.9%
Loan to value	32.2%	33.2%	-1.0%

\*Portfolio valuation including forward funded commitments, refer to note 10 for reconciliation of total portfolio valuation.

## Financial highlights

- Dividends declared for the six month period of 3.1 pence per share, putting the Group on track to hit the target of 6.2 pence<sup>1</sup> for the full year. Our dividend is fully covered by Adjusted earnings<sup>2</sup>.
- Adjusted earnings per share totalling 3.16 pence per share<sup>2</sup> for the six month period.
- Total return for the six month period of 5.8%, compared to the FTSE EPRA/NAREIT UK REITs Index total return of -11.7%.
- Portfolio independently valued at 30 June 2016 at £1.53 billion<sup>3</sup>, reflecting a £41.1 million or 2.8% valuation gain during the period.
- EPRA net asset value per share increased by 4.23 pence or 3.4% to 128.91 pence (31 December 2015: 124.68 pence).
- Contracted rental income, including forward funded developments, increased to £78.59 million per annum (31 December 2015: £68.37 million).
- Raised £200 million of equity during the period, through a substantially oversubscribed share issue.
- Period end loan to value ("LTV") of 32% (31 December 2015: 33%), which increases to approximately 40%, including the fulfilment of our forward funded development commitments.
- The total expense ratio was 0.54% for the six month period, compared to 1.09% for the full year to 31 December 2015.

### Operational highlights

- Acquired three Big Boxes during the period, with an aggregate purchase price of £177 million, further diversifying the portfolio by geography and tenant.
- Four forward funded pre-let developments reached practical completion in the period, with a total value of £271 million.
- Average net initial yield of the property portfolio at acquisition is 5.8%, against the period end valuation of 4.8% net initial yield.
- At the period end, the portfolio contained 28 assets, covering approximately 14.5 million sq ft of logistics space.
- Our portfolio is 100% let, or pre-let with developer licence fee received during the construction period.
- At 30 June 2016, the weighted average unexpired lease term ("**WAULT**") was 16.3 years, compared to 16.5 years at 31 December 2015 and ahead of the initial target of at least 12 years.

### Post balance sheet highlights

- On 29 July 2016, the existing Helaba loan facility, secured on the asset let to Ocado, was extended by three years, taking the maturity of the facility out to July 2023.
- On 1 August 2016, acquired the pre-let forward funded development in Wolverhampton for £56.3 million.
- On 3 August 2016, agreed a new £72 million, c.13 year loan with Canada Life, at a fixed rate of 2.64%.
- On 8 August 2016, the Company acquired an investment property in Manchester, let to Kellogg's, for £23.5 million.
- On 9 August 2016, the Company acquired an investment property in Peterborough, let to Amazon, for £42.9 million.

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

2 See note 7 for reconciliation

3 See note 10 for reconciliation

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

"Despite a backdrop of uncertainty (and perhaps partially because of it), I believe the future of our Company remains favourable. UK retail continues to evolve, with e-commerce growth leading the way. Many of our properties have an e-retail focus and/or automation, aiding home deliveries or store replenishment. These facilities are delivering economies of scale benefits and cost savings crucial to competitiveness and efficiency in a market where the consumer has become ever more demanding. Our aim is to invest in modern, best in class properties that are mission critical to the tenants that operate from them. This also ensures that our portfolio is defensive whilst offering the strongest potential for value growth.

"We continue to work closely with our tenants, where possible supporting their business objectives whilst delivering value growth through asset management. Occupational demand continues to outweigh the supply of quality logistics buildings in the UK but this situation is even more acutely favourable for Big Boxes. The resultant strong rental growth is expected to continue, helping to grow our income and support our progressive dividend policy.

"Our Investment Manager has continued to perform well, identifying value whilst exercising capital discipline and building a strong, best-in-class portfolio of Big Box investments. Subject to continued support from our shareholders, the Board considers that the Company has both the opportunity and ability to deliver further value growth to our shareholders through attractive investments."

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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### NOTES:

Tritax Big Box REIT plc is the only listed vehicle to give pure exposure to the "Big Box" logistics asset class in the UK and is committed to delivering attractive and sustainable returns for shareholders. Investing in and managing both standing and pre-let forward funded development assets, the Company focuses on well-located, modern "Big Box" logistics assets, typically greater than 500,000 sq. ft., let to institutional-grade tenants on long-term leases (typically at least 12 years in length) with upward-only rent reviews and geographic and tenant diversification throughout the UK. The Company seeks to exploit the significant opportunity in this sub-sector of the UK logistics market owing to strong tenant demand and limited stock supply.

The Company is a real estate investment trust to which Part 12 of the UK Corporation Tax Act 2010 applies ("**REIT**"), is listed on the premium segment of the Official List of the UK Financial Conduct Authority and is a constituent of the FTSE 250, FTSE

EPRA/NAREIT and MSCI indices.

Further information on Tritax Big Box REIT is available at [www.tritaxbigbox.co.uk](http://www.tritaxbigbox.co.uk)

### Meeting for investors and analysts and audio recording of results available

A meeting for investors and analysts will be held at 9.30am today at:

Newgate:  
Sky Light City Tower  
50 Basinghall Street  
London, EC2V 5DE

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

## CHAIRMAN'S STATEMENT

This was another positive six months for the Group. We secured a further £200 million of equity funding from our Shareholders and continued to strengthen and diversify the portfolio.

### Overview

Our February share issuance was substantially oversubscribed against the initial target of £100 million raising £200 million of gross proceeds, reflecting investors' continued support for our strategy, track record of delivery and the quality of our portfolio, which we believe is one of the best in the UK quoted real estate sector. Market conditions remain favourable for landlords, with strong occupier demand for Big Boxes and limited supply.

During the first half, the Group continued to implement successfully its strategy and created further value for Shareholders through rising dividends and gains in the capital values of its investment property assets. We invested £177 million into Big Box assets during the period and a further £123 million post the period end, which means that we have invested effectively all of the proceeds from our February equity issuance.

Our investment manager, Tritax Management LLP (the "**Manager**"), has continued to identify attractive investment opportunities, enabling the Group to acquire three Big Boxes in the first half. These have further diversified the portfolio by tenant and geography. The Manager's knowledge of the market and the strength of its relationships with vendors, agents and developers are a significant advantage for us. To date, we have acquired 76% of the portfolio through off-market transactions.

At the period end, our portfolio consisted of 28 assets, all of which were either let or pre-let and income producing. The portfolio was independently valued at £1.53 billion, on a fully completed basis and including our forward funded commitments. This represents an uplift of £41 million or 2.8% during the six months, compared with the aggregate of our 31 December 2015 valuation and the total price of new acquisitions (excluding purchase costs). There was further yield compression in the first half, although at a slower rate than in prior periods, which was to be expected given the scale of the yield compression during 2014 and 2015. Despite this yield compression, we maintained the portfolio's average purchase net initial yield at 5.8%.

The importance of Big Boxes to our tenants' operations, the substantial costs of fitting them out and the limited supply of assets available to occupy are all reflected in the lengths of leases that they are willing to sign. At the period end, the WAULT across the portfolio was 16.3 years (31 December 2015: 16.5 years), which is well above our target of at least 12 years.

The scarcity of new Big Boxes means that forward funded developments are often the only way for occupiers to secure a suitable building. We made excellent progress with our forward funded developments, reaching practical completion during the period on four of the five assets under construction. The only asset under construction at the period end, for TK Maxx at Knottingley, is expected to complete in February 2017. The five developments that have completed to date were independently valued at £314 million at the period end, a 13% uplift on their acquisition price, demonstrating that this is an attractive route for sourcing new assets at a discount to the value of a completed building but without the risk which comes with speculative (i.e. unlet) development. We continue to look for further suitable forward funded developments to add to our portfolio.

In addition, we were pleased to receive virtually unanimous support from Shareholders at our Annual General Meeting for an amendment to our investment policy. This will allow us strategically to acquire land suitable for a new Big Box, either on our own or in joint venture with developers or tenants. Crucially, we will only proceed with development once the asset is pre-let to a high-quality tenant. By entering into forward funded development projects at an earlier point, we have an opportunity to profit further.

We have sought to distinguish ourselves through the quality of location and modernity of our real estate assets let to high calibre tenants, which provide long term income and attractive prospects for growth. The uniquely focused nature of our portfolio has also helped differentiate us from many of our peers and this has been reflected in demand for our stock, such that our shares have witnessed comparatively low volatility, increasing levels of liquidity (average daily value traded of £3.2 million in 2016 to date), and sector leading share price performance. Our reputation has grown alongside our market capitalisation and we have been fortunate in receiving shareholder support in pursuing our clear investment strategy.

### Financial results

Our financial results for the period reflect disciplined stock selection during the continued growth of our portfolio, rigorous cost management and favourable market conditions.

Under International Financial Reporting Standards ("**IFRS**") as adopted by the European Union, our operating profit before changes in fair value of investment properties for the six months to 30 June 2016 was £25.66 million (30 June 2015: £15.84 million), with total comprehensive income of £53.72 million (30 June 2015: £70.98 million). Basic earnings per share ("**EPS**") for the period was 6.73 pence (30 June 2015: 12.58 pence). This includes the net valuation gain of £40.09 million, as a result of the revaluation of our portfolio and derivative interest rate instruments.

Under European Public Real Estate Association ("**EPRA**") guidelines, EPRA EPS for the period was 2.60 pence (30 June 2015:

2.30 pence). The EPRA NAV per share at 30 June 2016 was 128.91 pence, up 3.4% from the audited EPRA NAV per share of 124.68 pence at 31 December 2015. The total return for the period, which reflects the increase in EPRA NAV plus dividends paid, was 5.8% compared to the FTSE EPRA/ NAREIT UK REITs index total return of -11.7%.

EPRA EPS excludes licence fees received from developers on our forward funded developments. We therefore calculate Adjusted EPS, which includes these licence fees and is linked to our dividend policy. Adjusted EPS for the period was 3.16 pence, up 16% (30 June 2015: 2.73 pence).

We have a low and transparent cost base, which the Board and Manager rigorously control. The total expense ratio for the period was 0.54%, which compares favourably with 1.09% for the full year to 31 December 2015 and the expense ratios of our real estate peers.

#### **Dividends**

One of the fundamental aims of our strategy is to build a portfolio that delivers a high-quality, sustainable and growing income stream which underpins our progressive dividend policy. For 2016, we have set a target dividend of 6.2 pence per share, an increase of 3.3% on the 6.0 pence per share we paid in respect of 2015.

The Board has declared an interim dividend of 3.1 pence per share in respect of the six months to 30 June 2016, compared with dividends of 3.0 pence in relation to the first half of 2015. We are therefore on track to meet our dividend target for the full year. The Group's dividends are fully covered by our adjusted earnings, which are underpinned by our strong rental stream and low cost base, meaning we do not need to rely on higher-risk and more cyclical capital profits to support our dividend payments. Our balanced, upward only rent review profile and long dated leases, will help to support any progression in future dividend targets.

Today, the Board has also announced the Company's intention to move to quarterly dividend payments, with effect from 1 January 2017, thereby accelerating the distribution of income to our Shareholders.

#### **Loan financing and hedging**

Our primary source of debt financing is a £500 million cross-collateralised facility with a syndicate of four lenders. At the period end, we had drawn £413 million under this facility, leaving us with headroom of £87 million to meet our remaining forward funding commitments and support our growth.

In addition, we also have three fully drawn loans with Helaba, totalling £69.5 million.

We have a low cost of debt which is based on a margin payable above 3 month LIBOR. The Group's weighted average margin payable was 1.42% (30 June 2015: 1.77%) as at the period end.

The Group's weighted average capped rate of borrowing on hedged debt, which is inclusive of the margin was 2.85% (30 June 2015: 3.81%). At 30 June 2016, 99.7% of Group debt drawn down was hedged principally via interest rate caps, coterminous with the corresponding loans.

With the majority of the Group's debt linked to variable interest rates, we are well positioned to capture any reductions in underlying interest rates, as well as the continuing benefit that comes from a longer period of low interest rates.

#### **Post period end activities**

We have followed our three investments made during the period, by committing a further £123 million across an additional two standing assets and one forward funded development since the period end. These assets add further diversification through three excellent tenant covenants' joining the portfolio and two new geographic locations. We have added to the syndicated refinancing in October 2015, by agreeing a new long term loan facility for £72 million with Canada Life Investments, whilst we have extended our largest bilateral loan facility by three years to a new maturity of July 2023.

#### **Relations with Shareholders**

We have continued to develop investor relations with regular updates to the market, the publication of quarterly fact sheets and an ongoing programme of site visits. In addition to the Manager's meetings with a significant number of institutional Shareholders in the context of our February fundraising and our financial results, members of the Board attended the 2015 results presentation to analysts and the AGM, where we were available to speak with Shareholders. In March 2016, we appointed Jim Prower as Senior Independent Director and he is an alternate point of contact for Shareholders. In July, I met with a number of Shareholders on an informal basis and later this year we have further events planned at which I will meet with more of our Shareholders. As ever, all Non-Executive Directors are available to speak with any Shareholder, contactable initially by emailing the Company Secretary at [bigboxcosec@tritax.co.uk](mailto:bigboxcosec@tritax.co.uk), who will put you into direct contact with us.

#### **Non-Executive Director appointment**

I am pleased to report that we are at an advanced stage in the recruitment of an additional Non-Executive Director. We hope to be able to update the market on this appointment prior to our year end.

#### **Outlook**

Although the outcome of the referendum vote on 23 June 2016 represented a shock to the financial markets, through decisive action to deliver a stable government and action from the Bank of England the UK has stabilised somewhat and the equity markets are recovering well. Even prior to the referendum, during the summer of 2015 the markets began to indicate a change of direction, placing greater value on certainty, quality and security of income. This trend has continued post the Brexit vote, stimulated by falling interest rates and market comment suggesting that these could remain low for some time to come.

Despite a backdrop of uncertainty (and perhaps partially because of it) the future of our Company remains favourable in my view. UK retail continues to evolve, with e-commerce growth leading the way. Many of our properties have an e-retail focus and/or automation, aiding home deliveries or store replenishment. These facilities are delivering economies of scale benefits and cost savings crucial to competitiveness and efficiency in a market where the consumer has become ever more demanding. Our aim is to invest in modern, best in class properties that are mission critical to the tenants that operate from them. This also ensures that

our portfolio is defensive whilst offering the strongest potential for value growth.

We continue to work closely with our tenants, where possible supporting their business objectives whilst delivering value growth through asset management. Occupational demand continues to outweigh the supply of quality logistics buildings in the UK but this situation is even more acutely favourable for Big Boxes. The resultant strong rental growth is expected to continue, helping to grow our income and support our progressive dividend policy.

Our Investment Manager has continued to perform well, identifying value whilst exercising capital discipline and building a strong, best-in-class portfolio of Big Box investments. Moving forwards we see opportunity. Institutions are seeking to re-weight their commercial property holdings, reducing retail and offices in favour of industrials, distribution and other specialist sub-sectors. In these areas, specialist and experienced management teams are crucial to outperformance. The open-ended retail funds have been forced to sell assets in order to meet redemptions and whilst this is likely to be short lived, we are well placed to capitalise. It may be too early to tell, but the signs are that values for prime logistics have largely remained unchanged either side of the Brexit vote. There are credible arguments suggesting that secondary property could witness a weakening in yields, but for prime logistics we remain positive, supported by the notion that strong, secure, long-term income will remain a key focus for investors, particularly from prime assets let to institutional quality companies. With 10 year UK Gilts below 1% and negative interest rates offered on some European bonds, the pricing point at which our Investment Manager can secure stock remains attractive. Subject to continued support from our shareholders the Board considers that the Company has both the opportunity and ability to deliver further value growth through attractive investments.

**Richard Jewson**  
Chairman  
11 August 2016

## MANAGER'S REPORT

The first half of 2016 witnessed continued implementation of the Company's investment and financing strategies, leaving us well placed for further growth in rental income and capital values.

### Our market

The fundamentals of the UK Big Box market remain compelling and beneficial to asset owners and managers. Big Boxes offer tenants economies of scale and cost savings not available from smaller, older buildings. They are also crucial to the efficient and effective operation of retailers, and in particular the fulfilment of e-commerce orders.

For these reasons, tenant demand for Big Boxes remains strong. Coupled with the significant tenant investment required to fit out a Big Box, these factors result in tenants being prepared to sign long leases often of 20 years or more, which are rarely seen elsewhere in the UK commercial property market.

### Occupational market

The occupational demand for Big Boxes is strong due to the economies of scale and cost savings that these well-located, modern logistics facilities can provide. There are, however, significant constraints to supply. The scale and required out-of-town location makes planning permission difficult to obtain for larger buildings. It can take many years for a developer to deliver a suitable site with appropriate infrastructure and detailed planning consent ready to construct a new Big Box. Occupiers pursuing self-build solutions are increasingly rare. In terms of supply, there are currently no modern or new buildings of over 400,000 sq ft vacant or in the course of development and available to let. We are aware of only one second hand building of c.400,000 sq ft that is likely to become available due to a tenant vacating the property in November 2016. Also, developers are not currently speculatively building Big Boxes of more than 400,000 sq ft. Whilst new sites are being brought forward and progressed through the planning system and planning permissions are being granted, the level of permissions, coupled with a lack of developer appetite for speculative development of large scale logistics buildings, will ensure that supply remains constrained. Agreeing a pre-let on a forward funded development often remains the only way for the majority of occupiers to secure a new or modern, fit for purpose Big Box.

### Prime Logistics headline rents - selected locations

12 months to 30 June 2016

Location	Prime rent (per sq ft)	Annual growth
London/M25	£14.00	6.7%
Rest of South East	£8.50	3.0%
South West	£6.25	2.1%
East Midlands	£6.50	4.0%
West Midlands	£6.50	2.4%
North West	£5.95	8.2%
Yorkshire	£5.50	4.8%

Source: CBRE (100,000 sq ft units and above)

Competition between occupiers for new build sites is allowing developers to increase rents and reduce tenant incentive packages. The imbalance between occupational supply and demand has produced further rental growth in H1 2016 (see table above), following the trend of strong rental growth reported for UK logistics in 2014 and 2015. This market dynamic bodes well for significant rental uplifts being recorded on both forthcoming rent reviews of our existing investments and new pre-let developments. Good quality logistics locations around the UK are now consistently commanding upwards of £5.00 per sq ft for new lettings of modern buildings. In key Midlands and South of England locations prime rents are now comfortably over £6.00 per sq ft, with London and M25 locations clearly north of £10 per sq ft.

The planned Roxhill development of over 2 million sq ft on four floors for Amazon at Tilbury, funded by Legal & General, sets a new benchmark due to the multi-decked nature of the building construction and rental ascribed to the upper floors. In key locations where land supply is constrained, particularly in Capital cities such as London, we are likely to see an increase in this type of development as occupiers push to maximise the operational floor space, reduce the average rent per sq ft and increase the

efficiency of their operations.

As the UK's e-commerce growth continues, one sub sector of the online logistics market which is becoming increasingly important is "product returns" with several major retailers looking to extend or adapt their existing Big Boxes to facilitate this increasing requirement or to try and secure buildings which can exclusively focus on this requirement. This trend is likely to add to occupier demand for buildings and provide asset management opportunities for landlords.

### **Investment market**

The Big Box investment market is one of the UK's strongest economic sub-sectors. Over the past five years both domestic and global investors have been increasing their allocation to the sub sector, attracted by the secure and growing income streams secured against major brand occupiers with strong balance sheets. These occupiers are keen to commit to long leases to protect both their market position and the substantial levels of capital investment made into the buildings that they distribute from.

UK e-commerce growth continues to outstrip high street sales growth by a significant margin. The increased importance of modern logistics buildings to tenants' supply chains, particularly where they have effectively become an extension of retail, has put the sector at the top of many investors' shopping lists.

Whilst it is too early to analyse market data trends following the referendum vote, we are aware of a number of letting and investment transactions for prime logistics buildings which were agreed before 23 June and which have since successfully concluded without price change. It appears that the logistics sector remains a highly liquid, resilient and sought after asset class within a global context where there remains a continued search for secure and rising income streams provided by assets with strong capital protection profiles. The short term devaluation of Sterling has further increased the attractions of the Big Box asset class to overseas investors, particularly those which are US dollar denominated.

UK prime logistics yields set a new benchmark when Legal & General paid 4.2% last year for a 25-year lease to John Lewis at Magna Park, Milton Keynes, compared to 4.00% to 4.25% for prime shops during the same period. In May of this year, Korean investors forward funded the development of Amazon's new facility at Bardon, Leicestershire, at a 4.5% yield for a 15-year term, which has set a new benchmark in the sector. The low yield watermark tends to be set by annuity funds; with a prime tone for non-annuity grade investments in the high 4%'s and low 5%'s. At these levels there remains an attractive "positive yield gap" over the cost of borrowing, with interest rates remaining stubbornly low. Consequently, for a relatively low risk premium, moderately geared investments continue to offer an attraction over the UK Government 10-Year Gilt. Whilst debt remains available for high quality investments, LTV levels remain well below those witnessed in the run up to the last recession, demonstrating that yield compression is not a function of purchasers over-gearing.

Although yields for prime logistics investments have compressed considerably, there are good arguments to suggest that this reflects a structural long-term yield repositioning for the sector, particularly for Big Boxes. This is because the market is recognising the crucial role that these large logistics facilities now fulfil in both direct e-retail and the adaptation of high street retail in meeting fast changing and increasingly demanding consumer shopping habits. Current yields are also supported by the strength of rental growth as mentioned above and the expectation that income growth will remain favourable. This is likely to be the key feature looking forwards to H2 2016 and into 2017, with lower total returns expected for commercial property due to reducing capital growth. The key component of total return is expected to be a healthy level of income return. We could see modest levels of yield compression at the prime end of the market but capital growth is more likely to be manifest through income growth (assuming a steady state capitalisation rate). For these reasons we see high quality income focused logistics investments remaining in strong demand in the UK investment market.

### **Key retail trends**

A number of significant trends are driving demand for Big Boxes from major retailers. The continued rapid growth of e-commerce is an important factor, with retailers increasingly offering next day or even same day delivery, resulting in the need for highly efficient fulfilment facilities. Although online shopping is growing fast, it is still at a relatively early stage of evolution and industry estimates suggest it has much further to go. Retailers are also looking to make better use of space in their shops, giving more space over to displaying goods and less to storing stock. This, coupled with growth in click-and-collect shopping, requires them to have the ability to restock rapidly their stores.

According to IMRG in June 2016, shoppers spent 17% more online in June this year than they did in June last year, notwithstanding the result of the EU Referendum. It is encouraging that, both in the run up to the referendum, and the immediate aftermath, online sales growth remained strong.

These trends are leading retailers to change the way they structure their distribution networks. National distribution centres in central locations had allowed retailers to reach a large proportion of the UK population within the statutory limits on drive times. Growing motorway congestion is, however, leading them to develop regional distribution networks centred on Big Boxes. Cost is also a factor behind regional distribution platforms, reflecting the fact that rents and labour costs can be much lower in some parts of the country. The availability of sufficient workforce is also a key influence on choice of location.

Both retail and non-retail tenants are demanding flexible, future proofed buildings. This can mean a substantial eaves height, allowing the installation of high-level racking or multiple mezzanine floors, which is particularly attractive as rents are calculated only on the ground floor area, not the building volume. Tenants may also want the ability to expand, favouring buildings with low site cover or the opportunity to extend on adjacent land.

### **Investment policy**

The Company typically invests in assets that:

- are let or pre-let. The Company does not invest in speculative developments and will only forward fund investments where a tenant is already contracted;
- have institutional-grade tenants, with sound businesses and good growth potential;
- are in the right locations in the UK, with good transport connections and workforce availability;
- are of the right size, age and possibly with expansion potential, to meet the requirements of major occupiers;

- have leases to institutional standards, with regular upward-only rent reviews and an unexpired lease length on purchase of at least 12 years, to provide long-term and secure income flows; and
- are strategically important to the tenant. This may be evidenced by extensive investment in fitting out the unit or proximity to the tenant's market and/or other key assets.

At the Annual General Meeting on 11 May 2016, shareholders approved an amendment to the investment policy that will allow the Company to invest in land, either on its own or in joint venture with a developer or a prospective tenant. This will allow the Company to assemble suitable sites for forward funded pre-let developments. The Company will not develop speculatively and will only proceed with constructing a new Big Box after it has been pre-let to an appropriate tenant. Aggregate land purchases are subject to a limit of 10% of the Company's net asset value, calculated at the point of investment.

### Investment activity

During the six months to 30 June 2016, we continued to acquire assets for the Group in line with the investment policy outlined above. The three assets purchased are all high-quality Big Boxes and further diversify the portfolio geographically, with the acquisition of the Group's first asset in Bristol, and by tenant, with the addition of Dixons Carphone to the portfolio.

The assets acquired are summarised as follows:

#### **Brake Bros, Portbury, Bristol, North Somerset**

Acquisition price:	£25.2m
Net initial yield:	5.15%
Gross internal area:	250,763 sq ft
Eaves height:	11m
Built:	1988; refurbished in 2016
Lease expiry:	2046
On/Off market:	Off market

- The property comprises a purpose-built cold store facility, with a multi-temperature control system and modern design features including cross docking
- The facility benefits from significant capital investment by the tenant, to meet its growing distribution requirements in the South West
- Well positioned in the key logistics location in the region, with excellent motorway connectivity at junction 19 of the M5, seven miles from the M4
- Acquired with a new unexpired lease term of approximately 30 years, subject to five yearly upward only rent reviews indexed to RPI and capped at 5% per annum compound. The first review is due in February 2021
- Low site cover of 32%

#### **Argos, Burton-on-Trent, Staffordshire**

Acquisition price:	£74.65m
Net initial yield:	5.55%
Gross internal area:	653,670 sq ft
Eaves height:	Between 12 and 30 metres
Built:	2002
Lease expiry:	2028
On/Off market:	Off market

- Argos's National Distribution Centre, with modern design features, ancillary office accommodation and extensive loading
- Tenant has invested significantly in the property, including substantial internal automation systems
- In a core central UK location, with easy access to the M6 Toll, M42 and M1, and close proximity to rail and air connections
- Fixed annual rental increases of 3%
- Site cover of approximately 47%

#### **Dixons Carphone, Newark, Nottinghamshire**

Acquisition price:	£77.3m
Net initial yield:	5.86%
Gross internal area:	725,799 sq ft
Eaves height:	12.25m
Built:	2003
Lease expiry:	2036
On/Off market:	Selectively on market

- One of Dixons Carphone's two National Distribution Centres, forming part of its principal hub for direct store replenishment, home deliveries, returns, and its main service repair centre
- Located on Newlink Business Park, with good motorway connectivity via the A1/A1M and onto the M1
- Good rail services, with Newark North Gate Station less than two miles away
- Five yearly fixed rental increases of 3% per annum compound
- Low site cover of c.37%

### Summary of Portfolio at 30 June 2016

Tenant	Location	Date of acquisition	Net Purchase price (£m)	Purchase NIY (%)	Size (sq ft) †	Next rent review date
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Sainsbury's Supermarket Ltd	Leeds	Dec 2013	48.75	5.20	571,522	May 2018
Marks & Spencer plc	Castle Donington	Dec 2013	82.58	6.65	906,240	Dec 2016
Tesco Stores Ltd	Chesterfield	Mar 2014	28.64	6.60	501,751	May 2020
Tesco Stores Ltd	Didcot	Apr 2014	26.35	6.90	288,295	Aug 2019
Next Group Plc	Doncaster	Jun 2014	60.00	6.07	755,055	Mar 2018
Wm Morrison Supermarkets Ltd	Sittingbourne	Jun 2014	97.80	5.20	919,443	Jun 2017
DHL Supply Chain Ltd	Langley Mill	Aug 2014	17.53	6.50	255,680	Aug 2019
DHL Supply Chain Ltd	Skelmersdale	Aug 2014	28.87	6.50	470,385	Aug 2019
Wolseley UK Ltd	Ripon	Aug 2014	12.24	6.73	221,763	Sep 2016
Rolls-Royce Motor Cars Ltd	Bognor Regis	Oct 2014	36.98	6.25	313,220	Sep 2020
CDS (Superstores International) Ltd (trading as The Range)	Thorne	Nov 2014	48.50	6.10	750,431	Oct 2017
Tesco Stores Ltd	Middleton	Dec 2014	22.45	8.25	302,111	Dec 2017
Kuehne & Nagel Ltd*	Derby	Dec 2014	29.27	6.00	343,248	Apr 2017
L'Oréal (UK) Ltd	Manchester	Dec 2014	25.83	7.13	261,959	Aug 2016
Argos Ltd	Heywood	Apr 2015	34.10	5.31	395,186	Mar 2018
B&Q plc	Worksop	Apr 2015	89.75	5.13	880,175	Nov 2016
	Newcastle-under-Lyme	May 2015	30.05	5.90	398,618	Apr 2017
New Look Retailers Ltd	Lyme	May 2015	30.05	5.90	398,618	Apr 2017
Nice- Pak International Ltd	Wigan	May 2015	28.66	6.42	399,519	May 2021
Ocado Holdings Ltd†	Erith	May 2015	101.73	5.25	563,912	Apr 2021
Brake Bros Ltd	Harlow	Jun 2015	37.18	5.00	276,213	Jul 2019
Tesco Stores Ltd	Goole	Jun 2015	47.10	5.67	711,933	Oct 2017
Dunelm(Soft Furnishings) Ltd	Stoke-on-Trent	Jun 2015	43.43	5.47	526,426	Feb 2021
TJX UK (trading as TK MAXX)	Knottingley	Sept 2015	59.00	5.32	638,745	Jan 2022 *
Howden Joinery Group Plc	Raunds	Oct 2015	67.00	5.03	657,000	Jul 2021
Matalan Retail Ltd	Knowsley	Dec 2015	42.38	6.27	578,127	Oct 2021
Brake Bros Ltd	Bristol	Mar 2016	25.20	5.15	250,763	Mar 2021
Argos Ltd**	Burton-on-Trent	Mar 2016	74.65	5.55	653,670	Feb 2017
DSG Retail Ltd (trading as Dixons Carphone)	Newark	May 2016	77.30	5.86	725,794	Mar 2021
<b>Total</b>			<b>1,323.32</b>	<b>5.75</b>	<b>14,517,189</b>	

\* Guaranteed by Hays Plc

† Guaranteed by Ocado Group plc

‡ Estimate based on practical completion date of forward funded asset

¥ CBRE measured floor area

\*\* Guaranteed by Experian Finance plc

#### Total portfolio statistics at 30 June 2016

Number of assets	Valuation	Valuation NIY	Annual contracted rent	WAULT
28	£1.53 billion	4.84%	£78.59 million	16.31years

#### Post period acquisition

The Group acquired three further assets in August 2016 taking the portfolio total to 31 assets. As these purchases took place after the period end, they are excluded from the portfolio analysis and valuation data stated elsewhere in this document.

#### Big Box, Wolverhampton

Acquisition price:	£56.3m
Net initial yield:	5.14%
Gross internal area:	543,692 sq ft
Eaves height:	12m
Built (target):	Summer 2017
Lease expiry:	25 years from lease commencement
On/Off market:	Off market

- A pre-let forward funded investment for a leading global designer and manufacturer of components and assemblies
- Strategically located in the West Midlands, close to J12 of the M6, providing good access to Birmingham and Nottingham
- This new facility will comprise a GIA of 543,692 sq ft with expansion land to accommodate up to a further 101,139 sq ft
- A new 25-year lease subject to five yearly upward only rent reviews indexed to RPI, providing a minimum 2% pa rental growth (capped at 4% pa)

#### Kellogg's, Manchester

Acquisition price:	£23.45m
Net initial yield:	5.93%
Gross internal area:	311,282 sq ft
Eaves height:	15m
Built:	2007
Lease expiry:	April 2018
On/Off market:	Off market

- A modern facility located in one of the UK's and Europe's premier industrial parks with excellent road, rail and port connectivity
- Kellogg's moved to Trafford Park in 1938, where it has two other distribution facilities along with a production unit and national HQ
- Favourable passing rent in a location constrained by supply and increasing demand, let on five yearly, upward only, open market rent reviews
- Low site cover of c.45%



### **Amazon, Peterborough**

Acquisition price:	£42.9m
Net initial yield:	5.60%
Gross internal area:	549,788 sq ft
Eaves height:	15m
Built:	2006
Lease expiry:	March 2025
On/Off market:	Off market

- Corporate acquisition
- One of Amazon's modern and major distribution facilities, which has been built to high specification with 15m eaves
- In a strong logistics location on the outskirts of one of the UK's fastest growing cities
- Favourable rent which is subject to five yearly rent reviews to CPI with a collar of 1.5% and a cap of 2.75% pa compound
- Low site cover of c.42%

### **Delivering a strong and growing income stream**

The investment activity during the period reflected our focused approach to investing and our desire to own and manage some of the UK's most sought-after Big Boxes, which offer excellent opportunities for capital appreciation through income growth and asset management initiatives.

As a result of the acquisitions during the period, the diversified portfolio contained 28 quality assets which provide a high level of income security.

The portfolio's long WAULT means that 57% of the rent roll does not expire for more than 15 years and it is well positioned to offer strong potential for reliable income growth, with all of our leases providing for upward only rent reviews.

CBRE's 30 June valuation records that the rental income of our portfolio is reversionary by c.4.7% (ie the market rents for comparable properties are 4.7% higher) and this offers opportunity to capture rental growth within the rent reviews of our properties.

Rent reviews typically take place every five years but we also benefit from some annual reviews. The spread of the rent review profile over the next few years supports the Group's ability to deliver income growth, which underpins its progressive dividend policy. In 2016, 27.3% of our rent roll is subject to a review.

Of the period end rent roll (including licence fees), the breakdown of rent reviews by type was as follows: Open market rent reviews 43%, fixed uplifts 32%, RPI linked 17% and Hybrid 8%. Open Market rent reviews track the level of rents achieved upon new lettings and upon other rental levels achieved upon rent review in the market for comparable properties. Fixed uplifts provide certain rental growth, say 2% or 3% per annum. RPI linked rent reviews peg growth to inflation. Hybrid rent reviews can be an amalgam of these, for instance to the higher of open market rents or RPI (potentially subject to a cap and collar). Such arrangements provide us with a significant degree of income growth certainty.

### **Value enhancing pre-let development**

During the period, we made substantial progress with the Group's forward funded developments. Having started the year with five developments, four reached practical completion in the first half:

- Stoke-on-Trent, pre-let to Dunelm (reached practical completion in February 2016);
- Erith, pre-let to Ocado (reached practical completion in April 2016);
- Wigan, pre-let to Nice-Pak International (reached practical completion in May 2016); and
- Raunds, pre-let to Howdens (reached practical completion in June 2016).

The above developments were all completed on or close to target. We expect the TK Maxx development at Knottingley to reach practical completion in February 2017; this asset is currently running to budget and timescale.

The five forward funded developments the Group has completed to date were valued by CBRE at £314.03 million at 30 June 2016, compared with an aggregate purchase price of £277.81 million, an uplift of 13.0% which illustrates the Forecast value to the Group of forward funding developments and endorses the change in investment policy allowing increased forward funded pre-let development.

### **Asset management**

The objective of our asset management initiatives is to strengthen and improve the quality of the income from our assets. Initiatives can include agreeing new lettings, extending lease lengths on existing assets and successfully negotiating rent reviews.

Negotiations and discussions remain ongoing with each tenant in respect of their existing and future space requirements plus operational advances. The execution of these initiatives is often protracted, as the majority of projects link with the long term plans of our tenants' businesses, where timetables may be delayed owing to financial reasons, or a change of key decision makers at Board or operational level. Similarly, additional growth may link to the award of a specific contract; we look to support our tenants with tender proposals, so that, if successful, plans can progress to ensure that business requirements can be met within the anticipated timescale.

We regularly meet and communicate with a range of contacts at both operational and managerial levels within each tenant business so as to remain flexible and proactive in our approach. This enables us to assess evolving requirements and structure proposals of benefit to both landlord and tenant. Similarly, as part of our daily procedures, we keep abreast of tenants' corporate correspondence through monitoring trading results and announcements, share price monitoring and credit rating checks.

The Company has entered into a Power Purchase Agreement with CDS (Superstores International) Limited, who trade as "The

Range", following the installation of a roof mounted solar panel scheme. The capital cost of the panels was c.£345,000. This has resulted in an increase of annual income of c.£40,000 (net of administration and maintenance costs) and directly attributed an enhancement of capital value for the property of £575,000. Over the remaining term of the lease, this agreement is projected to provide savings of c.£1 million to the tenant compared with conventional utility costs. On reassessment of the property, it is anticipated that the EPC rating will improve. Similar projects are under discussion with other occupiers across the portfolio. On acquisition we undertake a review of the environmental credentials of an asset, with the aim of participating in initiatives which both enhance the property and assist in supporting the tenants' CSR commitments.

During this period of reporting, two fixed rent reviews have completed; the asset let to Morrisons has an annual rent increase linked to RPI, which was agreed in June at an uplift of 1.62% per annum. The asset let to L'Oréal provides for an annual increase of 3% per annum from August 2016. There are three further rent reviews falling due before the year end. The open market rent review which was triggered in 2015, on the asset let to Tesco in Chesterfield remains outstanding, however, this is progressing through the arbitration process. Evidence remains positive to support an uplift.

### Valuation and portfolio value growth

CBRE independently valued the portfolio as at 30 June 2016 in accordance with the RICS Valuation - Professional Standards January 2014. CBRE valued the properties, without applying a premium or discount to the portfolio as a whole.

At the period end, the portfolio's total value was £1.53 billion, including forward funded commitments. This compares with the aggregate of the valuation as at 31 December 2015 plus the total net purchase price of acquisitions in the period (excluding purchase costs) and represents an uplift of £41.1 million or 2.8%.

The table below reconciles CBRE's valuation to the value of the Group's investment properties shown in the Statement of Financial Position.

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Investment properties per the Condensed Group Statement of Financial Position	1,498,583	964,060	1,157,854
Forward funding prepayments	-	14,636	-
Cost to complete forward funded developments	21,004	101,058	139,221
Licence fees receivable	1,266	9,613	9,378
Restricted cash	8,447	4,098	4,602
<b>Total portfolio valuation</b>	<b>1,529,300</b>	<b>1,093,465</b>	<b>1,311,055</b>

### Financial results

Operating profit before changes in the fair value of investment properties under IFRS was £25.66 million for the period (30 June 2015: £15.84 million). This increase reflects:

- growth of the portfolio, comprising 28 assets as at 30 June 2016 and with a contracted rent roll of £78.59 million (30 June 2015: £58.87 million across 22 assets);
- strong rental income, which equates to a yield based on book cost of 5.8% for the portfolio; and
- the Group's low and predominantly fixed cost base, with the TER reducing to 0.54% for the six month period (12 months to 31 December 2015: 1.09%). This continues to compare favourably with the Group's peers.

Administrative and other expenses, which include management fees and the Group's other running costs, were £5.41 million (2015: £3.23 million), equivalent to 0.35% (2015: 0.34%) of the portfolio's gross valuation (including forward funded commitments) at 30 June 2016.

A gain of £40.09 million (30 June 2015: £57.95 million) was recognised on revaluing the Group's investment properties at the period end, after accounting for all costs associated with new asset purchases during the period.

Net financing costs for the period were £4.87 million (30 June 2015: £2.83million), excluding the change in the fair value of interest rate derivatives of £7.17 million (30 June 2015: £0.03 million). Further information on financing and hedging is provided below.

Total profit before tax for the period was £53.72 million (30 June 2015: £70.98 million), which resulted in basic EPS of 6.73 pence (30 June 2015: 12.58 pence). The Group's EPRA EPS for the period was 2.60 pence (30 June 2015: 2.30 pence). The unaudited EPRA NAV per share at 30 June 2016 was 128.91 pence (31 December 2015: 124.68 pence).

The Group's Adjusted EPS for the period was 3.16 pence (30 June 2015: 2.73 pence). This metric adjusts EPRA EPS to include the licence fees receivable from developers on forward funded developments and excludes other earnings not supported by cash flows. We see Adjusted EPS as the most relevant measure when assessing dividend distributions. Further information is set out in note 7.

### Loan financing and hedging

At 30 June 2016, the Group had total long-term bank borrowings of £482.96 million (31 December 2015: £385.04 million), having drawn down £97.92 million during the period to fund acquisitions and forward funded developments. This resulted in an LTV ratio of 32.2% (31 December 2015: 33.2%). The Group continues to target a medium-term LTV of 40%, which we believe is conservative given the portfolio's high quality and low risk nature. The LTV is expected to increase to approximately 40% on a fully invested basis, including the fulfilment of our forward funded development commitments.

The Group's primary debt facility is provided by a syndicate Hessen-Thüringen Girozentrale ("Helaba"), Wells Fargo Bank N.A. ("Wells Fargo") and ING Real Estate Finance (UK) B.V. ("ING"). The facility comprises:

- a £320 million term loan, which was drawn in October 2015;

- a further £80 million term loan; and
- a £100 million revolving credit facility, including a £10 million overdraft component.

This facility is secured against a portfolio of 21 assets with a cross-collateralised framework and an additional guarantee provided by the Company. In addition, the Group has three facilities with Helaba totalling £69.5 million, which are secured on specific assets.

The Group's hedging strategy is designed to minimise the effect of a significant rise in underlying interest rates whilst continuing to benefit from current low interest rates. By the year end, the Group had purchased derivative instruments that either fix or cap the interest rates on 99.7% of its drawn debt. These instruments comprise one interest rate swap and a number of interest rate caps, each running for the same term as the respective loan.

The interest rate derivatives give the Group a weighted average all-in running capped rate of borrowing on hedged debt of 2.85%, a substantial reduction from the 3.81% for the same period last year. At 30 June 2016, the actual average interest rate payable on the Group's debt was 1.98% per annum (30 June 2015: 2.35%), representing an average margin of 1.42% over 3 month LIBOR which stood at 0.56% as at 30 June 2016.

#### Post period end financing

On 1 August 2016, the Company agreed a three-year extension to its bilateral loan facility with Helaba, which is secured against the asset let to Ocado in Erith. The extension takes the maturity date of the loan from July 2020 to July 2023, and was negotiated at an increase to the margin payable of 6 bps.

On 3 August 2016, the Company agreed a new 13 year, £72 million, interest only, term loan facility with Canada Life at a fixed rate of 2.64%. The loan is the Company's first with a fixed interest rate and is secured against a portfolio of three assets held on long leases by way of fixed charge over the assets. The assets secured include those let to Howdens in Raunds, Northamptonshire, Dixons Carphone in Newark, Nottinghamshire, and Brakes in Portbury, Bristol.

We feel the new fixed rate facility and the three-year extension are well timed, given the current low interest rate environment. The Company will continue to keep its options open over both medium and longer term debt financing. Including both the extension of the Helaba facility and new Canada Life facility, the Group's weighted average maturity across all debt facilities is 5.3 years, which extends to 6.9 years when taking into account all future extension options.

#### Dividends

The Board has today declared an interim dividend of 3.1 pence per share, which will be payable on 25 August 2016 to Shareholders on the register at 19 August 2016. The dividend is fully covered by Adjusted earnings per share of 3.16 pence and represents an increase of 3.3% on the aggregate interim dividends of 3.0 pence per share declared in respect of the first half of 2015. The Group is on track to deliver its dividend target of 6.2 pence per share for 2016.

The Board has also announced today the movement to quarterly dividend payments, with effect from the financial year commencing 1 January 2017.

#### Tritax Management LLP

Manager  
11 August 2016

#### KEY PERFORMANCE INDICATORS

KPI and Definition	Performance
<b>1. Total return (TR)</b> TR measures the change in the EPRA net asset value over the period plus dividends paid. We are targeting a TR in excess of 9% per annum over the medium term <sup>2</sup> .	<b>5.80%</b> for the period to 30 June 2016 (30 June 2015: 10.71%)
<b>2. Dividend</b> Dividends paid to shareholders and declared in relation to the period. Our target for 2016 is a total dividend of 6.2 pence per share <sup>2</sup> .	<b>3.10 pence per share</b> for the six months to 30 June 2016 (30 June 2015: 3.00 pence)  We are on track to meet our targeted dividend for 2016 of 6.20 pence per share
<b>3. EPRA NAV per share*</b> The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to shareholders and calculated in accordance with EPRA guidelines.	<b>128.91 pence</b> for the six months to 30 June 2016 (30 June 2015: 124.68 pence)
<small>*EPRA earnings, EPRA NAV and EPRA EPS are 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.</small>	
<b>4. Loan to value ratio (LTV)</b> The proportion of our property portfolio that is funded by borrowings. Our medium-term LTV target is 40%.	<b>32.2%</b> At 30 June 2016 (31 December 2015: 33.2%)

#### 5. Adjusted earnings per share

Post-tax Adjusted EPS attributable to shareholders, which includes the licence fees receivable on our forward funded development assets. See note 7 for reconciliation.

#### 3.16 pence per share

for the six months to 30 June 2016 (30 June 2015: 2.73 pence)

#### 6. Total expense ratio (TER)

The ratio of total administration and property operating costs, expressed as a percentage of average net asset value throughout the period. Over the medium-term, we are targeting a TER of 1% or below per annum.

#### 0.54%

for the six months to 30 June 2016 (for the 12 months to 31 December 2015: 1.09%)

#### 7. Weighted average unexpired lease term (WAULT)

The average unexpired lease term of the property portfolio, weighted by annual passing rents. Our target is a WAULT of at least 12 years.

#### 16.3 years

At 30 June 2016 (31 December 2015: 16.5 years)

### EPRA PERFORMANCE INDICATORS

Measure and definition	Purpose	Performance
<b>1. EPRA Earnings (Diluted)</b> Earnings from operation activities (which excludes the licence fees receivable on our forward funded development assets).	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.	<b>£20.79 million / 2.60 pps</b> at 30 June 2016 (30 June 2015: £13.01 million / 2.30 pence per share)
<b>2. EPRA NAV (Diluted)</b> Net asset value adjusted to include properties and other investment interest at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	<b>£1.08 billion / 128.91pps</b> at 30 June 2016 (31 December 2015: £845.67 million / 124.68 pence per share)
<b>3. EPRA NNAV</b> EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt and; (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	<b>£1.07 billion / 127.51pps</b> at 30 June 2016 (31 December 2015: £841.10 million / 124.01 pence per share)
<b>4.1 EPRA Net Initial Yield (NIY)</b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare.	<b>4.81%*</b> at 30 June 2016 (31 December 2015: 4.93%)
<b>4.2 EPRA 'Topped-Up' NIY</b> This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare.	<b>4.74%*</b> at 30 June 2016 (31 December 2015: 4.95%)
<b>5. EPRA Vacancy</b> Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	<b>0.0%</b> at 30 June 2016 (31 December 2015: 0.0%)
<b>6. EPRA Cost Ratio</b> Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	<b>17.6%</b> at 30 June 2016 (30 June 2015: 16.9%)  This ratio both includes and excludes vacancy costs as vacancy rate is 0%

\* From 17 March 2016 new Stamp Duty Land Tax (SDLT) rates become effective on all commercial property, increasing to 5% on any excess value paid above £250,000

### PRINCIPAL RISKS

The principal risks and uncertainties the Group faces are described in detail on pages 29 to 31 of the 2015 Annual Report, and are summarised below.

The Audit Committee, which assists the Board with its responsibilities for managing risk, considers that the principal risks and uncertainties as presented in our 2015 Annual Report were unchanged during the period. The Board has, however, considered the result of the EU Referendum in June 2016, as a single event that would cause any change in the principal risks reported in the Annual Report for the year ending 31 December 2015 and therefore updated the principal risks below to reflect this.

#### Property Risk

- The default of one or more of our tenants would reduce revenue and may affect our ability to pay dividends.
- A fall in the valuation of our property portfolio could lead to a breach of our banking covenants.

- Our ability to grow the portfolio may be affected by competition for investment properties in the Big Box sector.
- Our property performance will depend on the performance of the UK retail sector and the continued growth of online retail.
- Development activities are likely to involve a higher degree of risk than that associated with standing assets.

#### **Financial Risk**

- Our use of floating rate debt will expose the business to underlying interest rate movements.
- A lack of debt funding at appropriate rates may restrict our ability to grow.
- We must be able to operate within our banking covenants and failure to do so could lead to default and our bank funding being recalled.

#### **Corporate Risk**

As an externally managed company, we rely on the continuance of the Manager.

#### **Taxation Risk**

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

#### **Political/Economic Risk**

The vote to leave the EU in June 2016 could result in political and/or economic uncertainty that affects the performance of the Group. At this point, the eventual outcome of the exit negotiations is impossible to predict, however, the Group operates with a sole focus on the UK Big Box market which has a significant supply shortage against current levels of demand. It is currently well positioned with long and secure leases in place with a diversified blue chip tenant line up.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions disclosed in the 2015 Annual Report.

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

For and on behalf of the Board

**Richard Jewson**  
Chairman  
11 August 2016

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

##### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2016 which comprises the Condensed Group Statement of Comprehensive Income, the Condensed Group Statement of Financial Position, the Condensed Group Cash Flow Statement, the Condensed Group Statement of Changes in Equity and related notes.

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

##### **Directors' responsibilities**

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

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

##### **Our responsibility**

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

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly

authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### BDO LLP

Chartered Accountants  
London, United Kingdom  
11 August 2016

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

### CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
	Note			
Gross rental income		31,139	19,067	43,784
Service charge income		971	608	1,415
Service charge expense		(1,039)	(608)	(1,431)
<b>Net rental income</b>		<b>31,071</b>	<b>19,067</b>	<b>43,768</b>
Administrative and other expenses		(5,410)	(3,227)	(7,830)
<b>Operating profit before changes in fair value of investment properties</b>		<b>25,661</b>	<b>15,840</b>	<b>35,938</b>
Changes in fair value of investment properties	10	40,090	57,948	106,751
<b>Operating profit</b>		<b>65,751</b>	<b>73,788</b>	<b>142,689</b>
Finance income	4	134	124	272
Finance expense	5	(5,001)	(2,958)	(6,983)
Changes in fair value of interest rate derivatives		(7,169)	29	(1,994)
<b>Profit before taxation</b>		<b>53,715</b>	<b>70,983</b>	<b>133,984</b>
Tax credit/(charge) on profit for the period	6	-	-	-
<b>Total comprehensive income (attributable to shareholders)</b>		<b>53,715</b>	<b>70,983</b>	<b>133,984</b>
<b>Earnings per share - basic</b>	7	<b>6.73p</b>	12.58p	21.56p
<b>Earnings per share - diluted</b>	7	<b>6.72p</b>	12.58p	21.54p

### CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

		30 June 2016 (unaudited) £'000	30 June 2015 (unaudited) £'000	31 December 2015 (audited) £'000
	Note			
<b>Non-current assets</b>				
Investment property	10	1,498,583	964,060	1,157,854
Interest rate derivatives	12	3,146	2,408	8,635
<b>Total non-current assets</b>		<b>1,501,729</b>	<b>966,468</b>	<b>1,166,489</b>
<b>Current assets</b>				
Trade and other receivables		9,933	26,807	19,733
Cash at bank	9	98,487	93,891	68,586
<b>Total current assets</b>		<b>108,420</b>	<b>120,698</b>	<b>88,319</b>
<b>Total assets</b>		<b>1,610,149</b>	<b>1,087,166</b>	<b>1,254,808</b>
<b>Current liabilities</b>				
Deferred rental income		(14,066)	(10,151)	(11,828)
Trade and other payables		(48,814)	(17,636)	(24,243)
<b>Total current liabilities</b>		<b>(62,880)</b>	<b>(27,787)</b>	<b>(36,071)</b>
<b>Non-current liabilities</b>				
Bank borrowings	11	(476,194)	(268,821)	(377,635)
<b>Total non-current liabilities</b>		<b>(476,194)</b>	<b>(268,821)</b>	<b>(377,635)</b>

<b>Total liabilities</b>		<b>(539,074)</b>	(296,608)	(413,706)
<b>Total net assets</b>		<b>1,071,075</b>	790,558	841,102
<b>Equity</b>				
Share capital	13	<b>8,395</b>	6,775	6,778
Share premium reserve	14	<b>247,714</b>	52,364	52,738
Capital reduction reserve		<b>585,423</b>	618,592	605,758
Retained earnings		<b>229,543</b>	112,827	175,828
<b>Total equity</b>		<b>1,071,075</b>	790,588	841,102
<b>Net asset value per share - basic</b>	16	<b>127.58p</b>	116.68p	124.09p
<b>Net asset value per share - diluted</b>	16	<b>127.51p</b>	116.68p	124.01p
<b>EPRA net asset value per share</b>	16	<b>128.91p</b>	117.06p	124.68p

#### CONDENSED GROUP CASH FLOW STATEMENT

	<b>Six months ended 30 June 2016 (unaudited) £'000</b>	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
<b>Cash flows from operating activities</b>			
Profit for the period (attributable to equity shareholders)	<b>53,715</b>	70,983	133,984
Taxation	-	-	-
Less: changes in fair value of investment properties	<b>(40,090)</b>	(57,948)	(106,751)
(Less)/add: changes in fair value of interest rate derivatives	<b>7,169</b>	(29)	1,994
Less: finance income	<b>(134)</b>	(124)	(272)
Add: finance expense	<b>5,001</b>	2,958	6,983
Accretion of tenant lease incentive	<b>(3,844)</b>	(945)	(2,206)
Decrease/(increase) in trade and other receivables	<b>7,679</b>	370	(12,135)
Increase in deferred income	<b>409</b>	2,058	3,597
(Decrease)/increase in trade and other payables	<b>(646)</b>	(723)	162
Cash received as part of asset acquisitions	<b>6</b>	1,022	1,283
<b>Cash generated from operations</b>	<b>29,265</b>	17,622	26,639
Taxation paid	<b>(57)</b>	(70)	(112)
<b>Net cash flow generated from operating activities</b>	<b>29,208</b>	17,552	26,527
<b>Investing activities</b>			
Purchase of investment properties	<b>(270,786)</b>	(309,616)	(437,607)
Licence fees received	<b>3,336</b>	6,371	16,590
Interest received	<b>188</b>	214	289
Amount transferred into restricted cash deposits	-	-	(5,851)
Amount transferred out of restricted cash deposits	<b>2,516</b>	212	783
<b>Net cash flow used in investing activities</b>	<b>(264,746)</b>	(302,819)	(425,796)
<b>Financing activities</b>			
Proceeds from issue of Ordinary Share Capital	<b>200,497</b>	229,186	229,520
Cost of share issues	<b>(3,902)</b>	(4,653)	(4,726)
Bank borrowings drawn	<b>129,420</b>	68,359	186,897
Bank borrowings repaid	<b>(31,500)</b>	-	(5,500)
Loan arrangement fees paid	<b>(223)</b>	(1,187)	(6,080)
Bank interest paid	<b>(4,322)</b>	(2,368)	(5,663)
Interest rate cap premium paid	<b>(1,680)</b>	-	(8,324)
Proceeds from disposal of interest rate cap	-	-	74
Dividends paid to equity holders	<b>(20,335)</b>	(8,583)	(22,027)
<b>Net cash flow generated from financing activities</b>	<b>267,955</b>	280,754	364,171
<b>Net increase/(decrease) in cash and cash equivalents for the period</b>	<b>32,417</b>	(4,513)	(35,098)
<b>Cash and cash equivalents at start of period</b>	<b>59,208</b>	94,306	94,306
<b>Cash and cash equivalents at end of period</b>	<b>91,625</b>	89,793	59,208

#### CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
<b>Six months ended 30 June 2016 (unaudited)</b>					
<b>1 January 2016</b>	<b>6,778</b>	<b>52,738</b>	<b>605,758</b>	<b>175,828</b>	<b>841,102</b>
<b>Total comprehensive income</b>	-	-	-	<b>53,715</b>	<b>53,715</b>
Contributions by and distributions to owners					
Shares issued in relation to equity issue	1,613	198,387	-	-	200,000
Share issue costs	-	(3,904)	-	-	(3,904)
Shares issued in relation to management contract	4	493	-	-	497
Share based payments	-	-	-	585	585
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(585)	(585)
<b>Dividends paid:</b>					
Fourth interim dividend for the period ended 31 December 2015 (3.00 pence)	-	-	(20,335)	-	(20,335)
<b>30 June 2016</b>	<b>8,395</b>	<b>247,714</b>	<b>585,423</b>	<b>229,543</b>	<b>1,071,075</b>

<b>Six months ended 30 June 2015 (unaudited)</b>					
<b>1 January 2015</b>	4,705	272,536	184,444	41,844	503,529
<b>Total comprehensive income</b>	-	-	-	<b>70,983</b>	<b>70,983</b>
Contributions by and distributions to owners					
Shares issued in relation to equity issue	2,069	226,931	-	-	229,000
Share issue costs	-	(4,669)	-	-	(4,669)
Shares issued in relation to management contract	1	185	-	-	186
Share based payments	-	-	-	346	346
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(346)	(346)
Cancellation of share premium account	-	(442,619)	442,619	-	-
<b>Dividends paid:</b>					
Third interim dividend for the period ended 31 December 2014 (0.80 pence)	-	-	(3,764)	-	(3,764)
First interim dividend for the period ended 31 December 2015 (1.00 pence)	-	-	(4,707)	-	(4,707)
<b>30 June 2015</b>	<b>6,775</b>	<b>52,364</b>	<b>618,592</b>	<b>112,827</b>	<b>790,558</b>
<b>Year ended 31 December 2015 (audited)</b>					
<b>1 January 2015</b>	4,705	272,536	184,444	41,844	503,529
<b>Total comprehensive income</b>	-	-	-	<b>133,984</b>	<b>133,984</b>
Contributions by and distributions to owners					
Shares issued in relation to equity issue	2,068	226,931	-	-	228,999
Share issue costs	-	(4,625)	-	-	(4,625)
Shares issued in relation to management contract	5	515	-	-	520
Share based payments	-	-	-	836	836
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(836)	(836)
Cancellation of share premium account	-	(442,619)	442,619	-	-
<b>Dividends paid:</b>					
Third interim dividend for the period ended 31 December 2014 (0.80 pence)	-	-	(3,764)	-	(3,764)
First interim dividend for the period ended 31 December 2015 (1.00 pence)	-	-	(4,707)	-	(4,707)
Second interim dividend for the period ended 31 December 2015 (1.50 pence)	-	-	(9,446)	-	(9,446)
Third interim dividend for the period ended 31 December 2015 (0.50 pence)	-	-	(3,388)	-	(3,388)
<b>31 December 2015</b>	<b>6,778</b>	<b>52,738</b>	<b>605,758</b>	<b>175,828</b>	<b>841,102</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34, Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 June 2016 have been reviewed by the Company's Auditor, BDO LLP, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 11 August 2016. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006.

The comparative financial information presented herein for the year to 31 December 2015 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's annual report and accounts for the year to 31 December 2015 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

#### Basis of preparation

The Group's financial information has been prepared on a historical cost basis, except for investment properties and interest rate derivatives which have been measured at fair value.

#### Convention

The consolidated financial information is presented in Sterling which is also the Group's functional currency and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

#### Going concern

All of the Group's portfolio is either let or pre-let to tenants that have excellent covenant strength and all of the leases are subject to upward only rent reviews. During the period the Group raised £200 million from the issue of new equity and drawn down a further £98 million under its senior debt facilities. At the period end date the Group's loan to value ratio stood at 32%, with an average maturity term of over four years. At the period end date, the loan to value covenant testing, across all Group loan facilities, has an LTV default position set at 70%. There is currently significant headroom across all Group loan facilities in respect of financial covenants.

The Directors are therefore satisfied that the Group is in a position to continue in operation for the foreseeable future.

Please also refer to subsequent events note 18 for new loans agreed post the period end.



## 2. Significant accounting judgements, estimates and assumptions

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

### 2.1. Judgements

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

#### Fair valuation of investment property

The market value of investment property is determined by an independent property valuation expert (see Note 10) 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 - Professional Standards January 2015 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths, and location.

#### Business combinations

The Group acquires subsidiaries that own property. 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 integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or deferred tax arises.

#### Operating lease contracts - the Group as lessor

The Group has acquired investment properties that are subject to commercial property leases with tenants. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

## 3. Summary of significant accounting policies

The accounting policies adopted in this report are consistent with those applied in the Group's statutory accounts for the year ended 31 December 2015 and are expected to be consistently applied during the year ending 31 December 2016, other than clarifications to existing policies.

### 3.1. Borrowing costs

Borrowing costs in relation to interest charged on bank borrowings are expensed in the periods to which they relate, unless they are incurred directly against an investment property under construction, whereby they are capitalised against the cost of the asset until the building reaches practical completion.

Fees incurred in relation to the arrangement of bank borrowings are deducted from principal received and expensed using the effective interest rate method over the term of the loan.

### 3.2 Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in gross rental income in the Condensed Group Statement of Comprehensive Income due to its operating nature. Where amounts are invoiced in advance of the reporting date, amounts are deferred on a straight line basis and recognised as deferred income in the Condensed Group Statement of Financial Position.

A rent adjustment based on the estimated open market rental value is recognised from the rent review date in relation to unsettled rent reviews. 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.

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

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

## 4. Finance income

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Interest received on bank deposits	134	124	272

## 5. Finance expense

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
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	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Interest payable on bank borrowings	3,867	2,573	5,843
Commitment fees payable on bank borrowings	361	2	118
Interest payable under hedging arrangements	41	34	76
Amortisation of loan arrangement fees	732	349	946
	<b>5,001</b>	<b>2,958</b>	<b>6,983</b>

Financed costs capitalised in the year totalled £474,000 (30 June 2015: £nil, 31 December 2015: £708,000).

## 6. Taxation

Tax charge in the Group Statement of Comprehensive Income

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
UK corporation tax	-	-	-

As a REIT, the Group is exempt from corporation tax on the profits and gains arising from its property investment business, provided it continues to meet certain conditions under the REIT regulations. For the period ended 30 June 2016, the Group did not have any non-qualifying profits subject to corporation tax and accordingly there is no tax charge in the period. All non-qualifying profits and gains will continue to be subject to corporation tax.

## 7. 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:

	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)	Year ended 31 December 2015 (audited)
<b>Net attributable to Ordinary Shareholders</b>			
Total comprehensive income (£'000)	53,715	70,983	133,984
Number of Ordinary Shares <sup>1</sup> - basic earnings	798,443,711	564,382,653	621,514,696
Basic earnings per share <sup>1</sup> (pence)	6.73p	12.58p	21.56p
Adjustment for dilutive shares to be issued	470,003	-	415,179
Number of Ordinary Shares - diluted earnings	798,913,714	564,382,653	621,929,875
Diluted earnings per share <sup>1</sup> (pence)	6.72p	12.58p	21.54p
<b>Adjustments to remove:</b>			
Changes in fair value of investment properties (£'000)	(40,090)	(57,948)	(106,751)
Changes in fair value of interest rate derivatives (£'000)	7,169	(29)	1,994
EPRA earnings (£'000)	20,794	13,006	29,227
EPRA earnings per share <sup>1</sup> (pence)	2.60p	2.30p	4.70p
EPRA diluted earnings per share <sup>1</sup> (pence)	2.60p	2.30p	4.70p
<b>Adjusted to include:</b>			
EPRA earnings (£'000)	20,794	13,006	29,227
Licence fee receivable on forward fund developments (£'000)	5,271	2,410	9,519
Finance costs capitalised (£'000) (see note 5)	(474)	-	(708)
Fixed rental uplift adjustments	(1,113)	(349)	(946)
Amortisation of loan arrangement fees (see note 5)	732	349	946
Adjusted earnings (£'000)	25,210	15,416	38,038
Adjusted basic earnings per share <sup>1</sup> (pence)	3.16p	2.73p	6.12p
Adjusted diluted earnings per share <sup>1</sup> (pence)	3.16p	2.73p	6.12p

<sup>1</sup> Based on the weighted average number of Ordinary Shares in issue throughout the period

Adjusted earnings is a performance measure used by the Board to assess the Group's dividend payments. The metric reduces EPRA earnings by interest paid to service debt that was capitalised and removes other non-cash items credited or charged to the Statement of Comprehensive Income. Licence fees 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 license fee receivable is calculated by reference to the fraction of the total period of completed construction during the period, multiplied by the total licence fee receivable on a given forward funded asset.

Fixed rental uplift adjustments relate to net rental income in relation to leases with fixed on minimum uplifts embedded within their

review profiles. The total minimum income recognised over the lease term is recognised on a straight line basis.

Adjusted earnings have historically been reconciled to include material cash flows received in respect of developers licence fee and paid in respect of interest capitalised. The Board has decided to align this fully with earnings supported by net cash inflows. This also includes adjustments for other items such as fixed rentals and loan arrangement fees. These adjustments have historically been insignificant.

#### 8. Dividends paid

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Third interim dividend for the period ended 31 December 2014 - 0.80 pence paid March 2015	-	3,764	3,764
First interim dividend for the period ended 31 December 2015 - 1.00 pence paid April 2015	-	4,707	4,707
Second interim dividend for the period ended 31 December 2015 - 1.50 pence paid July 2015	-	-	9,446
Third interim dividend for the period ended 31 December 2015 - 0.50 pence paid September 2015	-	-	3,388
Fourth interim dividend for the period ended 31 December 2015 - 3.00 pence paid March 2016	20,335	-	-
<b>Total Dividends paid</b>	<b>20,335</b>	<b>8,471</b>	<b>21,305</b>
<b>Total Dividends paid - per share</b>	<b>3.00p</b>	<b>1.80p</b>	<b>6.00p</b>

On 27 January 2016 the Company announced the declaration of an interim dividend in respect of the period 1 July 2015 to 31 December 2015 of 3.00 pence per share payable in March 2016.

On 11 August 2016 the Company announced the declaration of an interim dividend in respect of the period 1 January 2016 to 30 June 2016 of 3.10 pence per share payable in September 2016.

#### 9. Cash and cash equivalents

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Cash and cash equivalents	91,625	89,793	59,208
Restricted cash	6,862	4,098	9,378
<b>Cash at bank per Condensed Group Statement of Financial Position</b>	<b>98,487</b>	<b>93,891</b>	<b>68,586</b>

Restricted cash represents amounts relating to future rent free periods on assets forming the portfolio. Currently the cash is held in accounts at the bank that holds the debt security over the related asset to cover the rent free periods under the respective leases.

#### 10. Investment property

In accordance with IAS 40: Investment Property, the investment property has been independently valued at fair value by CBRE Limited ("CBRE"), an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuations have been prepared in accordance with the RICS Valuation - Professional Standards January 2014 ("the Red Book"). The valuers have sufficient current local and national knowledge of the particular property markets involved, and have the skills and understanding to undertake the valuations competently.

The valuation models prepared in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

In accordance with the Group's accounting policies, it has treated all acquisitions during the period as asset purchases rather than business combinations as they were judged to be acquisitions of properties rather than businesses.

	Investment properties freehold £'000	Investment properties long leasehold £'000	Investment properties under construction £'000	Total £'000
As at 1 January 2016	720,891	260,695	176,268	1,157,854
Property additions	102,732	78,200	115,865	296,797
Tenant lease incentives	3,141	701	-	3,842
Transfer of completed properties at valuation	259,524	-	(259,524)	-
Change in fair value during the period	22,629	9,071	8,390	40,090
<b>As at 30 June 2016 (unaudited)</b>	<b>1,108,917</b>	<b>348,667</b>	<b>40,999</b>	<b>1,498,583</b>
As at 1 January 2015	467,320	110,150	8,709	586,179
Property additions	152,996	90,878	75,114	318,988
Tenant lease incentives	945	-	-	945

Change in fair value during the period	31,024	9,822	17,102	57,948
<b>As at 30 June 2015 (unaudited)</b>	<b>652,285</b>	<b>210,850</b>	<b>100,925</b>	<b>964,060</b>
As at 1 January 2015	467,320	110,150	8,709	586,179
Property additions	152,983	133,363	176,372	462,718
Tenant lease incentives	2,132	74	-	2,206
Transfer of completed properties at valuation	41,191	-	(41,191)	-
Change in fair value during the period	57,265	17,108	32,378	106,751
<b>As at 31 December 2015 (audited)</b>	<b>720,891</b>	<b>260,695</b>	<b>176,268</b>	<b>1,157,854</b>

The table below reconciles between the fair value of the Investment Property per the Condensed Group Statement of Financial Position and Investment Property per the independent valuation performed in respect of each period end.

The ground rents payable to all head lease holders are nominal, therefore no liability has been recognised in respect of the present value of the future cash flows.

	As at 30 June 2016 (unaudited) £'000	As at 30 June 2015 (unaudited) £'000	As at 31 December 2015 (audited) £'000
Value per independent valuation report	1,529,300	1,093,465	1,311,055
Less:			
Forward funded prepayments	-	(14,636)	-
Forward funded commitments	(21,004)	(101,058)	(139,221)
Licence fee receivable	(1,266)	(9,613)	(4,602)
Cash received in respect of rent-free periods	(8,447)	(4,098)	(9,378)
<b>Fair value per Condensed Group Statement of Financial Position</b>	<b>1,498,583</b>	<b>964,060</b>	<b>1,157,854</b>

Forward funded commitments represent costs to bring the asset to completion under the developer's funding agreement which include the developer's margin. These costs are not provided for in the statement of financial position, refer to note 17.

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

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

Forward funded prepayments represent costs to bring the asset to completion under the Developer Funding Agreement which includes the developer's margin and were paid to the developer in advance.

#### 11. Bank borrowings

A summary of the bank borrowings drawn in the period are shown below:

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
As at 1 January 2015	385,041	203,644	203,644
Bank borrowings drawn in the period	97,920	68,359	181,397
<b>As at 30 June 2015 (unaudited)</b>	<b>482,961</b>	<b>272,003</b>	<b>385,041</b>

The Group had available headroom of £86.6 million under its bank borrowings. (30 June 2015: £nil, 31 December 2015: £184.5 million).

Any associated fees in arranging the bank borrowings unamortised as at the period end are offset against amounts drawn on the facilities as shown in the table below:

	Six months ended 30 June 2016 (unaudited) £'000	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Bank borrowings drawn: after more than one year	482,961	272,003	385,041
<b>Total bank borrowings</b>	<b>482,961</b>	<b>272,003</b>	<b>385,041</b>
Less: Unamortised costs	(6,767)	(3,182)	(7,406)
<b>Total bank borrowings per the Condensed Group Statement of Financial Position</b>	<b>476,194</b>	<b>268,821</b>	<b>377,635</b>

Please also refer to subsequent events note 18

#### 12. Interest rate derivatives

The Group uses interest rate derivatives to mitigate exposure to interest-rate risk. The fair value of these contracts is recorded in the Condensed Group Statement of Financial Position and is determined by assessing the probability that interest rates will exceed strike rates and discounting the future cash flows of the interest rate derivatives at the prevailing market rates as at the balance sheet date. There have not been any transfers of assets or liabilities between levels of fair value hierarchy in the period.

Fair value measurements at each reporting date are below:

	Level 1 <sup>1</sup> £'000	Level 2 <sup>2</sup> £'000	Level 3 <sup>3</sup> £'000	Total £'000
<b>Assets</b>				
<b>30 June 2016 interest rate derivatives (unaudited)</b>	-	<b>3,146</b>	-	<b>3,146</b>
30 June 2015 interest rate derivatives (unaudited)	-	2,408	-	2,408
31 December 2015 interest rate derivatives (audited)	-	8,635	-	8,635

1 Valuation is based on unadjusted quoted prices in active markets for identical financial assets and liabilities.

2 Valuation is based on inputs (other than quoted prices included in Level 1) that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from quoted prices).

3 Valuation is based on inputs that are not based on observable market data.

### 13. Share capital

	<b>30 June 2016 (unaudited) £'000</b>	30 June 2015 (unaudited) £'000	31 December 2015 (audited) £'000
<b>Issued and fully paid at 1p each</b>	<b>8,395</b>	6,775	6,778
At the beginning of the period	<b>6,778</b>	4,705	4,705
Shares issued in relation to equity release - February 2016	<b>1,613</b>	-	-
Shares issued in relation to equity release - March 2015	-	1,591	1,591
Shares issued in relation to equity release - June 2015	-	478	478
Shares issued in relation to management contract	<b>4</b>	1	4
<b>At June 2016 (unaudited)</b>	<b>8,395</b>	6,775	6,778

The Company had 839,541,140 shares of nominal value 1 pence each in issue at the end of the period.

On 12 February the Company announced that 161,290,323 new Ordinary Shares were issued via a Placing, Open Offer and Offer for Subscription at an issue price of 124 pence per Ordinary Share raising gross proceeds of £200 million.

### 14. Share premium

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

	<b>30 June 2016 (unaudited) £'000</b>	30 June 2015 (unaudited) £'000	31 December 2015 (audited) £'000
Balance at the beginning of the period	<b>52,738</b>	272,536	272,536
Share premium on the issue of Ordinary Shares	<b>198,387</b>	226,931	226,931
Share issue costs	<b>(3,904)</b>	(4,669)	(4,625)
Transfer to capital reduction reserve	-	(442,619)	(442,619)
Share premium on Ordinary Shares issued to management	<b>493</b>	185	515
	<b>247,714</b>	52,364	52,738

### 15. Transactions with related parties

The fees calculated and payable for the period to the Investment Manager was as follows:

	<b>Six months ended 30 June 2016 (unaudited) £'000</b>	Six months ended 30 June 2015 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
Tritax Management LLP	<b>4,414</b>	2,517	6,310

Throughout the period SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling £0.40 million (30 June 2015: £0.64 million, 31 December 2015: £nil) in respect of agency services for the period. The four controlling Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, all except Henry Franklin are also the controlling Members of SG Commercial. There were fees outstanding at the period end of £0.04 million (30 June 2015: £nil, 31 December 2015: £0.07 million).

Mark Shaw, who is both as a Director of the Company and a Member of the Manager, does not receive a fee for his role as a Director.

### 16. Net asset value per share (NAV)

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

Net asset values have been calculated as follows:

	<b>30 June 2016</b>	30 June 2015	31 December 2015
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	(unaudited) £'000	(unaudited) £'000	(audited) £'000
Net assets per Condensed Group Statement of Financial Position	1,071,075	790,558	841,102
Mark to-market adjustment of derivatives	11,742	2,548	4,571
EPRA NAV	1,082,817	793,106	845,673
Ordinary Shares:			
Issued share capital (number)	839,541,140	677,549,293	677,840,088
Basic net asset value per share	127.58p	116.68p	124.09p
Basic EPRA NAV per share	128.98p	117.06p	124.76p
Diluted share capital number			
Diluted share capital number	840,011,027	677,549,293	678,255,267
Diluted net asset value per share	127.51p	116.68p	124.01p
Diluted EPRA NAV per share	128.91p	117.06p	124.68p

#### 17. Capital Commitments

The Group had capital commitments of £21 million in relation to its forward funded investment assets outstanding at 30 June 2016 (30 June 2015: £101 million). All commitments fall due within one year from this date.

#### 18. Subsequent events

On 29 July 2016, the Company agreed to extend the maturity of its £50.9 million loan with Helaba, which was secured on the asset let to Ocado, from July 2020 to July 2023.

On 1 August 2016, the Company exchanged contracts (subject on detailed planning consent) to provide forward funding for the development of a new logistics facility at Four Ashes, Wolverhampton. The investment price was £56.3 million.

On 3 August 2016, the Company agreed a new fixed rate, long-term loan facility for £72 million with Canada Life Investments. The loan is repayable on 30 April 2029 and has a fixed all-in rate payable of 2.64% per annum.

On 8 August 2016, the Company acquired an investment property let to Kellogg's in Manchester for £23.5 million.

On 9 August 2016, the Company acquired an investment property let to Amazon, in Peterborough, for £42.9 million.

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