# TRITAX BIG BOX REIT - INTERIM RESULTS

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Tritax Big Box REIT plc
21 August 2015

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**Tritax Big Box REIT plc**

(the "**Group**" or the "**Company**")

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Tritax Big Box REIT plc (ticker: BBOX), the only real estate investment trust giving pure exposure to very large logistics warehouse assets ("Big Boxes") in the UK, is today reporting its interim results for the Group for the six months ended 30 June 2015.

| | As at 30 June 2015 | As at 30 June 2014 | Change |
|---|---|---|---|
| Portfolio valuation | £1.09bn | £0.36bn | 202.8% |
| Contracted rent roll pa | £58.87m | £20.84m | 182.5% |
| EPRA NAV per share | 117.06p | 102.01p | 14.8% |
| Dividend declared per share | 3.00p | 1.85p | 62.2% |
| Weighted average unexpired lease term (years) | 15.77 | 16.10 | (2.0)% |
| Operating profit | £73.79m | £8.21m | 798.8% |
| Total comprehensive income | £70.98m | £7.56m | 838.9% |
| EPRA earnings per share | 2.30p | 2.02p | 13.9% |

**Financial highlights**

- Our investment properties were independently valued at £1.09 billion as at 30 June 2015 (including forward funded commitments), representing an increase of £114.80 million or 11.7% over the aggregate acquisition price (excluding acquisition costs).
- The portfolio's contracted rental income has increased to £58.87 million per annum (30 June 2014: £20.84 million), including forward funded assets.
- Dividends declared in relation to the six months ending 30 June 2015 (the "period") totalled 3.0 pence per share, putting us on track to meet our stated 6.0 pence per share target for 2015.
- Total return for the six month period of 10.71% compared to our target of 9% per annum for the medium term.
- We raised an additional £229 million of equity during the period, issuing 159.09 million new shares at an issue price of 110 pence per share in March 2015, and a further 47.79 million new shares at an issue price of 113 pence per share in June 2015, pursuant to the Company's share issuance programme which expired on 7 July 2015.

**Operational highlights**

- We acquired eight Big Boxes during the period, three of which were forward funded pre-let investments, expanding the portfolio to 22 assets. The acquisitions further diversified the portfolio both by geography and by tenant.
- The weighted average unexpired lease term across the portfolio is 15.77 years, which compares well to our target of at least 12 years.
- The average net initial yield of the portfolio at acquisition is 5.8% against our period end valuation of 5.1% net initial yield.
- The total expense ratio for the period was 0.50%, down from 0.71% for the period from 1 January 2014 to 30 June 2014, which compares favourably with our real estate peers.
- Our portfolio was fully let or pre-let and income producing during the period.
- The Company's shares were included in the FTSE EPRA/ NAREIT Global Developed Index from 23 March 2015 and the FTSE 250 Index from 8 June 2015, helping to attract new investors and support liquidity in the shares.
- Growth of the portfolio to provide a total of over 11 million sq ft of logistics space forming the portfolio.

**Post Balance Sheet highlights**

- In July 2015 a new five year loan facility totalling £50.87 million was agreed with Landesbank Hessen- Thüringen Girozentrale ("Helaba") to finance the forward funded investment pre-let to Ocado in Erith.

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

"Our investment manager continues to identify and negotiate good opportunities to buy assets and create capital value enhancement for our shareholders, both at the point of purchase and through a variety of asset management initiatives. We will continue to build an increasingly diversified and high quality portfolio, as we deploy the equity and debt financing raised during the period.

We see the potential for further yield compression in our sub-sector and logistics more generally, especially when viewed against current gilt yields. Big Boxes are becoming increasingly central to retail fulfilment, suggesting that yields have the potential to move towards the levels historically applied to prime retail assets.

The profile of rent reviews across the portfolio means we are well placed to capture rental growth in the market. We believe that the balance of occupational supply and demand should remain favourable for landlords, leading the Group to continue to be confident of strong rental growth in the near term.

The outlook for the remainder of 2015 remains strong and the Company anticipates achieving the dividend target of 6.0 pence per share for the full year."

**FOR FURTHER INFORMATION, PLEASE CONTACT:**


| | |
|---|---|
| **Tritax Group**<br>Colin Godfrey (Partner, Fund Manager) | via Newgate (below) |
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**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 below.

**NOTES:**

Tritax Big Box REIT plc is a real estate investment trust to which Part 12 of the UK Corporation Tax Act 2010 applies ("REIT"). The Company invests in and asset manages a portfolio of well-located, modern "Big Box" assets, typically targeting buildings greater than 500,000 sq. ft., let to institutional-grade tenants on long-term leases (typically between 12 and 25 years in length) with upward-only rent reviews (providing the potential for inflation linked earnings growth), and with 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 in high growth areas of the economy and limited stock supply. The Company is the first listed vehicle to give pure exposure to the "Big Box" asset class in the UK.

Further information on Tritax Big Box REIT is available at www.tritaxbigbox.co.uk

## CHAIRMAN'S STATEMENT

Tritax Big Box REIT plc is the only real estate investment trust dedicated to investing in and managing very large logistics warehouses in the UK, known as "Big Boxes". We believe Big Boxes are currently one of the most exciting sectors in the UK property market. We invest in Big Boxes to provide an attractive, secure and growing income stream for our shareholders, together with the opportunity for capital appreciation.

Since listing in December 2013, we have rapidly built a high-quality portfolio as we successfully implement our investment policy. At 30 June 2015, we owned and managed 22 modern and well-located Big Boxes, let or pre-let to institutional-grade tenants. This growth has resulted in a portfolio valued at more than £1 billion and our inclusion in the FTSE 250 index.

We will continue to exploit the significant opportunities in this sub-sector of the UK logistics market. There is strong tenant demand in high-growth areas of the economy and modern stock available to let is very limited. Through our reputation, experience and established network of contacts, we believe we are well placed to continue sourcing attractive opportunities, while remaining disciplined in our investment approach. The portfolio also offers attractive asset management opportunities, which have the potential to provide income growth and capital appreciation.

I am pleased to present the Group's unaudited interim results for the six months to 30 June 2015. Comparative figures throughout this report are for the six months to 30 June 2014.

This was another excellent six months for the Group, during which we have further strengthened the portfolio and secured the funding necessary for the next phase of growth. Market conditions remain favourable for landlords and we are confident of delivering further value for shareholders.

**Overview**

This has been another rewarding period for our shareholders and a very active period for the Company. As at the period end the portfolio comprised 22 assets, which provide a high quality, sustainable and growing income stream for our shareholders. We have declared dividends totalling 3.0 pence per share in respect of the half year and we remain on track to meet our 6.0 pence per share target for the full year. Strong occupier demand is driving up rents in the sector and the balanced profile of rent review dates across the portfolio should ensure that we can grow income year on year, to support future growth in the dividend.

Our investment manager, Tritax Management LLP (the "Manager") has continued to identify a pipeline of high-quality Big Box assets, drawing on its market intelligence and its excellent relationships with vendors, agents and developers. During the first half of the year, we acquired eight Big Boxes, further diversifying the portfolio by tenant, geography and by range of building sizes.

At 30 June 2015, the portfolio was independently valued at £1.09 billion, including forward funded commitments. This represents a valuation uplift of £114.80 million or 11.7% over the aggregate acquisition price (excluding acquisition costs). We believe this is a strong performance, particularly given the relatively short time the Group has owned some of these assets. Our performance has been enhanced by the Manager's ability to identify and negotiate attractive off-market deals, which offer good value for shareholders and give vendors the speed and certainty of execution of the sale they desire. To date, approximately 79% of the portfolio has been acquired through off-market transactions.

The attractiveness of Big Boxes, which are increasingly central to retailers' business models, has contributed to a further compression of yields in the sector. Despite this, we have maintained the average net initial yield across the portfolio at 5.8%, again reflecting the Manager's ability to source investments at attractive prices and the Group's discipline in not pursuing overpriced assets. Moreover, at the period end the weighted average unexpired lease term across the portfolio was 15.77 years, (30 June 2014: 16.10 years), which compares well to our target of at least 12 years.

Three of the assets we acquired during the period are forward funded, pre-let investments, where we work with a developer to deliver a new logistics facility for a tenant. This brings the total of forward funded assets in the portfolio to four at the period end. The shortage of existing Big Box assets available to let means that these forward funded investments are often the only way for occupiers to secure a building that meets their needs. In recognition of the opportunities in this area, we amended our investment policy during the period, to remove the 25% limit on exposure to forward funded investments. We were encouraged that shareholders recognised the opportunity and supported our proposals by approving this change at the Extraordinary General Meeting held on 15 April 2015.

We raised a further £229 million of equity under our share issuance programme. This was achieved through a placing and offer for subscription in March 2015, which generated gross proceeds of £175 million, and a further placing in June 2015 which raised gross proceeds of £54 million. Both share issuances were at prices above our published NAV at the time. The June placing was the final tranche of the 12 month share issuance programme which closed on 7 July 2015 and raised total gross proceeds of £339 million.

Two additional milestones during the period were the inclusion of the Company's shares in the FTSE EPRA/NAREIT Global Developed Index in March and in the FTSE 250 Index in June. This reflects the Group's increasing scale and is helping us to attract a broader shareholder base. It also contributes to robust liquidity in the shares, with daily trading averaging around two million shares each day towards the period end.

**Financial Results**

The growth in the portfolio, our specialist knowledge of the Big Box sector, attractive market conditions and the continued successful implementation of our investment policy have all contributed to producing strong financial results for the period.

Under International Financial Reporting Standards ("IFRS") as adopted by the European Union, our operating profit for the period was £73.79 million (30 June 2014: £8.21 million), with total comprehensive income of £70.98 million (30 June 2014: £7.56 million). Basic and diluted earnings per share ("EPS") for the period were 12.58 pence (30 June 2014: 3.73 pence), which includes the net valuation gain of £57.98 million we recognised as a result of revaluing our investment properties and derivative interest rate instruments.

The NAV per share at 30 June 2015 was 116.68 pence. This represents an increase of 9.02%, compared with the audited NAV per share of 107.02 pence at 31 December 2014.

The total return for the six month period, measuring the increase in net asset value over the period and dividends paid, amounted to 10.71%.

Under European Public Real Estate Association ("EPRA") methodology, EPS for the period was 2.30 pence (30 June 2014: 2.02 pence). The EPRA NAV per share at 30 June 2015 was 117.06 pence, representing an increase of 8.82% compared with the audited EPRA NAV per share of 107.57 pence at 31 December 2014.

The Group has a low and transparent cost base, with a reduced total expense ratio of 0.50% for the six month period (30 June 2014: 0.71%) which continues to compare favourably with our real estate peers.

**Dividends**

We have paid two interim dividends in respect of the first half of the financial year. The first dividend of 1.0 pence per share was paid on 22 April 2015 and was in respect of the two months from 1 January to 28 February 2015. The second dividend of 1.5 pence per share was paid on 15 July 2015 and was in respect of the three months from 1 March to 31 May 2015.

On 21 August 2015, the Board declared a third interim dividend of 0.5 pence per share, in respect of the period from 1 June to 30 June 2015. This dividend will be paid on 23 September 2015 to shareholders on the register as at 4 September 2015.

In total, this will take declared dividends to 3.0 pence per share for the half year.

**Loan financing and hedging**

During the period, we agreed and drew down a further three senior debt facilities provided by Barclays Bank PLC, totalling £68.36 million. As at 30 June 2015, we had drawn down total debt of £272.00 million (31 December 2014: £203.64 million). This reflects an LTV ratio of 29%.

We are currently in discussions to reduce the Company's overall cost of borrowings with gearing levels expected to increase towards the 40%

medium term target as set out in the Company's investment policy.

We have protected the Group from a significant increases in interest rates by using derivative instruments which either fix or limit the interest rates on 10 of the senior loan facilities drawn at the period end. They comprise one swap and nine cap instruments, which run coterminous with each respective loan term.

These provide an all-in running capped rate of borrowing on hedged debt of 3.81%. The actual average interest rate payable on our debt was however, 2.35% per annum as at 30 June 2015.

**New loan facility**
On 14 July 2015, we agreed a new five year term facility provided by Helaba for £50.87 million. This debt was secured against our forward funded investment asset pre-let to Ocado in Erith.

**Outlook**
Our investment manager continues to identify and negotiate good opportunities to buy assets and create capital value enhancement for our shareholders, both at the point of purchase and through a variety of asset management initiatives. We will continue to build an increasingly diversified and high quality portfolio, as we deploy the equity and debt financing raised during the period.

We see the potential for further yield compression in our sub-sector and logistics more generally, especially when viewed against current gilt yields. Big Boxes are becoming increasingly central to retail fulfilment, suggesting that yields have the potential to move towards the levels historically applied to prime retail assets.

The profile of rent reviews across the portfolio means we are well placed to capture rental growth in the market. We believe that the balance of occupational supply and demand should remain favourable for landlords, leading the Group to continue to be confident of strong rental growth in the near term.

The outlook for the remainder of 2015 remains strong and the Company anticipates achieving the dividend target of 6.0 pence per share for the full year.

**Richard Jewson** Chairman
21 August 2015

## TRITAX BIG BOX AT A GLANCE

We invest in Big Box logistics assets, which are the backbone of the UK's retail and e-commerce markets.

**Investment objectives and strategy**
We have a clear set of objectives, which reflect our key aim of creating value for our shareholders. By building and asset managing a diversified portfolio of Big Box assets, let or pre-let to high-calibre, institutional grade tenants, we look to provide shareholders with long-term, secure and increasing income streams together with the opportunity for generating attractive capital returns.

We aim to deliver:

- a dividend of 6.0 pence per share for the year ending 31 December 2015, with the opportunity to grow the dividend thereafter through our long-term, upward only lease agreements; and
- a total return (dividends paid plus growth in net asset value) in excess of 9% a year, over the medium term.

**Highly diversified portfolio**
We have a three-pillar investment focus:

**Foundation assets (70% of the portfolio)** provide our core, low-risk income. They are usually let on long leases to tenants with excellent financial covenant strength. The buildings are typically new or modern and in prime locations, and the leases have regular upward-only rent reviews, which are either to open market, fixed or linked to the CPI or RPI indices.

**Value add assets (17% of the portfolio)** are typically let to tenants with strong financial covenants and offer the opportunity to grow the assets' capital value or rental income. We achieve this through asset management and our understanding of occupiers' requirements. These assets are usually highly re-lettable.

**Growth covenant assets (13% of the portfolio)** are often situated in good locations and let to tenants which we perceive to be undervalued and have the opportunity to improve their financial strength. Examples include young e-retailers or companies that have strong growth prospects as the UK economy continues its recovery, offering value enhancement through yield compression.

| | Portfolio by asset value |
|---|---|
| **Foundation assets** | |
| Sainsburys | 5% |
| M&S | 9% |
| Tesco, Didcot | 3% |
| Morrisons | 11% |
| DHL, Skelmersdale | 3% |
| DHL, Langley Mill | 2% |
| Rolls-Royce Motor Cars Ltd | 4% |
| Kuehne & Nagel | 4% |
| Ocado | 10% |
| Brakes | 3% |
| Argos | 3% |
| B&Q | 8% |
| Tesco, Goole | 5% |
| **Total Foundation assets** | **70%** |

**Value-add assets**

| | |
|---|---|
| Tesco, Chesterfield | 3% |
| Next | 6% |
| Tesco, Middleton | 2% |
| L'Oréal | 3% |
| New Look | 3% |
| **Total Value-add assets** | **17%** |

**Growth covenant assets**

| | |
|---|---|
| Wolseley | 1% |
| The Range | 5% |
| Nice-Pak | 3% |
| Dunelm | 4% |
| **Total Growth covenant assets** | **13%** |

**Tenant Type by Sector**

| | |
|---|---|
| Food Retail | 45% |
| Retail | 45% |
| Logistics | 5% |
| Manufacturing | 5% |
| | **100%** |

**Portfolio by Geography**

| | |
|---|---|
| North East | 34% |
| North West | 14% |
| Midlands | 21% |
| South East | 31% |
| | **100%** |

**Portfolio by Size**

| | |
|---|---|
| <300k sq ft | 9% |
| 300k-499k sq ft | 26% |
| 500k-700k sq ft | 20% |
| >700k sq ft | 45% |
| | **100%** |

**Our portfolio**

| **Tenant** | **Location** | **Valuation (£m)** | **Purchase NIY (%)** |
|---|---|---|---|
| **Foundation Assets** | | | |
| Sainsburys Supermarket Ltd | Leeds | 59.33 | 6.65 |
| Marks & Spencer plc | Castle Donington | 96.78 | 5.20 |
| Tesco Stores Ltd | Didcot | 32.995 | 6.90 |
| Wm Morrison Supermarkets Ltd | Sittingbourne | 116.45 | 5.20 |
| DHL Supply Chain Ltd | Langley Mill | 20.875 | 6.50 |
| DHL Supply Chain Ltd | Skelmersdale | 33.75 | 6.50 |
| Rolls-Royce Motor Cars Ltd | Bognor Regis | 40.90 | 6.25 |
| Kuehne & Nagel Ltd | Derby | 31.95 | 6.00 |
| Ocado Holdings Ltd | Erith | 109.25 | 5.25 |
| Brake Bros Ltd | Harlow | 38.56 | 5.00 |
| Argos Ltd | Heywood | 35.39 | 5.31 |
| B&Q plc | Worksop | 94.40 | 5.13 |
| Tesco Stores Ltd | Goole | 49.615 | 5.67 |
| **Value-add assets** | | | |
| Tesco Stores Ltd | Chesterfield | 32.85 | 6.60 |
| Next Group Plc | Doncaster | 67.45 | 6.07 |
| Tesco Stores Ltd | Middleton | 23.875 | 8.25 |
| L'Oréal (UK) Ltd | Manchester | 28.30 | 7.13 |
| New Look Retailers Ltd | Newcastle-under-Lyme | 31.425 | 5.90 |
| **Growth Covenant assets** | | | |
| Wolseley UK Ltd | Ripon | 14.41 | 6.73 |
| CDS (Superstores International) Ltd (trading as The Range) | Thorne | 59.04 | 6.10 |
| Nice-Pak International Ltd | Wigan | 32.27 | 6.42 |
| Dunelm(Soft Furnishings) Ltd | Stoke | 43.60 | 5.47 |
| | | **1,093.465** | **5.84** |

**Six months in brief**

**29 January**
Acquired the forward funded investment of a new logistics facility pre-let to Ocado at Erith, inside the M25, for a total consideration of £101.73 million including license fee.

**2 February**
Announced debt financing of £13.20 million with Barclays Bank PLC, secured on the distribution centre at Dove Valley Park, Derby, let to Kuehne & Nagel Ltd.

**6 March**
Declared an interim dividend of 1.00 pence per share, in respect of the period from 1 January 2015 to 28 February 2015.

**19 March**
Raised gross proceeds of £175 million through a Placing and Offer for Subscription of 159.09 million new Ordinary Shares, at an issue price of 110 pence per share.

**23 March**
The Company's shares were included in the FTSE EPRA/NAREIT Global Developed Index.

**10 April**
Acquired the Brake Bros Ltd Distribution Centre at Flex Meadow, Harlow, for £37.20 million.

**15 April**
Shareholders voted at an Extraordinary General Meeting to amend the Company's investment policy and cancel its share premium account.

**20 April**
Acquired the Argos Regional Distribution Centre at Heywood, Manchester, for £34.10 million.

**28 April**
Acquired the B&Q Core Products National Distribution Centre at Worksop, Nottinghamshire, for £89.75 million.

**30 April**
Announced debt financing of £14.80 million with Barclays Bank PLC, secured on a new logistics asset near Bognor Regis, pre-let to Rolls-Royce Motor Cars Ltd.

**1 May**
Acquired the New Look Retailers Ltd National and European Distribution Centre at Lymedale Business Park, Newcastle-under-Lyme, for £30.05 million.

**13 May**
Acquired the forwarded funded investment of a distribution and production facility at Wigan, Greater Manchester, pre-let to Nice-Pak International, for an investment price of £28.66 million.

Announced debt financing of £40.38 million with Barclays Bank PLC, secured on the B&Q Core Products National Distribution Centre at Worksop, Nottinghamshire.

**1 June**
Acquired the Tesco Regional Distribution Centre at Capitol Park, Goole, for £47.10 million.

**8 June**
Declared an interim dividend of 1.50 pence per share, in respect of the period from 1 March 2015 to 31 May 2015.

The Company's shares were included in the FTSE 250 Index.

Acquired the forwarded funded investment of a distribution facility in Prologis Park, Sideway, Stoke on Trent, pre-let to Dunelm (Soft Furnishings) Ltd, for an investment price of £43.43 million.

**18 June**
Placed 47.79 million new Ordinary Shares at a price of 113 pence per share, raising gross proceeds of £54 million.

## MANAGER'S REPORT

This was a successful period during which the Group continued to implement its investment and financing strategies, leaving the Group well positioned for further success.

**Occupational market**
Market conditions remained favourable for landlords during the period. Big Box assets are increasingly important to retailers' business models, enabling them to fulfil efficiently online orders, distribute stock quickly and reliably to stores, and achieve cost savings and economies of scale. They are also strategic assets for other companies, such as logistics providers and manufacturers. As a result, occupier demand for Big Boxes remains strong.

There is, however, very limited occupational supply, with only one modern Big Box of more than 500,000 sq ft available to let in the UK at Sherburn (created by joining two previously developed units together). There is also no current speculative development of units over 500,000 sq ft and the Manager is not aware of any which are planned. This, coupled with the restrictive planning framework, means that there is unlikely to be a significant increase in supply in the near term. As a result strong rental growth has been evidenced during the last 18 months (see table below) and the Manger expects this trend to continue for the remainder of 2015 and beyond.

**Prime Logistics headline rents - selected locations**
June 2015

| Location | Prime rent (per sq ft) | Annual growth |
|---|---|---|
| M25 West | £14.00 | 12.00% |
| M25 North | £10.00 | 14.30% |
| M25 East | £9.00 | 16.10% |
| Milton Keynes | £6.75 | 3.80% |
| Birmingham | £6.35 | 10.40% |
| M1/M6 Interchange | £6.25 | 4.20% |
| Warrington | £5.50 | 0.00% |
| Wakefield | £5.25 | 10.50% |

Source: CBRE

At present, the only way for occupiers to secure a new or very modern Big Box asset is to pre-let a forward funded development. Sites for new developments, in locations suitable for servicing an occupier's target market, are however difficult to locate and secure. These conditions have resulted in Big Boxes becoming one of the only areas of the property market where tenants are willing to sign leases of 20 years or more, without break clauses, to ensure they can initially secure and then retain use of the asset over the long term, thus benefitting from their own substantial investment within the building which increasingly takes the form of mechanisation and computerisation.

**Investment market**
Since the Company's IPO, there has been strong investment demand for logistics assets and this remains the case. Supply of investment products has been constrained and this has contributed to yield compression in the sector. According to CBRE, yields for a 15 year lease to an institutional-grade tenant at a market rent for a modern building have reduced from 6.5% in January 2013 to 5.0% as at 30 June 2015. Despite the importance of these assets to retailers, however, prime logistics yields still remain above that of prime retail, which are yielding 4.25%. The current very low gilt yields also offer scope for further yield compression in prime logistics investments.

Despite a backdrop of constrained investment supply, the Manager continues to draw on its network of contacts with vendors, agents and developers, to source selective off-market deals that create value for shareholders, having maintained an attractive average net initial yield across the portfolio of 5.8%. The current low cost of debt also means that the Manager is able to maintain an attractive positive yield gap on the assets it acquires for the benefit of the Group.

Whilst a shortage of new Big Box stock is likely to remain acute for occupiers, the development of new Big Boxes created from pre-lets should deliver a controlled stream of investment opportunities for those with close developer relationships.

**Investment policy and activity**
The Company has an investment policy, which ensures that it 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/or 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 expansion potential to meet the requirements of major occupiers;
- have leases to institutional standards, with regular upward-only rent reviews and a typical unexpired lease length on purchase of over 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.

During the period, the Manager continued to implement successfully the Company's investment policy, acquiring a further eight assets to bring the total in the portfolio to 22.

The acquired assets, which are described in further detail in the following section, increased the diversification of the Group's portfolio by geography, tenant and size of asset. Of the newly acquired assets, five are foundation assets, one is a value add asset and two are growth covenant assets.

Three of the acquired assets are forward funded investments, pre-let to institutional-grade tenants. This brings the total of forward funded investments in the portfolio to four. Forward funding is an attractive method of obtaining new, long-lease assets at a discount to the value of the completed and let investment. As at 30 June 2015 the company had over 1.8 million sq ft contracted under forward funding arrangements.

The average size of the properties in the portfolio at 30 June 2015 was 500,112 sq ft. The weighted average unexpired lease term at the same date was 15.77 years.

**Summary of Portfolio**

| Tenant | Location | Month of acquisition | Net Purchase price (£m) | Purchase NIY (%) | Annual passing rent (£) | Size (sq ft) ¥ | Rent per sq ft (£) | Next rent review date |
|---|---|---|---|---|---|---|---|---|
| Sainsburys Supermarket Ltd | Leeds | Dec 2013 | 48.75 | 6.65 | 3,295,716 | 571,522 | 5.77 | May 2018 |
| Marks & Spencer plc | Castle Donington | Dec 2013 | 82.58 | 5.20 | 4,351,723 | 906,240 | 4.80 | Dec 2016 |
| Tesco Stores Ltd | Chesterfield | Mar 2014 | 28.64 | 6.60 | 1,999,804 | 501,751 | 3.99 | May 2020 |
| Tesco Stores Ltd | Didcot | Apr 2014 | 27.20 | 6.90 | 1,920,000 | 288,295 | 6.66 | Aug 2019 |
| Next Group Plc | Doncaster | Jun 2014 | 60.00 | 6.07 | 3,854,857 | 755,055 | 5.11 | Mar 2018 |
| Wm Morrison Supermarkets Ltd | Sittingbourne | Jun 2014 | 97.80 | 5.20 | 5,419,974 | 919,443 | 5.89 | Jun 2015 |
| DHL Supply Chain Ltd | Langley Mill | Aug 2014 | 17.53 | 6.50 | 1,214,480 | 255,680 | 4.75 | Aug 2019 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| DHL Supply Chain Ltd | Skelmersdale | Aug 2014 | 28.87 | 6.50 | 2,000,000 | 470,385 | 4.25 | Aug 2019 |
| Wolseley UK Ltd | Ripon | Aug 2014 | 12.24 | 6.73 | 838,500 | 221,763 | 3.78 | Sep 2016 |
| Rolls-Royce Motor Cars Ltd | Bognor Regis | Oct 2014 | 36.98 | 6.25 | 2,379,481 | 313,220 | 7.23 | Oct 2020 |
| CDS (Superstores International) Ltd (trading as The Range) | Thorne | Nov 2014 | 48.50 | 6.10 | 3,122,994 | 750,431 | 4.16 | Oct 2017 |
| Tesco Stores Ltd | Middleton | Dec 2014 | 22.45 | 8.25 | 1,959,767 | 302,111 | 6.49 | Dec 2017 |
| Kuehne & Nagel Ltd* | Derby | Dec 2014 | 29.27 | 6.00 | 1,858,000 | 343,248 | 5.41 | Apr 2017 |
| L'Oréal (UK) Ltd | Manchester | Dec 2014 | 25.83 | 7.13 | 1,947,231 | 261,959 | 7.45 | Aug 2015 |
| Ocado Holdings Ltd† | Erith | Jan 2015 | 101.73 | 5.25 | 5,490,254 | 563,103 | 9.75 | 2021° |
| Brake Bros Ltd | Harlow | Apr 2015 | 37.18 | 5.00 | 1,817,000 | 268,335 | 7.04 | Apr 2017 |
| Argos Ltd | Heywood | Apr 2015 | 34.10 | 5.31 | 1,900,000 | 395,186 | 4.81 | Mar 2018 |
| B&Q plc | Worksop | Apr 2015 | 89.75 | 5.13 | 4,693,937 | 878,245 | 5.34 | Nov 2016 |
| New Look Retailers Ltd | Newcastle-under-Lyme | May 2015 | 30.05 | 5.90 | 1,795,170 | 398,618 | 4.50 | Apr 2017 |
| Nice- Pak International Ltd | Wigan | May 2015 | 28.66 | 6.42 | 1,780,781 | 399,519 | 4.70 | 2021° |
| Tesco Stores Ltd | Goole | Jun 2015 | 47.10 | 5.67 | 2,808,384 | 711,933 | 3.94 | Oct 2017 |
| Dunelm(Soft Furnishings) Ltd | Stoke-on-Trent | Jun 2015 | 43.43 | 5.47 | 2,421,560 | 526,426 | 4.60 | 2021° |
| **Total** | | | **978.64** | **5.84** | **58,869,613** | **11,002,468** | | |

* Guaranteed by Hays Plc
† Guaranteed by Ocado Group plc
° Estimate based on practical completion date of forward funded asset
¥ CBRE measured floor area

### Acquisitions in the period

#### Standing assets

#### B&Q, Worksop

| | |
|---|---|
| Location | Worksop, Nottinghamshire |
| Acquisition date | April 2015 |
| Acquisition price | £89.8 million |
| Size | 878,245 sq ft |
| Lease | 16.5 years; inflation linked five year review |
| Net initial purchase yield | 5.13% |
| Eaves height | 14-24m |
| On/off market | Off market |

In April 2015, the Group acquired the freehold interest of the B&Q Core Products National Distribution Centre at Worksop, Nottinghamshire, for £89.8 million (net of corporate acquisition costs). This represented a net initial yield of 5.13%.

The high-specification property was purpose built in 2005 for B&Q. It incorporates modern design features such as cross docking, an eaves height of between 14 and 24 metres and a fully automated racking system. The facility benefits from very significant capital investment by the tenant and provides opportunities for potential building expansion and connection to a rail freight distribution network. The facility is well located in the East Midlands, adjacent to the A57 which links directly to both the A1 to the East and M1 to the West.

The current total floor area extends to 878,245 sq ft, representing an exceptionally low site cover of 26.4%. Planning consent is in place to increase the facility to a total of 1.1 million sq ft. An extension to the building could therefore be constructed subject to the tenant requirement.

The asset was acquired with an unexpired lease term of approximately 16.5 years. It is currently let at a rent of approximately £4.7 million per annum (£5.34 per sq ft), which is subject to five-yearly rent reviews to the higher of the open market rent or RPI, capped at 5% per annum. The next review is due in November 2016.

#### Brake Bros, Harlow

| | |
|---|---|
| Acquisition price | £37.18m |
| Net initial purchase yield | 5.00% |
| GIA | 268,335 sq ft |
| Eaves | 11m |
| Built | 1989 |
| Lease expiry | July 2039 |

- One of Brake Bros' main UK regional distribution centres, in a core location close to the M11, the M25 and central London, providing distribution across the South East
- New 25-year lease taken by Brake Bros in July 2014
- Five-yearly upward only rent reviews linked to annual RPI, with a cap of 5% pa
- Currently undergoing comprehensive refurbishment, funded by the tenant
- Low site cover of c.35% offers expansion possibilities.

#### Argos, Heywood

| | |
|---|---|
| Acquisition price | £34.10m |
| Net initial purchase yield | 5.31% |
| GIA | 395,186 sq ft |
| Eaves | 13.5m |
| Built | 1998 |
| Lease expiry | March 2028 |

- One of four main regional distribution centres for Argos' supply chain
- A high specification facility, incorporating modern design features including cross docking
- Strategically located on the A58 trunk road linking Leeds and Manchester, approximately seven miles north of Manchester city centre, with the M62 approximately two miles to the south, providing good access to the North West and the wider motorway network
- Five-yearly upward only open market rent reviews
- Low site cover of c.37% offers expansion possibilities.

**New Look, Newcastle-under-Lyme**

| | |
|---|---|
| Acquisition price | £30.05m |
| Net initial purchase yield | 5.90% |
| GIA | 398,618 sq ft |
| Eaves | 12m & 15m |
| Built | 2007, extended 2011 |
| Lease expiry | January 2025 |

- One of two National and European Distribution Centres occupied by New Look
- A modern and highly specified facility, with multiple mezzanine floors. The tenant has invested significantly in the property, creating one of the UK's most advanced automated clothing distribution centres
- Situated in a major UK distribution location close to the M6, broadly equidistant from Manchester and Birmingham International Airports and around 52 miles from the Port of Liverpool
- Subject to five-yearly upward only rent reviews to open market rental value, with the next reviews due in April 2017 and 2022 expected to benefit from limited occupational availability and high demand for Big Box assets in the area.

**Tesco, Goole**

| | |
|---|---|
| Acquisition price | £47.10m |
| Net initial purchase yield | 5.67% |
| GIA | 711,933 sq ft |
| Eaves | 14m |
| Built | 2007 |
| Lease expiry | September 2032 |

- One of Tesco's principal regional distribution centres and a main hub for distributing general merchandise, ambient food and beverages
- A high specification unit, incorporating modern design features such as cross docking, and a low site density of c.32%, potentially allowing for up to 150,000 sq ft of additional space within the site
- The location enjoys excellent road, rail and port connectivity. The M62 is within two miles, providing easy access to the North East. The asset is close to the port of Goole's dedicated rail freight terminal and has the potential to be directly connected to the national rail network
- The asset is subject to five-yearly, upward-only open market rent reviews.

**Forward funded pre-let investments**

**Ocado, Erith**

| | |
|---|---|
| Location | Erith, South East London |
| Acquisition date | January 2015 |
| Acquisition price | £101.7 million |
| Size | 563,103 sq ft |
| Lease | 30 years from practical completion, rent review five yearly to RPI (minimum 1%, maximum 3% pa) |
| Net initial purchase yield | 5.25% |
| Eaves height | 10m |
| On/off market | Off market |

In May 2015, the Group completed the land purchase and proceeded to forward fund a new warehouse facility at Erith. The facility is pre-let to Ocado Holdings Limited and guaranteed by Ocado Group plc. The investment price was £101.73 million, reflecting a yield of 5.25% (net of purchase costs).

The building will have a gross internal area of approximately 563,103 sq ft, equating to a low site cover of c.35%. Construction began in May 2015, with practical completion of the developer's base build targeted for the summer of 2016.

The site is in a core South East location inside the M25, with central London approximately 12 miles to the West and Tilbury Docks and the DP World container port to the East. The location benefits from excellent motorway connections, providing access to Greater London and the Home Counties.

Since Morrisons did not take up the option to become joint guarantor, Ocado has signed a 30-year lease, without a break. The initial rent will be approximately £5.5 million pa (£9.75 per sq ft), subject to five-yearly rent reviews indexed to RPI (capped and collared at 3% and 1% per annum respectively). During the construction phase, the Group will receive an income return from the developer equivalent to the initial passing rent, providing an effective income term of 31 years.

**Nice-Pak, Wigan**

| | |
|---|---|
| Acquisition price | £28.66m |
| Net initial purchase yield | 6.42% |

| | |
|---|---|
| GIA | 399,519 sq ft |
| Eaves | c.11m |
| Practical completion | Spring 2016 |
| Lease expiry | 25 years from practical completion of the building |

- Located in Westwood Park, just south of Wigan town centre and approximately two miles from the M6, with good motorway connectivity to the rest of the UK and the West coast ports
- Pre-let on a new 25-year lease from practical completion, without break, subject to five-yearly upward only rent reviews indexed to RPI (collared at 2% per annum and capped at 4% per annum)
- The tenant intends to commit significant capital into the property through machinery and automation, in order to enhance production and distribution efficiency.

**Dunelm, Stoke-on-Trent**

| | |
|---|---|
| Acquisition price | £43.43m |
| Net initial purchase yield | 5.47% |
| GIA | 526,426 sq ft |
| Eaves | 15m |
| Practical completion | early 2016 |
| Lease expiry | ten years from practical completion of the building |

- Strategically located approximately two miles from the M6 on the A500 dual carriageway, which connects to the A50 and A52, providing a key East-West link between the M6 and M1. The site has good access to the Port of Liverpool and Manchester and Birmingham Airports
- Dunelm intends to commit significant capital into this property. Dunelm already occupies two smaller units at nearby Prologis Park, Stoke, together totalling approximately 500,000 sq ft. When combined with this new site, these three buildings will form Dunelm's national distribution hub.

**Valuation and portfolio value growth**

CBRE independently valued the portfolio as at 30 June 2015 in accordance with the RICS Valuation - Professional Standards January 2014. The properties were valued individually, without applying a premium or discount to the portfolio as a whole.

The portfolio was independently valued at £1.09 billion, including forward funded commitments, compared with the assets' aggregate purchase price of £978.64 million, excluding purchase costs. This represents a valuation increase of £114.80 million or 11.7%, when compared to the property purchase prices excluding acquisition costs.

The valuation increase reflects strong investment demand and the hardened yields discussed in the Investment Market section above, but also the ability of the Manager to source investments at attractive prices.

| | **30 June 2015 £'m** | 30 June 2014 £'m |
|---|---|---|
| Investment properties per the Condensed Group Statement of Financial Position | **964.1** | 360.7 |
| Cost to complete forward funded assets | **115.7** | - |
| Licence fees receivable | **9.6** | - |
| Restricted cash | **4.1** | - |
| **Total Portfolio Valuation** | **1,093.5** | 360.7 |

**Financial results**

Operating profit under IFRS was £73.79 million for the period (30 June 2014: £8.21 million). This reflected:

- the portfolio's strong rental income, which equates to a yield based on book cost of 5.8%; and
- the gain over the period of £57.95 million (30 June 2014: £4.01 million) recognised on revaluing the Group's investment properties at the period end. This gain was after accounting for all costs associated with asset purchases during the period.

Administrative and other expenses, which include the Manager's fee and other costs of running the Group, were £3.23 million (30 June 2014: £1.48 million), equivalent to 0.34% (30 June 2014: 0.41%) of the portfolio's gross asset value at 30 June 2015. Our total expense ratio for the period was 0.50%. This continues to compare very favourably with the expenses of the Company's peers.

Net financing costs for the period were £2.83 million (30 June 2014: £0.10 million), excluding the change in the fair value of interest rate derivatives of £0.03 million (30 June 2014: £0.55 million). Further information on financing and hedging is provided below.

Total profit before tax for the period was £70.98 million (30 June 2014: £7.56 million), which resulted in earnings per share (basic and diluted) of 12.58 pence (30 June 2014: 3.73 pence).

The Group's EPRA earnings per share for the period were 2.30 pence (30 June 2014: 2.02 pence). The unaudited EPRA NAV per share at 30 June 2015 was 117.06 pence (31 December 2014: 107.57 pence). A full list of EPRA performance measures is provided on below.

**Loan financing and hedging**

During the period, the Group drew down three senior debt facilities totalling £68.36 million, resulting in total long-term bank borrowings at 30 June 2015 of £272.00 million (31 December 2014: £203.64 million). The weighted average margin payable across all loans was 1.77% over 3-month LIBOR.

The table below summarises the Group's senior debt facilities that were drawn at 30 June 2015:

| Asset | Lender | Expiry date | Long-term debt drawn (£) |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Sainsburys Leeds | Barclays | June 2018[1] | 23,500,000 |
| Marks & Spencer, Castle Donington | Barclays | June 2019[2] | 49,275,000 |
| Tesco, Didcot | Barclays | June 2018[1] | 12,240,000 |
| Next, Doncaster | Barclays | June 2018[1] | 16,429,250 |
| Morrisons, Sittingbourne | Barclays | June 2019[2] | 53,790,000 |
| DHL, Langley Mill | Helaba | November 2019 | 7,060,000 |
| DHL, Skelmersdale | Helaba | November 2019 | 11,600,000 |
| Wolseley Ripon | Santander UK | December 2019 | 5,500,000 |
| The Range, Thorne | Barclays | November 2019[1] | 24,250,000 |
| Kuehne & Nagel, Derby | Barclays | December 2018[1] | 13,171,500 |
| Rolls-Royce, Bognor Regis | Barclays | April 2020 | 14,800,000 |
| B&Q, Worksop | Barclays | May 2020[1] | 40,387,500 |
| **Total** | | | **272,003,250** |

[1] 12 month extension option available

[2] Extension option available of up to 24 months

The Group's stated medium term target LTV ratio is 40%. The LTV ratio, based on long-term debt drawn as at 30 June 2015 was 29%. This lower level reflects the timing of our equity fundraising and subsequent property investment purchases, as well as the phasing of debt drawn down to finance the construction of forward funded developments.

The Company continues to undertake discussions with the objective of reducing the overall cost of borrowings in support of shareholder dividends and expects to increase the LTV broadly in line with the 40% target in the medium term as set out in the Company's investment policy. Such arrangements could include an element of cross collateralisation of the Group's property assets.

The Group has used derivative instruments to protect against a significant rise in interest rates by entering into nine interest rate caps and a swap. The weighted average strike rate for these instruments was 2.04%, which when combined with the average margin at the period end, equated to a capped all-in rate of borrowing of 3.81% for the Company's hedged debt. While this is the maximum rate payable under our existing loans, the average margin of 1.77% over 3-month LIBOR gave an all-in rate payable at the period end of approximately 2.35% pa. By using these interest rate instruments the Group had effectively hedged 78% of its long-term debt as at 30 June 2015.

**New loan facility**
On 14 July 2015, the Group agreed a new five year term facility provided by Helaba for £50.87 million. This debt was secured against our forward funded investment asset pre-let to Ocado in Erith and will be drawn over the remainder of the construction phase of the building.

**Dividends**
The Company declared an interim dividend of 1.0 pence per share on 6 March 2015, which it paid on 22 April 2015. This dividend was in respect of the period from 1 January to 28 February 2015.

A second interim dividend of 1.5 pence per share was declared on 8 June 2015, in respect of the period from 1 March to 31 May 2015. This dividend was paid on 15 July 2015.

On 21 August 2015, the Board declared a third interim dividend of 0.5 pence per share, in respect of the month of June 2015. This will be paid on 23 September 2015, to shareholders on the register as at 4 September 2015.

**Asset management**
The potential for capital value enhancement from asset management is a key consideration when selecting assets for purchase. However, not all properties are purchased with asset management as an immediate strategic focus; often these will materialise over time from changes in the circumstances of the tenant. Opportunities may be identified prior to purchase or subsequently. Within the context of the Company's three pillar asset categorisation, opportunities for asset management may be vested within "foundation assets", "growth covenant assets" but are more likely from "value add assets".

Prior to acquisition, the strategic plan for each asset is drafted and agreed between the management team. This incorporates information gleaned from legal due diligence, technical surveys, inspections and directly from the tenant. The initial plan is predominantly linked to lease event, pricing or rental growth opportunities, however, following direct contact with both "on site" and "head office" representatives of each occupier, the plan is expanded so as to incorporate further asset management opportunities linking with operational improvements and efficiencies. Such opportunities can be led directly by a requirement specified by the tenant or as a result of observations and recommendations from the Manager.

Over the past 18 months, meetings, discussions and inspections have been pursued actively with each occupier. This has enabled the Manager to be more informed about both the macro corporate strategy for the business of each tenant (and therefore on how the property fits into that strategy) and on a micro level in assessing the efficiency of the property. Understanding these areas is crucial in assessing how we can help the tenant meet its business objectives by either enhancing the existing property or expand through an adjacent site or in another location.

A number of occupiers in our portfolio have indicated a requirement for future expansion space, some of which may be incorporated within the existing site areas, or alternatively through further land acquisition or in collaboration with neighbouring developers. Timescales for delivery of potential building extensions vary, but the Manager believes that there are some promising opportunities for the Company.

Significant projects, such as building extensions may offer the potential for the Company to commit capital expenditure in return for increased and potentially enhanced rent or in some cases, initiating a re-gear of the lease to extend for a longer term.

During the period, one open market rent review date has been triggered in respect of the property at Chesterfield, let to Tesco. Specialist rent review surveyors have been appointed to negotiate on behalf of the Company. It is anticipated that an increase in rent will be achieved. The annual fixed rental uplift at the Sittingbourne logistics facility, let to Morrisons, is subject to RPI, capped at 2% per annum. This has resulted in a rental uplift of over 1%, which took effect from 14 June 2015.

A number of tenants have completed or applied for the Company's consent to undertake building alterations. These works have included the installation of sophisticated computer-controlled automation systems and the construction of a link bridge to an adjoining new property. A number of these tenant funded projects represent a significant capital commitment by the tenant, thereby endorsing the importance of the property to the tenant's distribution network. Where such alterations improve the investment credentials of the property, the Manager will typically offer to fund the works in return for variations to the lease, so as to further enhance value for the Company and its shareholders.

Each property has been reviewed for the potential inclusion of roof mounted solar panels. This initiative enables the Company to improve the environmental EPC rating of the property and offers power to tenants at reduced rates, thereby reducing operational costs whilst supporting their CSR commitments. If the Company is able to fund these works then this produces an additional income stream and improves the quality of the property.

**Investor relations**

During the period, the Manager has devoted time to meeting with existing shareholders and prospective new investors in the UK, US and the Netherlands in particular. The Manager has also hosted several "Big Box" site visits for existing and prospective investors since launch, with the latest event in July 2015 visiting the asset at Castle Donington, let to M&S and Worksop, let to B&Q.

We also continue to strive to improve the scope and clarity of the Company's reporting to shareholders, both in the interim and annual report, the regular market announcements and the website.

**Alternative Investment Fund Manager ("AIFM")**

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

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

**Company Secretary**

On 7 May 2015, the Company announced the appointment of the Manager as Company Secretary, replacing Taylor Wessing Secretaries Limited.

**Tritax Management LLP** Manager

21 August 2015

**Key Performance Indicators**

| KPI and Definition | Performance |
|---|---|
| **1. Total return (TR)**<br>In relation to our investment objective, TR measures the change in the net asset value over the period plus dividends paid. As explained, we are targeting a TR in excess of 9% per annum over the medium-term. | **10.71%**<br>**Group's TR for the period to 30 June 2015** |
| **2. EPRA NAV per share***<br>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.<br>* EPRA earnings, EPRA NAV and EPRA EPS are alternate metrics to their IFRS equivalents that are calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). The Company uses these alternative metrics as they provide a transparent and consistent basis to enable a comparison between European property companies | **117.06 pence**<br>**EPRA NAV per share at 30 June 2015**<br>**An 8.8% increase against the EPRA NAV at 31 December 2014 (107.57 pence)** |
| **3. Loan to value ratio (LTV)**<br>The proportion of the Group's property portfolio that is funded by borrowings. Our initial target LTV was 45% of the Group's gross assets, with a medium-term target of 40%. The LTV will be subject to a maximum of 50% of the Group's gross assets at the time of drawdown. | **29%**<br>**LTV at 30 June 2015**<br>**We are in active discussions with a view to introducing new banking facilities in the near term, to increase the Group's LTV ratio in line with its 40% target.** |
| **4. Dividend against target**<br>Dividends paid and declared to shareholders in relation to the period. | **3.00 pence per share**<br>**Dividend per share in respect of the period to 30 June 2015**<br>**We are on track to meet our targeted dividend for 2015 of 6.00 pence per share** |
| **5. EPRA EPS***<br>Post-tax earnings that are attributable to shareholders, calculated in accordance with EPRA guidelines. | **2.30 pence per share**<br>**EPRA EPS for the period to 30 June 2015** |
| **6. Total expense ratio (TER)**<br>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 the Group is targeting a TER of 1% or below per annum. | **0.50%**<br>**TER for the half year to 30 June 2015**<br>**This ratio is set to decrease further as the NAV of the Group grows and associated overheads reduce relatively through the remainder of 2015** |
| **7. Weighted average unexpired lease term (WAULT)**<br>The average unexpired lease term of the property portfolio, | **15.77 years**<br>**WAULT at 30 June 2015** |

weighted by annual passing rents. | This compares well to our target of at least 12 years

**EPRA Performance Indicators**

| Measure and definition | Purpose | Performance |
|---|---|---|
| **1. EPRA Earnings**<br>Earnings from operational activities. | 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. | **£13.01 million/2.30 pps**<br>**EPRA earnings as at 30 June 2015** |
| **2. EPRA NAV**<br>Net asset value adjusted to include properties and other investment interests 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. | **£793.12 million/117.06 pps**<br>**EPRA NAV as at 30 June 2015** |
| **3. EPRA NNNAV**<br>EPRA NAV adjusted to include the fair values of:<br>(i) financial instruments;<br>(ii) debt and;<br>(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. | **£790.56 million/116.68 pps**<br>**EPRA NNNAV 30 June 2015**<br><br>**All debt as at 30 June 2015 is floating rate debt, which has been valued at par** |
| **4.1 EPRA Net Initial Yield (NIY)**<br>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. | A comparable measure for portfolio valuations.<br>This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare. | **5.10%**<br>**EPRA NIY as at 30 June 2015** |
| **4.2 EPRA 'Topped-Up' NIY**<br>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). | A comparable measure for portfolio valuations.<br>This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare. | **5.12%**<br>**EPRA 'Topped-Up' NIY as at 30 June 2015** |
| **5. EPRA Vacancy**<br>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. | **0.0%**<br>**EPRA Vacancy as at 30 June 2015** |
| **6. EPRA Cost Ratio**<br>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. | **16.9%**<br>**EPRA cost ratio as at 30 June 2015**<br>**This ratio is both inclusive and exclusive vacancy costs** |

**Principal Risks**

The principal risk and uncertainties the Group faces are described in detail on pages 31 to 33 of the 2014 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 were unchanged during the period

**Property Risk**

- Our property performance will depend on general real estate market conditions.
- 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.

**Financial Risk**

- Our use of floating rate debt will expose the business to underlying interest rate movements.
- Our ability to raise equity and debt finance may restrict our ability to grow.

**Corporate Risk**

- There can be no guarantee that we will achieve our investment objectives.
- As an externally managed company, we are reliant on the continuance of the Manager.

**Taxation Risk**

- We operate as 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.

**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 2014 Annual Report.

Shareholder information is as disclosed on the Tritax Big Box REIT plc website:
http://tritaxbigbox.co.uk/investors/#shareholder-information

For and on behalf of the Board

**Richard Jewson** Chairman
21 August 2015

**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 2015 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 2015 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 and Registered Auditors
London, United Kingdom
21 August 2015

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

**Condensed Group Statement of Comprehensive Income**

| | Note | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|---|
| Gross rental income | | **19,067** | 5,669 | 18,603 |
| Service charge income | | **608** | 125 | 511 |
| Service charge expense | | **(608)** | (125) | (511) |
| **Net rental income** | | **19,067** | 5,669 | 18,603 |
| Administrative and other expenses | | **(3,227)** | (1,476) | (3,603) |
| **Operating profit before changes in** | | | | |

| | | | | |
|---|---|---|---|---|
| **fair value of investment properties and interest rate derivatives** | | **15,840** | 4,193 | 15,000 |
| Changes in fair value of investment properties | 10 | **57,948** | 4,014 | 31,668 |
| **Operating profit** | | **73,788** | 8,207 | 46,668 |
| Finance income | 4 | **124** | 39 | 205 |
| Finance expense | 5 | **(2,958)** | (141) | (2,452) |
| Changes in fair value of interest rate derivatives | | **29** | (546) | (2,577) |
| **Profit before taxation** | | **70,983** | 7,559 | 41,844 |
| **Tax credit/(charge) on profit for the period** | 6 | **-** | - | - |
| **Total comprehensive income (attributable to shareholders)** | | **70,983** | 7,559 | 41,844 |
| **Earnings per share - basic and diluted (pence)** | 7 | **12.58p** | 3.73p | 15.10p |

**Condensed Group Statement of Financial Position**

| | | **30 June 2015 (unaudited) £'000** | 30 June 2014 (unaudited) £'000 | 31 December 2014 (audited) £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investment property | 10 | **964,060** | 360,740 | 586,179 |
| Interest rate derivatives | 12 | **2,408** | 3,008 | 2,379 |
| **Total non-current assets** | | **966,468** | 363,748 | 588,558 |
| **Current assets** | | | | |
| Trade and other receivables | | **26,807** | 20,140 | 30,668 |
| Cash and cash equivalents | 9 | **93,891** | 13,974 | 98,616 |
| **Total current assets** | | **120,698** | 34,114 | 129,284 |
| **Total assets** | | **1,087,166** | 397,862 | 717,842 |
| **Current liabilities** | | | | |
| Deferred rental income | | **(10,151)** | (4,855) | (7,332) |
| Trade and other payables | | **(17,636)** | (4,194) | (6,048) |
| Bank borrowings | 11 | **-** | (11,452) | - |
| **Total current liabilities** | | **(27,787)** | (20,501) | (13,380) |
| **Non-current liabilities** | | | | |
| Bank borrowings | 11 | **(268,821)** | (153,310) | (200,933) |
| **Total non-current liabilities** | | **(268,821)** | (153,310) | (200,933) |
| **Total liabilities** | | **(296,608)** | (173,811) | (214,313) |
| **Total net assets** | | **790,558** | 244,051 | 503,529 |
| **Equity** | | | | |
| Share capital | 13 | **6,775** | 2,200 | 4,705 |
| Share premium reserve | 14 | **52,364** | 214,292 | 272,536 |
| Capital reduction reserve | | **618,592** | - | 184,444 |
| Retained earnings | | **112,827** | 7,559 | 41,844 |
| **Total equity** | | **790,558** | 224,051 | 503,529 |
| **Net Asset Value per share basic and diluted** | 16 | **116.68p** | 101.85p | 107.02p |
| **EPRA Net Asset Value per share basic and diluted** | 16 | **117.06p** | 102.10p | 107.57p |

**Condensed Group Cash Flow Statement**

| | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period (attributable to equity shareholders) | **70,983** | 7,559 | 41,844 |
| Less: changes in fair value of investment properties | **(57,948)** | (4,014) | (31,668) |
| (Less)/add: changes in fair value of interest rate | | | |

| | | | |
|---|---|---|---|
| derivatives | **(29)** | 546 | 2,577 |
| Less: finance income | **(124)** | (39) | (205) |
| Add: finance expense | **2,958** | 141 | 2,452 |
| Accretion of tenant lease incentive | **(945)** | (401) | (937) |
| Increase in trade and other receivables | **(116)** | (20,176) | (1,787) |
| Increase in trade and other payables | **1,796** | 5,822 | 10,526 |
| Cash paid for working capital on asset acquisitions | **(1,442)** | - | - |
| Cash received as part of asset acquisitions | **1,363** | - | - |
| **Cash generated from/(used in) operations** | **16,496** | (10,562) | 22,802 |
| Taxation paid | **(70)** | - | - |
| **Net cash flow generated from/(used in) operating activities** | **16,426** | (10,562) | 22,802 |
| **Investing activities** | | | |
| Purchase of investment properties | **(308,490)** | (222,490) | (555,696) |
| Forward funded payment | **-** | - | (27,204) |
| Licence fees received | **6,371** | - | 1,514 |
| Interest received | **214** | 39 | 115 |
| Long-term restricted cash receipts/(deposits) | **212** | - | (4,310) |
| **Net cash flow used in investing activities** | **(301,693)** | (222,451) | (585,581) |
| **Financing activities** | | | |
| Proceeds from issue of Ordinary Share Capital | **229,186** | 20,779 | 480,901 |
| Cost of share issues | **(4,653)** | (287) | (9,594) |
| Bank borrowings drawn | **68,359** | 166,734 | 215,144 |
| Bank borrowings repaid | **-** | - | (11,500) |
| Loan arrangement fees paid | **(1,187)** | (1,935) | (2,658) |
| Bank interest paid | **(2,368)** | - | (1,418) |
| Interest rate cap premium paid | **-** | (1,893) | (4,956) |
| Dividends paid to equity holders | **(8,583)** | - | (8,834) |
| **Net cash flow generated from financing activities** | **280,754** | 183,398 | 657,085 |
| **Net (decrease)/increase in cash and cash equivalents for the period** | **(4,513)** | (49,615) | 94,306 |
| **Cash and cash equivalents at start of period** | **94,306** | 63,589 | **-** |
| **Cash and cash equivalents at end of period** | **89,793** | 13,974 | 94,306 |

**Condensed Group Statement of Changes in Equity**

| **Six months ended 30 June 2015 (unaudited)** | Share capital £'000 | Share premium £'000 | Capital reduction reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| **1 January 2015** | **4,705** | **272,536** | **184,444** | **41,844** | **503,529** |
| **Total comprehensive income** | **-** | **-** | - | **70,983** | **70,983** |
| Issue of Ordinary Shares | 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 | - | - |
| **Dividends paid:** | | | | | |
| Third interim dividend for the period ended 31 December 2014 (0.80p) | **-** | **-** | (3,764) | - | (3,764) |
| First interim dividend for the period ended 31 December 2015 (1.00p) | **-** | **-** | (4,707) | - | (4,707) |
| **30 June 2015** | **6,775** | **52,364** | **618,592** | **112,827** | **790,558** |
| **Six months ended 30 June 2014 (unaudited)** | | | | | |
| **1 January 2014** | 2,000 | 194,000 | - | - | 196,000 |
| **Total comprehensive income** | **-** | **-** | - | **7,559** | **7,559** |
| Issue of Ordinary Shares | 200 | 20,579 | - | - | 20,779 |
| Share issue costs | - | (287) | - | - | (287) |
| **30 June 2014** | **2,200** | **214,292** | **-** | **7,559** | **224,051** |
| **Fourteen months ended 31 December 2014 (audited)** | | | | | |
| **1 November 2013** | 50 | - | - | - | 50 |
| **Total comprehensive income** | **-** | **-** | **-** | **41,844** | **41,844** |
| Issue of Ordinary Shares | 4,654 | 476,075 | - | - | 480,729 |
| Share issue costs | - | (9,660) | - | - | (9,660) |
| Shares issued in relation to | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| management contract | 1 | 121 | - | - | 122 |
| Share based payments | - | - | - | 320 | 320 |
| Transfer of share based payments to liabilities to reflect settlement | - | - | - | (320) | (320) |
| Cancellation of share premium account | - | (194,000) | 194,000 | - | - |
| **Dividends paid:** | | | | | |
| First interim dividend for the period ended 31 December 2014 (1.85p) | - | - | (4,070) | - | (4,070) |
| Second interim dividend for the period ended 31 December 2014 (1.50p) | - | - | (5,486) | - | (5,486) |
| **31 December 2014** | **4,705** | **272,536** | **184,444** | **41,844** | **503,529** |

**Notes to the Financial Statements**

**1. Basis of preparation**
The condensed interim financial statements for the six months ended 30 June 2015 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 2015 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 21 August 2015. 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 2014 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 2014 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**
The Group's portfolio is all either let or pre-let to tenants that have excellent covenant strength as well as all leases being subject to upward only rent reviews. During the period the Group has raised £229 million from the issue of new equity and raised a further £68 million through securing additional senior debt facilities. At the period end date the Group's loan to value ratio stood at 29%, with an average maturity term of over four years. At the period end date, the loan to value covenant testing is set at 65% for an income sweep and 70% for a hard default on all loans with the exception of that secured against the asset let to Wolseley, which has a cash sweep level set at 55% and hard default level set at 60%. There is significant headroom across all covenants.

The Manager is in discussions with a consortium of banks regarding the introduction of new banking facilities to the Group. It is intended that this reduces the Group's overall cost of borrowing whilst providing the necessary finance to fulfil any obligations under its forward funding agreements.

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

**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:

**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 would account for an acquisition as a business combination if 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.

**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 2014 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths, and location.

**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 period ending 31 December 2014 and are expected to be consistently applied during the year ending 31 December 2015, other than those implemented in the period as a result of the new transactions.

**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 capitalised and expensed on a straight line basis 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.

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 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Interest received on bank deposits | **124** | 39 | 205 |

**5. Finance expense**

| | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Interest payable on bank borrowings | **2,573** | 113 | 2,136 |
| Other bank charges | **2** | 3 | 6 |
| Interest payable under hedging arrangements | **34** | - | - |
| Amortisation of loan arrangement fees | **349** | 25 | 310 |
| | **2,958** | 141 | 2,452 |

**6. Taxation**
Tax charge in the Group Statement of Comprehensive Income

| | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (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 ending 30 June 2015, 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 outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per

share are identical. The calculation of basic and diluted earnings per share is based on the following:

| | **Six months ended 30 June 2015 (unaudited)** | Six months ended 30 June 2014 (unaudited) | Fourteen months ended 31 December 2014 (audited) |
|---|---|---|---|
| **Net attributable to Ordinary Shareholders** | | | |
| Total comprehensive income (£'000) | **70,983** | 7,559 | 41,844 |
| Number of Ordinary Shares[1] | **564,384,653** | 202,664,412 | 277,169,193 |
| Basic and diluted earnings per share[2] (pence) | **12.58p** | 3.73p | 15.10p |
| **Adjustments to remove:** | | | |
| Changes in fair value of investment properties (£'000) | **(57,948)** | (4,014) | (31,668) |
| Changes in fair value of interest rate derivatives (£'000) | **(29)** | 546 | 2,577 |
| EPRA earnings (£'000) | **13,006** | 4,091 | 12,753 |
| Number of Ordinary Shares[1] | **564,382,653** | 202,644,412 | 277,169,193 |
| EPRA basic and diluted earnings per share[2] (pence) | **2.30p** | 2.02p | 4.60p |
| **Adjusted to include:** | | | |
| EPRA earnings (£'000) | **13,006** | 4,091 | 12,753 |
| Licence fee receivable on forward fund investments (£'000) | **2,410** | - | 710 |
| Adjusted earnings[3] (£'000) | **15,416** | 4,091 | 13,463 |
| Number of Ordinary Shares[1] | **564,382,653** | 202,644,412 | 277,169,193 |
| Adjusted basic and diluted earnings per share[2] (pence) | **2.73p** | 2.02p | 4.86p |

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

2 There is no difference between basic and diluted earnings per share

3 Adjusted earnings includes licence fees receivable on forward funded investments

**8. Dividends paid**

| | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Third interim dividend for the period ended 31 December 2014 - 0.80p paid March 2015 | **3,764** | - | - |
| First interim dividend for the period ended 31 December 2015 - 1.00p paid April 2015 (31 December 2014:1.85p paid August 2014) | **4,707** | - | 4,070 |
| Second interim dividend for the period ended 31 December 2014 - 1.50p paid December 2014 | **-** | - | 5,486 |
| **Total Dividends paid** | **8,471** | - | 9,556 |
| **Total Dividends paid - per share** | **1.80p** | - | 3.35p |

On 6 March 2015 the Company announced the declaration of an interim dividend in respect of the period 1 January 2015 to 28 February 2015 of 1.00 pence per share payable in April 2015.
On 8 June 2015 the Company announced the declaration of an interim dividend in respect of the period 1 March 2015 to 31 May 2015 of 1.50 pence per share payable in July 2015.
On 21 August 2015 the Company announced the declaration of an interim dividend in respect of the period 1 June 2015 to 30 June 2015 of 0.50 pence per share payable in September 2015.

**9. Cash and cash equivalents**

| | **Six months ended 30 June 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Cash held at bank | 89,793 | 13,974 | 94,306 |
| Restricted cash | 4,098 | - | 4,310 |
| **Cash and cash equivalents per Condensed Group Statement of Financial Position** | **93,891** | **13,974** | **98,616** |

Restricted cash represents amounts relating to future rent free periods on assets forming the portfolio. This cash was deducted against the net purchase price of the property when the acquisition was made. Currently the cash is held in an account at the bank that holds the debt security over the asset to cover the rent free periods under the lease.

**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 2015 | 467,320 | 110,150 | 8,709 | 586,179 |
| Property additions | 152,996 | 90,878 | 75,114 | 318,988 |
| Fixed rental uplift | 945 | - | - | 945 |
| Change in fair value during the period | 31,024 | 9,822 | 17,102 | 57,948 |
| **As at 30 June 2015 (unaudited)** | **652,285** | **210,850** | **100,925** | **964,060** |
| | | | | |
| As at 1 January 2014 | 132,411 | - | - | 132,411 |
| Property additions | 120,524 | 103,390 | - | 223,914 |
| Fixed rental uplift | 401 | - | - | 401 |
| Change in fair value during the period | 8,904 | (4,890) | - | 4,014 |
| **As at 30 June 2014 (unaudited)** | **262,240** | **98,500** | **-** | **360,740** |
| | | | | |
| As at 1 November 2013 | - | - | - | - |
| Property additions | 442,698 | 103,375 | 7,501 | 553,574 |
| Fixed rental uplift | 937 | - | - | 937 |
| Change in fair value during the period | 23,685 | 6775 | 1,208 | 31,668 |
| **As at 31 December 2014 (audited)** | **467,320** | **110,150** | **8,709** | **586,179** |

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.

| | **As at 30 June 2015 (unaudited) £'000** | As at 30 June 2014 (unaudited) £'000 | As at 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Value per independent valuation report | 1,093,465 | 360,740 | 619,280 |
| Less: | | | |
| Forward funded prepayments | (14,636) | - | (27,204) |
| Forward funded commitments | (101,058) | - | - |
| Licence fee receivable | (9,613) | - | (1,587) |
| Restricted cash | (4,098) | - | (4,310) |
| **Fair value per Condensed Group Statement of Financial Position** | **964,060** | **360,740** | **586,179** |

**11. Bank borrowings**

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

| | Bank borrowings drawn £'000 | Bank borrowings undrawn £'000 | Total £'000 |
|---|---|---|---|
| As at 1 January 2015 | 203,644 | 13,172 | 216,816 |
| Bank borrowings drawn in the period | 68,359 | (13,172) | 55,187 |
| **As at 30 June 2015 (unaudited)** | **272,003** | **-** | **272,003** |

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 2015 (unaudited) £'000** | Six months ended 30 June 2014 (unaudited) £'000 | Fourteen months ended 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Bank borrowings drawn: due within one year | **-** | 11,500 | - |
| Bank borrowings drawn: due greater than one year | **272,003** | 155,234 | 203,644 |
| **Total bank borrowings** | **272,003** | 166,734 | 203,644 |

| | | | |
|---|---|---|---|
| Less: Unamortised costs | **(3,182)** | (1,972) | (2,711) |
| **Total bank borrowings per the Condensed Group Statement of Financial Position** | **268,821** | 164,762 | 200,933 |

On 14 July 2015 the Company announced that it had agreed senior debt financing secured on the forward funded asset pre-let to a subsidiary of Ocado Group plc. See Note 18 for further details.

**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 forming an expectation 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 30 June 2015 are below:

| | Level 1[1] £'000 | Level 2[2] £'000 | Level 3[3] £'000 | Total £'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **30 June 2015 interest rate derivatives** | **-** | **2,408** | **-** | **2,408** |
| 30 June 2014 interest rate derivatives | - | 3,008 | - | 3,008 |
| 31 December 2014 interest rate derivatives | - | 2,379 | - | 2,379 |

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**

| | **30 June 2015 (unaudited) £'000** | 30 June 2014 (unaudited) £'000 | 31 December 2014 (audited) £'000 |
|---|---|---|---|
| **Issued and fully paid at 1p each** | **6,775** | 2,200 | 4,705 |
| At the beginning of the period | **4,705** | 2,000 | 50 |
| Shares issued in relation to IPO - December 2013 | **-** | - | 1,950 |
| Shares issued in relation to Tap - June 2014 | **-** | 200 | 200 |
| Shares issued in relation to equity issue - July 2014 | **-** | - | 1,456 |
| Shares issued in relation to equity issue - December 2014 | **-** | - | 1,048 |
| Shares issued in relation to equity issue - March 2015 | **1,591** | - | - |
| Shares issued in relation to equity issue - June 2015 | **478** | - | - |
| Shares issued in relation to management contract | **1** | - | 1 |
| **At June 2014 (unaudited)** | **6,775** | 2,200 | 4,705 |

The Company had 677,549,293 shares of nominal value 1p each in issue at the end of the period.

On 19 March 2015, the Company announced that it had raised £175 million via Placing and Offer for Subscription. As a result, a total of 159,090,909 new Ordinary Shares were issued at a price of 110 pence per Ordinary Share, of which 141,646,051 Ordinary Shares were issued under the Placing and 17,444,858 Ordinary Shares were issued pursuant to the Offer for Subscription.

On 18 June 2015 the Company announced that 47,787,607 new Ordinary Shares were issued via a Placing at a Placing Price of 113 pence per Ordinary Share raising gross proceeds of £54.0 million.

**14. Share premium**
The share premium relates to amounts subscribed for share capital in excess of nominal value:

| | **30 June 2015 (unaudited) £'000** | 30 June 2014 (unaudited) £'000 | 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Balance at the beginning of the period | **272,536** | 194,000 | - |
| Share premium on the issue of Ordinary Shares | **226,931** | 20,579 | 476,075 |
| Share issue costs | **(4,669)** | (287) | (9,660) |
| Transfer to capital reduction reserve | **(442,619)** | - | (194,000) |
| Share Premium on Ordinary Shares issued to management | **185** | - | 121 |
| | **52,364** | 214,292 | 272,536 |

On 3 June 2015, the Company by way of Special Resolution, cancelled the then value of its share premium account, by an Order of the High Court of Justice, Chancery Division. As a result of this cancellation, £442.6 million has been transferred from the share premium account to the capital reduction reserve account. The capital reduction reserve account is classed as a distributable reserve.

**15. Transactions with related parties**
The fees calculated and payable for the period to the Investment Manager was as follows:

| | 30 June 2015 (unaudited) £'000 | 30 June 2014 (unaudited) £'000 | 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Tritax Management LLP | **2,517** | 923 | 2,330 |

Throughout the period SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling £0.64 million (30 June 2014: £0.96 million) in respect of agency services for the period. The four controlling Partners of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, are also the controlling Partners of SG Commercial.

Mark Shaw, as a Director of the Company and a Partner 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 no dilutive instruments outstanding, basic and diluted NAV per share are identical.

Net asset values have been calculated as follows:

| | 30 June 2015 (unaudited) £'000 | 30 June 2014 (unaudited) £'000 | 31 December 2014 (audited) £'000 |
|---|---|---|---|
| Net assets per Condensed Group Statement of Financial Position | **790,558** | 224,051 | 503,529 |
| EPRA NAV | **793,106** | 224,597 | 506,106 |
| Ordinary Shares | | | |
| Issued share capital ('000) | **677,549** | 219,980 | 470,495 |
| Basic and diluted net asset value per share | **116.68p** | 101.85p | 107.02p |
| Basic and diluted EPRA NAV per share | **117.06p** | 102.10p | 107.57p |

EPRA NAV is calculated as net assets per the Condensed Group Statement of Financial Position excluding fair value adjustments for debt related derivatives.

**17. Capital Commitments**
The Group had capital commitments of £101 million in relation to its forward funded investment assets outstanding at 30 June 2015 (30 June 2014: £nil). All commitments fall due within one year from this date.

**18. Subsequent events**
On 14 July 2015, the Company announced that it had agreed senior debt financing secured on the forward funded asset pre-let to a subsidiary of Ocado Group plc. This facility had been agreed with Landesbank Hessen-Thüringen Girozentrale ("Helaba") to the value of £50.87 million, reflecting a loan to value ratio of approximately 50%. The facility has a five year term with an option to extend this to a maximum of six years.



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